



A Study on Balance Sheet Reconciliation and Statutory Compliance Processes in a Global Capability Centre: Evidence from a Dual-Reporting Finance Function in India

Karan Sachin Maniyar^{a*}

^aMBA (Finance), School of Business, Indira University, Pune, Maharashtra, India

ABSTRACT :

Global Capability Centres (GCCs) that perform finance and accounting work for a multinational parent operate in an unusual reporting environment: every transaction is recorded under Indian generally accepted accounting principles for the statutory books and reported again under the parent's framework, here United States generally accepted accounting principles (US GAAP), for group consolidation. The same entity must also discharge goods and services tax (GST), income tax audit and export realisation obligations as a service exporter. This paper examines how such a function performs its month-end balance sheet reconciliation and statutory compliance work, and where delay and rework originate. The study follows an exploratory and descriptive design with a quantitative component, based on participant observation at PACCAR India Private Limited, Pune, between 7 July and 5 September 2026, covering two month-end closes and the tax audit season for FY 2025-26. A contemporaneous register of 67 tasks, each recorded with category, allocation date, deadline, completion date and approval status, forms the principal dataset. Reconciliations accounted for 79.1% of all tasks; 88.1% of tasks were approved and 85.0% of assessable tasks were completed on or before deadline, but 71.7% were completed exactly on the deadline. 86.5% of all reconciliations were allocated on just two days, one in each cycle. The study concludes that the difficulty of a dual-reporting close lies less in accounting judgement than in the volume and sequencing of routine work, and recommends separating reconciliations that can be prepared before ledger cut-off, a standing intercompany confirmation protocol, document attachment at posting, an ageing open-items register, and capture of supplier GST status at vendor onboarding for clause 44 of Form 3CD.

Keywords: Balance sheet reconciliation; Global Capability Centre; Month-end close; US GAAP; Indian GAAP; Intercompany accounting; GSTR-3B; Clause 44 Form 3CD; eBRC; Internal control

1. Introduction

A Global Capability Centre (GCC) is an offshore entity established by a multinational group to perform work for the group itself rather than for external customers. It is distinguished from an outsourcing vendor by ownership: the centre is a subsidiary, its staff are employees of the group, and the work it performs is the group's own work relocated rather than a service purchased in the market. India hosts the largest concentration of such centres in the world, with Bengaluru, Hyderabad, the National Capital Region, Pune and Chennai as the principal locations, and Pune particularly associated with engineering and automotive-linked centres.

The functions performed by GCCs have moved steadily up the value chain. Early centres handled transaction processing such as invoice entry, payroll and routine reconciliation. Contemporary centres perform statutory reporting, group consolidation support, tax compliance, treasury operations and internal audit. Three developments explain this shift: the accumulation of professional depth in India's supply of qualified accountants; the tightening of reporting cycles in parent jurisdictions, which makes a follow-the-sun working pattern valuable; and the maturing of enterprise systems, which allows a team in one country to work directly in the general ledger of an entity in another (Manning, Massini, & Lewin, 2008; Lewin, Massini, & Peeters, 2009). A contemporary centre is therefore judged on cycle time and the reliability of its output rather than primarily on cost.

The accounting performed in a finance GCC has one defining feature: every transaction is reported twice. The Indian entity is a company incorporated under the Companies Act, 2013 and must maintain its books under the accounting standards notified under that Act. The same entity is a subsidiary consolidated into the financial statements of its parent, prepared under the framework applicable in the parent's jurisdiction, which in the present case is US GAAP. Where the two frameworks diverge, in foreign currency translation, depreciation, deferred tax or lease accounting, the balance in the statutory books differs from the balance reported to the parent. That difference is legitimate, but it must be explained, quantified and carried forward consistently. The document in which this is done is the balance sheet reconciliation.

Alongside its reporting obligations the entity carries a full domestic compliance burden. It files monthly GST returns; its services to group entities abroad are exports of services and therefore zero-rated; it is subject to tax audit under the Income-tax Act, including the clause 44 break-up of expenditure by the GST registration status of suppliers; it must report export realisations through electronic bank realisation certificates (eBRC) on the portal of the Directorate General of Foreign Trade (DGFT); and its transactions with group entities attract transfer pricing documentation. Each

obligation draws on the same accounting data, and each has its own deadline. A close that runs late therefore does not merely delay the reporting package; it compresses the time available for the compliance work that follows it.

1.1. Background of the study

The study is based on an On-the-Job Training engagement undertaken in the Finance and Accounting function of PACCAR India Private Limited, Pune, the Indian subsidiary of PACCAR Inc., a global manufacturer of premium light, medium and heavy duty commercial vehicles sold under the Kenworth, Peterbilt and DAF nameplates, whose shares are traded on the NASDAQ Global Select Market. The Indian entity was incorporated on 14 February 2012 and provides engineering, information technology and business support services to group entities on a cost-plus basis. Its finance function maintains the books of the Indian entity, prepares the reporting package consumed by the group's consolidation, and discharges the entity's Indian statutory compliance.

The engagement ran from 7 July 2026 to 5 September 2026. This period coincided with the two busiest phases of the finance calendar: the month-end close for two successive months (the June close performed in July and the July close performed in August) and the preparation of the tax audit schedules for the financial year 2025-26. Observing a close process and a statutory audit preparation running concurrently, rather than a settled month, gives the study a relevance that an observation in a quieter part of the year could not have had.

