KATE SPADE & COMPANY

Accounts Payable Process Narrative

Updated: June 2016

The following narrative is based on interviews with the following employees of the Kate Spade & Company Accounts Payable Department:

Director Financial Shared Services – Joshua Lytle
Manager Shared Services –Stasha Pilarski
Sr. Manager Inventory Accounting – Trevor Pachucki
Supervisor Inventory Accounting – Carol Richardson

Background
The Kate Spade & Company ("KS&C") Accounts Payable ("AP") Department is primarily located at Corporate Headquarters in North Bergen New Jersey. The department is staffed with 1 Director and 1 Manager. The department is divided into two primary sub units, "Inventory" and "Expense" Payable. In 2009, KS&C outsourced most of the Accounts Payable functions to Micrographics, a 3rd party company. In 2010, the Accounts Payable function was outsourced to WNS. As of Q4 2012, the Accounts Payable function was outsourced back to MGIS from WNS. Daily, AP Associate drops invoices from email into MGIS Workflow system. Micrographics (MGIS) is charged with processing all invoices forwarded to them by AP. They also scan all invoices into their online web system ("ineedafile.com"), which is accessible by AP Daily. The Manager Shared Services (Stasha) promotes data from the Micrographics system to enter JDE.

Note: MGIS processes all invoices with some exceptions such as: Li & Fung inventory payments, urgent invoices, invoices with unresolved issues, EDI transmission for retail vendors, recurring invoices, etc.

KS&C utilizes the JD Edwards ("JDE") OneWorld Accounts Payable module to process vendor invoices for payment. The JDE AP module is integrated with the KS&C JDE General Ledger.

Invoice Processing
Any Invoices received by mail are opened and separated by invoice type by a designated AP Associate and scanned to Accounts_Payable@katespade.com or mailed to Accounts_Payable@katespade.com and then dragged and dropped into MGIS Workflow system. When processing the invoices in JDE, the AP Associate (KS&C/MGIS) batches the invoices into groups and calculates the total. The totals are input into the JDE Batch Control program. This program flags any differences between the dollar amount of the batch total and the total dollar amount of invoices input into the JDE AP Module. All invoice batches must be approved and posted in JDE by the Sr. Manager (Trevor Pachucki) or Supervisor Inventory Accounting (Carol Richardson). KS&C utilizes the JDE Manager Approval of Input feature that requires the Manager or Supervisor Inventory Accounting (Trevor/Carol) to review invoice batches before posting them to the General Ledger.

The following types of invoices are processed within the KS&C AP Department and MGIS:

Purchase Order ("PO") Invoices: Require a three-way match (manual or systematic) of purchase orders, goods receipts and vendor invoices.

Non Purchase Order Invoices: Require documented approval and general ledger coding from individuals authorized in the AP Signature Manual.

PO Invoices
The following types of inventory require a PO:
Retail Merchandise (RAMS)
Wholesale (SEWN/ and JDE)
Trim and Piece Goods
Office Supplies– Service Now.
Capital Expenditures– Intelesystems/ Service Now.

Wholesale Merchandise (Full Package):
POs and goods receipts for wholesale merchandise are processed in the SEWN system and interfaced to the JDE Purchase Order Module ("POM") to automatically provide a three-way match. Invoices are entered into the JDE POM and are matched to the JDE PO and goods receipt. If the invoice price is greater than the PO prices then the AP Clerk pays the lower price (Li & Fung invoices). Non Li & Fung Invoices are matched with PO's manually. Price discrepancies are identified and confirmed by Production via a cost discrepancy log.

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For invoices that have PO price and receipt unit discrepancies, invoices are paid according to predefined tolerance levels. If discrepancies are above predefined limits, the system will generate an entry into the over/short account (5410.001) and the 3 way match needs to be matched manually. An auto 3-way match will not match if there are differences in units or price and the AP clerk/Inventory Associate must search for the correct units or dollars in the system. Inventory Accounting reviews the over/short account (5410.001).

Completeness & Accuracy of Population:
When the 3 Way Match process occurs, the PO#, quantity, and amount (from the invoice) are entered into the system. A window pops up with all documents that match. The AP Associate/Inventory Associate then manually selects what vendor agrees to the invoice in order to make sure what the system populates is accurate. The system holds all vendors, and therefore we know the population is complete.

Any merchandise shipped from KS&C DC to retail stores is handled through inter-company transactions.

Retail Merchandise (RAMS)
Purchase orders for retail licensee merchandise (i.e. eyewear, swimming wear, sleepwear, shoes etc.) are processed in the RAMS system by retail buyers. There are two types of invoices processed for retail licensee merchandise:
EDI
Manual

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EDI invoices are electronically received in the JDE AP module. Upon processing the EDI interface into AP JDE, vouchers for each invoice are created. A report detailing invoice information such as price, quantity, and style is available. Any chargeback's to vendor are communicated back to AP Associate by Inventory Accounting associate or via automated Rams retail interface by creating a debit memo in JDE

Manual (Non Edi) invoices are received in the AP Department. The AP Associate sends copies of the invoices to Inventory Accounting to verify receipt. Upon receipt verification, invoices are then processed into AP either via workflow or directly into JDE...

Trim/Piece Goods and Finished Goods (Manual)
Manual purchase orders are generated for Trim and Piece goods. When the Finished goods invoice is received the AP Associate or MGIS representative manually matches the PO, receipt and invoice. The invoice is then processed in the JDE AP module.

Office Supplies (Service Now)
Designated employees in each division are authorized to create POs in the Service Now system for office supplies. As PO's are completed, the PO is routed thru Service Now to employees Manager for approval. PO's are sent to vendor (either electronically if vendor email entered on PO or manually by KS&C buyer). Upon shipping of product, vendor submits invoice directly to buyer or Accounts_Payable@katespade.com. Upon receipt of goods, buyer approves invoice for payment. Invoices are processed by AP via workflow.

Capital Expenditures (Intelesystems or MGIS)
Designated employees in each division are authorized to enter Capital requisitions. Each requisition created is required to have pre-approved capital # (Cap-ex #). Fixed Assets Manager (Alla Soloyvov) verifies the cap-ex project.

For capital requisitions, an invoice is received by Intelesystems (designated vendors) or direct to AP. Invoices are sent to authorized project managers for review and coding. Invoices must be approved with Project #, GL code and short description of project. Fixed Assets Manager verifies the cap-ex project and GL coding is valid. The invoice is then processed in the JDE AP module.

Non-PO Invoices
The following types of non-PO invoices are processed at KS&C:
Commission Agents
Samples
Utilities
Advertising
Freight
Payroll Garnishments and Taxes
Retail Customer Refunds
Broker Fees
Telecom

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Legal, Professional Services, Freelancers, Sales Representative Commissions and Miscellaneous Invoices

Commission Agents
KS&C employs agents in foreign countries to inspect products shipped to the US from foreign countries and to verify shipment documentation is accurate and complete. Payments to agents are contractual and are typically between 1.5%-6% of the value of the garments received. For non Li & Fung agents, the payments to agent are based on evaluated receipt method. Monthly, the Cost Accounting Supervisor based on receipt prepares invoice for payment. The Cost Accounting Supervisor verifies the shipment was received and the commission % is correct prior to processing the agent's invoice for payment. For Li & Fung, the commission payment is an AP edi interface that generates payment. Commission payments are submitted based on receipt of forwarders cargo receipt. The Cost Accounting Supervisor post payment runs a commission report, instead of receiving the invoices, and verifies that the shipments were received and the commission % paid. Any differences are investigated.

Samples
Any invoices for samples under $1000 from an established vendor can be paid without further approval. Samples $1000 and over are paid after signed by approved individuals. Buyers are responsible for tracking samples and verifying receipts.

Utilities
The MGIS AP department processes recurring monthly utility bills. Typical utilities invoices include waste management, window cleaning, copier maintenance, outsourced mail services and security at each of the 200+ retail/outlet stores.

Only current activity is paid on utility bills. If invoices are determined to be unreasonable based on prior period information, the AP Associate will investigate with brand management to resolve the issue.

Ecova (/ kate spade Utilities)
Kate spade has contracted Ecova to manage and pay on their behalf utility bills related to US and Canadian properties. Utility is defined as Gas, Electric, Water service bills and Trash removal where applicable.

The AP Associate retrieves interface file and processes the Kate Spade utilities invoice interface batches daily. Any errors are identified onto Failed Voucher Batch Processor Report and further investigated by AP Associate. Successful batches are posted into JDE Accounts Payable.

Advertising Expenses
All invoices for advertising expenses are approved and coded by authorized individuals at KS&C. AP processors enter the invoice into the JDE AP module or via MGIS.

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Rent Expense
Lease terms are entered into the Tequila system by the Legal Department. Tequila interfaces with the JDE AP module to automatically create vouchers and record rent expense. Sr. Lease Accountant is responsible for reviewing vouchers to ensure rent payments are in accordance with established lease agreements. Upon review, Sr. Lease Accountant sends email to Inventory Accounting Manager/Supervisor stating check run date/total. Manager/Supervisor Inventory Accounting validates totals from email match to AP vouchers.   Upon confirmation, Manager/Supervisor Inventory Accounting runs rent interface, posts batch, and generates check. The Manager/Supervisor Inventory Accounting (Trevor/Carol) investigates and resolves any payment errors (.i.e. invalid cost centers, etc.) throughout process.

Freight
KS&C spends $between 300K -1M a week on freight related expenses. KS&C freight bills are sent to Technical Traffic (Tech Traffic) to pay on behalf of KS&C. Weekly Tech Traffic sends a check register to KS&C that details all freight bills with their GL coding that have been paid for the week. The Inventory Accounting Supervisor reviews file for any missing GL codes or GL codes in error to ensure that all payments to Tech Traffic are recorded properly in the GL. KS&C wires the payment to Tech Traffic. A post audit of the Tech Traffic bill is performed by Logistics, Finance and Cost Accounting. These departments review for unusual or high freight expenses.   Periodically, Corporate Finance and Logistics meet with Tech Traffic to review payment coding and auditing of freight bills.

Payroll Garnishments and Taxes
The PeopleSoft Payroll module interfaces to JDE AP module to record payroll garnishments and taxes paid on behalf of KS&C employees. JDE edits the file for duplicate invoices and invalid cost centers. Weekly the Manager/Supervisor Inventory Accounting (Trevor/ Carol) reconciles a control total sent from the PeopleSoft system (for taxes) to the JDE system. The actual payment of the taxes to ADP is processed by Manager Cash Management Sal Frangipane. The PeopleSoft payroll taxes files are sent to Probusiness to pay taxes on behalf of KS&C employees.
Garnishments are processed through JDE Interface by Manager/Supervisor Inventory Accounting (Trevor/Carol) or Accounts Payable Associate. A control total is sent from the PeopleSoft system (for garnishments) to the JDE system to ensure completeness.

Retail Customer Refunds
Customers who pay cash or check and request a refund at KS&C retail/outlet stores are refunded their money in the form of a check from the AP Department. Customer refunds are processed locally at each retail store in the POS (Micros) system. Micros (Balance) interfaces with JDE to automatically add the customers as vendors and create vouchers in the amount of the refund. The Manager/Supervisor Inventory Accounting or Accounts Payable Associate reviews a JDE edit report that details any refunds not processed due to invalid information (i.e. cost centers).

Broker Fees
KS&C pays brokers to ensure all customs requirements have been met when foreign shipments are sent to the US. Broker invoices are received via an EDI transmission into JDE. JDE creates

a voucher and releases it for payment. A post audit of the broker bills is performed by Cost Accounting.   Interface is processed by Manager/Supervisor Inventory Accounting (Trevor/ Carol).

Telecom (Phone) Invoices
Current Process (Intelesystems)

Invoices for KS&C telecom services are mailed directly to Intelesystems by the vendor. Intelesystems performs audits of each of these invoices and processes the invoices. KS&C has provided Intelesystems with established billing and tax rates. In addition, KS&C has provided Intelesystems with budgeted telecom expenditures and Intelesystems will not process invoices in excess of 20% of those budgets. If there is a discrepancy or an irregularity with an invoice, Intelesystems sends a copy of the invoice to the KS&C Information Systems Department to investigate the discrepancy. The invoice will not be processed until the discrepancy is resolved.

KS&C has also provided Intelesystems with cost centers in order for Intelesystems to code each invoice appropriately.

Once Intelesystems obtains approval by John Abraham Telecomm from KS&C invoices are processed by Intelesystems. Weekly interface is sent by Intelesystems to JD Edwards for upload.

The Manager/Supervisor Inventory Accounting (Trevor/ Carol) or Accounts Payable Associate processes interface and posts the batches coming in from the interface, if any errors occur (such as incorrect G/L accounts) an error report is processed and corrected by the Manager/Supervisor Inventory Accounting or Accounts Payable Associate via communication with Intelesystems as to reason of error.

The Manager/Supervisor Inventory Accounting (Trevor/ Carol) creates the payments and the checks are printed by KS&C. The vouchers are printed for each check and matched to the particular check. The checks are then signed and mailed out from the KS&C Accounts Payable department.

Legal, Professional Services, Freelancers, Sales Representative Commissions and Miscellaneous Invoices
Legal, Professional Services, Freelancers, Sales Representative Commissions and Miscellaneous invoices are sent to the AP department with coding and signatures from authorized individuals or invoices are routed via AP Workflow to authorized AP approvers for GL coding and approvals.. The AP department maintains an Authorized Signature Manual used to ensure signatures on the invoices are appropriate.

EDI Interfaces
MGIS
Facility Source
Intelesystems

Ecova
Delmar
FPA/Carmichael/Livingston Int'l
Sales Audit Customer Refunds
Payroll Garnishments
ADP (Payroll)
Retail Lease – rents
Li&Fung
Vendornet
Retail refunds

Retail Licensee Vendors

During Q1 2016, EDI invoices from 3rd party (i.e. MGIS, Ecova, ect.) began processing automatically into JDE Account Payable.

For EDI invoices that are not automatically processed, the Sr. Manager/Supervisor Inventory Accounting retrieves interface file and processes invoice interface batches daily. Any errors are identified onto Failed Voucher Batch Processor Report and further investigated by Sr. Manager/Supervisor Inventory Accounting (Trevor/Carol). Successful batches are posted into JDE Accounts Payable.

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Daily, edi inbound/outbound extract files are uploaded into JDE F56000 table. Daily, e-mails are sent to Manager Shared Services, and IT advising of interfaces received into JDE F56000 table. Any errors are investigated by IT. Manager/Supervisor Inventory Accounting (Trevor/ Carol) or Accounts Payable Associate retrieves interface file and processes invoice interface batches. Any errors are identified onto Failed Voucher Batch Processor Report and further investigated by Mananger/Supervisor Inventory Accounting (Trevor/ Carol) or Accounts Payable Associate. Successful batches are posted into JDE Accounts Payable.

Completeness & Accuracy of Population:

For all processed interfaces, a Final Voucher Batch Processor Report will indicate in summary total number of transactions, records, and total $ updated as well as any errors. A detailed listing Report showing all transactions updated with corresponding GL code, total number of lines and total $ is produced. The voucher batch processor report summary and the listing report should be equal and any failed batches will not be part of the listing report.
This will cover all transactions that are part of edi interface.

Payment
Payments are processed for KS&C brands weekly. The Sr. Manager/Supervisor Inventory Accounting (Trevor/ Carol) is responsible for generating check runs. JDE populates invoices to be paid by payment terms established for the vendor in the JDE Supplier Master program. Payment Control Groups have been established in JDE to group payments by company, payment method (manual check, EFT) and type.

The printed checks and EDI documents are handled in the AP dept by an AP Associate who matches the check and invoice ("voucher packet"). Manager Shared Services (Stasha) reviews voucher report and ensures the invoices total matches check amount and initials the checks. Prior to mailing check, the voucher copy is removed and not filed. The Manager Shared Services (Stasha) has the authority to initial checks up to $75,000 for bank account 80066666 and up to $150,000 for bank account 80066674.

AP 8.3

KS&C uses the following accounts for disbursement:

Signatory Groups for Bank of America – Control Disbursement Accounts
Account Numbers: 80066666 and 80066674

Group A	Group B	Group C	Group D
Laura Boyd	Vincent Urso	~~Michael Rinaldo~~	Thomas Linko
Linda Romano	Michael Ragusa	~~Francesca Galioto~~	George Carrara
			Priya Trivedi

Account 80066666
Facsimile signature of George Carrara is the sole authorization required for a check up to $75,000.00.
An amount from $75,000.01 to $150,000.00 is permitted to have the facsimile signature of George Carrara and any one signature from Group A, B, C or D.
An amount from $150,000.01 up to $500,000.00 requires two signatures. The permitted combinations of signatures are any two signers from Groups B, C or D or one signer from Group A with a joint signature from Group B, C or D.
An amount from $500,000.01 up to $1,000,000.00 requires two signatures. The permitted combination of signatures is at least one signer from Group C or D with the joint signature being from Groups B, C or D.
An amount over $1,000,000.01 requires the signature of George Carrara or Thomas Linko being at least one of the joint signatures and the cosigner being a remaining individual from Group C or D.

Account 8006674
Facsimile signature of George Carrara is the sole authorization required for a check up to $150,000.00.
An amount from $150,000.01 to $500,000.00 is permitted to have the facsimile signature of George Carrara and any one signature from Group A, B, C or D.
An amount from $500,000.01 up to $1,000,000.00 requires two signatures. The permitted combination of signatures is at least one signer from Group C or D with the joint signature being from any of the groups.
An amount over $1,000,000.01 requires the signature of George Carrara or Thomas Linko being at least one of the joint signatures and the cosigner being a remaining individual from Group C or D.

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Checks are signed and mailed to vendors. JDE also creates a Sure Pay (Positive Pay) file that is sent to Bank of America to prevent fraudulent check cashing. The bank notifies KS&C if any checks submitted for payment were not included in the Positive Pay file.

JDE creates a payment file for all vouchers submitted for EFT payment. The payment file is submitted to the Bank.

Manual checks require 2 signatures.

Completeness & Accuracy of Population:
The JDE payment file is interfaced to the Optio Check printer that prints and watermarks checks, thus KS&C maintains no check stock. After checks are printed, a file is uploaded to the bank for positive pay confirmation. The bank notifies KS&C if any checks submitted for payment were not included in the positive pay file. The AP Associate reconciles the invoices against the checks. In addition, checks are numbered. The check authorization limits list is updated by Sal Frangipane in Cash Management whenever necessary (ex-employee leaves company). Cash management communicates to the appropriate people the updated authorization limits list.

AP 8.3

Urgent check requests are processed in JDE outside the normal check run.

Address Book Changes (Vendor Set up)

New vendors are approved and supported with valid documentation before they are set up in JDE.

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The new Vendor set up form (merchandise and non-merchandise) was rolled out for on boarding new vendors. The form authorizes a vendor be setup once all paperwork is approved. A sign off from Business Partner, and Vendor authorizes vendor be setup in AP address book by Master Data Management. After the vendor is setup in JDE, all vendor set up forms are sent to MGIS for scanning and online storage.

AP 6.1

Exceptions to new vendor set up form: Tax/Government, Foundation, Garnishment, Customer Refund vendors are approved by Manager Shared Services using an internal add vendor form.

Changes to existing vendors are approved by Manager Shared Services using an internal change vendor form. Payment method changes are approved by VP Shared Services/Int'l Controller, and VP Accounting & Reporting, or VP Finance.

Adjustments
There are typically three types of adjustments processed in the KS&C AP department:

Debit Memo-Deduction from future invoices due to discrepancies with the vendor. AP clerks attach all supporting documentation (i.e. PO, receipt and invoice) to the printed debit memo or a Rams retail automated interface creates debit memo-deduction.

Return to Vendor-Adjustments communicated to and approved by Division buyers or Inventory Accounting. Buyers and/or Inventory Accounting contact the AP Associates and send the corrected PO to authorize the return.

Change to posted invoice- Once invoices have been posted, they cannot be modified by AP Associates. The Manager Shared Service/Inventory Accounting (Trevor/Stasha) is the only person who can execute changes to an invoice already posted in JDE.

Wires/ACH

Master Data Management sets up the vendor payment method based on information approved in the new vendor set up form. In addition, AP department initiated a project to transfer vendors from check payments to electronic payments.

AP 8.1

1. KS&C engaged Bank of America to onboard existing vendors into ACH/ePAYABLES programs
2. AP department continues to request banking information from existing vendors. We ask for bank information on invoices to be verified by company letterhead or via email.

Completeness & Accuracy of Population:

After invoices are approved, AP creates wire/ACH in JDE. Manager Shared Services reviews and validates voucher report and tape register EFT report to ensure vendor information and invoice amount agrees. Also, The Tape Register-EFT's are reconciled to the bank confirmation by Treasury to ensure completeness and accuracy. Treasury dept sends email communication to Accounts Payable when wire/ach is released.

Letters of Credit

Letters of Credit are used to pay certain foreign vendors.

Request to Open Letter of Credit ("LC")

Requests for letter of credits, private label and open account applications are usually from overseas operations. Request are released in the SEWN system

The Sewn system issues a unique log number for each request and these request files are interfaced to the JD Edwards Letter of Credit Tracking Module (a customized add-on program). The Associate Accountant reviews this file to ensure supporting documentation reconciles in JD Edwards (i.e. purchase order, etc.) and approves the request online in the JDELC system. If the information is inaccurate, the Associate Accountant rejects the request online in the JDELC and notes the reason for rejection. This rejection along with the associated reason for rejection is interfaced back in to the SEWN system for reconciliation by appropriate parties and is reprocessed again with the same log number under a different revision.

A file containing all the PO information is placed on the hard drive. This file is uploaded into the banking application by the Associate Accountant. The banking application then assigns a unique LC number.

Once the vendor has shipped the goods, the vendor presents the documents to bank for payments following Letter of Credit requirements. If the required documents conform to the terms and conditions of Letter of Credit, the bank communicates a document-clean advice in bank system. Based on 30 day terms, the bank communicates a funding notice in the bank system and the funds are transmitted via EFT. If any of the required documents is missing or incorrect, the bank will communicate via bank system a discrepancy advice. Further research will be done and payments are released at discretion. The Manager Shared Services (or designated associate) notifies the Treasury department of the lump sum of EFTs to be transmitted to the bank for Letters of Credit payments.

The Invoice Logging functionality is utilized in JD Edwards to track all invoices paid by Letters of Credit for which actual receipt of the inventory has not been recorded. Upon funding, the Associate Accountant (or designated backup) downloads from each banking system the units paid based on purchase orders loaded into JD Edwards Invoice Logging. The matching process for paid purchase orders and receipt is driven by Automatic System Match. For perfect matches, the receipt is closed via the auto-match process and applicable GL entries are made. A report is created reflecting list of purchase orders that have been matched successfully. The report also advises unmatched purchase orders and the reason(s) for the discrepancy not allowing the match. Unmatched invoices in the system for open receipts must continue to be researched for each invoice line item. When the difference is resolved, associates then are able to complete manually.

The General Ledger entries are as follows:

Invoice is paid using a Letter of Credit prior to actual receipt-

2198 Invoice Logging Suspense Account	DR
Banking System (Cash)	CR

Upon actual receipt of inventory -

5403 Inventory	DR
2197/2199 Received not Vouchered	CR

PO and actual receipt are matched using Journal Entry Redistribution-

2197/2199 Received not Vouchered	DR
2198 Logging Suspense Account	CR

Appropriate Levels of Approval for Letters of Credit

Letters of Credit must be approved by an Manager Shared Services (Stasha) up to $100K. Any LC's between $100K and $500K must be approved by VP Shared Services/Int'l Controller and any L/C's above $500,000 must be approved by VP Finance/Treasurer or CFO.

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Completeness & Accuracy of Population:

Letters of Credit come from third parties (Wells Fargo); being from a third party AP is comfortable that the Letters of Credit are Complete.

When a vendor makes a clean presentation of documents to the bank, the bank communicates via bank system a clean advice or a discrepancy advice when the terms and conditions of the Letter of Credit are not met. The Shared Services Manager (or designated backup) receives and reviews bank advices. When a vendor has a significant discrepancy, LC associate will contact the vendor. There is a reconciliation process on KS&C's side as well as a reconciliation process performed by the bank to ensure accuracy.

AP Accruals

Monthly, AP Accrual files for expenses are prepared by Sr. Inventory Accounting Manager, which detail (i) invoices received and have been posted after the AP closing date >$2K and (ii) unposted invoices received after period end. Corporate and Finance must confirm the accounting period that all invoices in these files relate to and communicate to AP and General Accounting in a timely manner. The VP Accounting and Reporting views and ensures that all brands have confirmed their responses and that their responses appear reasonable.

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At the end of every month, a monthly closing letter is sent out by Corporate Accounting to Finance Associates detailing specific procedures which are required to be performed regarding accruals. To assist Corporate and Finance, the Accounts Payable/Inventory Accounting Department provides a file ("Invoice" file), which details for expenses >$2K (i) invoices received and have been posted after the A/P Closing date (this means the invoice is posted in the period after the closing date) and (ii) unposted invoices in the AP system. The Invoice file will be provided at end of day on the first Wednesday following closing and Corporate / Finance will record any necessary accruals based on the AP accrual file. To ensure adequate accruals beyond those items included in the Invoice file, Corporate and Finance must engage their respective operational teams. On the second Tuesday following closing a second Invoice file will be sent to Corporate and Finance. Corporate and Finance MUST confirm that all invoices included in the second Invoice file that relate to goods or services received prior to closing have been properly recorded at period-end. The confirmations are done on Sharepoint and each brand updates the excel file on Sharepoint. Deadlines for monthly accruals are set based on monthly closing calendar sent out by Corporate Accounting.

Account Reconciliations

Monthly, account reconciliations are completed for Accounts Payable accounts total by company and posted to SharePoint within 16 days of month-end close. Accounts are reconciled in detail

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to ensure account balances are complete and accurate. Prior fiscal year balance, prior quarter balance is identified. Periodically, Internal audit selects this reconciliation for audit. Account Reconciliations are completed by Cost Accounting Supervisor and reviewed by Sr Manager Inventory Accounting.

Sub ledger to General Ledger

The Director Financial Systems Apps generates JDE Integrity Reports daily to ensure the JDE AP module is in balance with the JDE General Ledger.

Sr. Manager Inventory Accounting (Trevor) reviews the following integrity reports to reconcile AP sub ledger balances to GL balances:

1. AP original doc to G/L by batch
2. AP payment to G/L by batch
3. AP to G/L by offset account

Any discrepancies will be resolved by Director Financial Systems Apps with Sr. Manager Inventory Accounting before month closing.