1.2. Statement of the problem

Reconciliation is often treated in academic study of accounting as a mechanical residue of the real work. Practice suggests the opposite. A journal entry can be posted incorrectly and remain undetected indefinitely; it is the reconciliation of the resulting balance to an independent source that surfaces the error. In a dual-reporting environment the point is sharper still, because the reconciliation is simultaneously the control over the statutory books and the bridge to group reporting. Yet little documented evidence exists on how the reconciliation workload of an Indian finance GCC is actually composed, how it is distributed across the month, and how it interacts with statutory deadlines. This study addresses that gap using a complete, contemporaneous record of the work performed by one member of the function over two close cycles.

1.3. Significance of the study

The study is significant at three levels. For the host organisation, it provides a baseline measurement of close workload against which future process changes can be assessed. For GCCs more widely, it offers evidence that the binding constraint on a dual-reporting close may be the scheduling of routine work rather than technical capability, which has direct implications for how such centres invest in training, automation and headcount. For management education, it documents the close calendar, the anatomy of a reconciliation and the schedules a tax auditor will ask for, which together form directly employable knowledge for finance graduates.

2. Review of literature

2.1. Offshoring and the evolution of capability centres

Research on offshoring describes a transition from cost-driven relocation of easily verified work to a talent-driven search for professional capability. Manning et al. (2008) characterise next-generation offshoring as the global sourcing of scarce professional talent rather than the relocation of low-cost activities, and Lewin et al. (2009) find that access to qualified talent, rather than labour cost alone, has become a principal driver of offshoring decisions for knowledge work. Davenport (2005) argues that the standardisation of business processes makes them measurable and comparable, which in turn makes them portable across locations and providers. Finance and accounting work, with its fixed periodic deadlines, documented procedures and measurable outputs, is a natural candidate for this kind of relocation, and the Indian GCC sector has developed largely on that basis.

2.2. Reconciliation as an internal control

The Internal Control - Integrated Framework of the Committee of Sponsoring Organizations of the Treadway Commission (COSO, 2013) organises internal control into five components: control environment, risk assessment, control activities, information and communication, and monitoring activities. Account reconciliation is a classic control activity: it compares a recorded balance with independent evidence and requires that differences be investigated and resolved. For subsidiaries of United States listed groups, the importance of this control is reinforced by Section 404 of the Sarbanes-Oxley Act of 2002, which requires management to assess, and the external auditor of larger issuers to attest to, the effectiveness of internal control over financial reporting.

Empirical research on internal control weaknesses identifies the conditions under which reconciliation controls are most likely to fail. Ge and McVay (2005) report that disclosed material weaknesses are frequently associated with insufficient accounting resources and with specific account-level problems. Doyle, Ge and McVay (2007) find that firms disclosing material weaknesses tend to be smaller, younger and financially weaker, but also more complex, including firms with more business segments and foreign operations. Ashbaugh-Skaife, Collins and Kinney (2007) similarly associate control deficiencies with operational complexity, recent organisational change and limited resources for internal control. A finance GCC combines several of these risk factors: multi-currency intercompany activity, two reporting frameworks and fixed reporting windows.

2.3. Divergence between accounting frameworks

Despite decades of convergence effort, material differences persist between national accounting frameworks and in the way common standards are implemented (Ball, 2006; Nobes & Parker, 2020). For an Indian subsidiary reporting under US GAAP, the relevant differences arise in the restatement of foreign currency items (AS 11 against ASC 830), depreciation and useful lives (AS 10 and Schedule II of the Companies Act, 2013 against ASC 360 and group policy), deferred tax (AS 22 against ASC 740), and leases (AS 19 against ASC 842). Each produces a difference that is correct under both frameworks and must therefore be explained rather than eliminated. The literature on international accounting establishes that such differences exist; there is comparatively little evidence on the effort required to reconcile them period after period at entity level.

2.4. Workload, bottlenecks and process redesign

Operations management offers two ideas that are directly relevant to the month-end close. The theory of constraints holds that the throughput of a system is governed by its bottleneck, and that improvements made away from the bottleneck do not increase throughput (Goldratt & Cox, 1984). Little's law states that the average number of items in a system equals the arrival rate multiplied by the average time each item spends in the system (Little, 1961); when a large batch arrives at once and processing capacity is fixed, both the queue and the waiting time rise sharply. Hammer (1990) argues that redesigning the flow of work yields greater benefit than automating an unchanged process. Recent accounting research on robotic process automation shows that structured, repetitive, rule-based tasks are the most suitable candidates for automation (Lacity & Willcocks, 2016; Moffitt, Rozario, & Vasarhelyi, 2018; Kokina & Blanchette, 2019), which describes a large part of a routine reconciliation population.

2.5. Research gap

Existing studies examine internal control weaknesses through public disclosures, international accounting differences at the level of standards, and automation through case studies of individual processes. Few studies observe the reconciliation and compliance work of an Indian finance GCC directly, and fewer still measure its composition, timing and deadline performance using a complete record of tasks. The present study contributes such evidence, and interprets it in the light of internal control and operations management theory.

3. Objectives of the study

The study was undertaken with the following objectives:

- To study the framework governing the reconciliation of balance sheet items maintained under Indian generally accepted accounting principles against the corresponding balances reported under US GAAP, and to understand the structure and operation of the reconciliation log and review log through which this is documented in the month-end close of a Global Capability Centre.
- To examine the revenue cycle of a cost-plus service entity, from cost allocation through the actuals working to invoice generation, and to document the GST compliance position of a service exporter, including the preparation of the monthly summary return in Form GSTR-3B.
- To study the preparation of tax audit schedules for the financial year 2025-26, with particular reference to clause 44 of Form 3CD, and the eBRC framework administered by the DGFT for reporting export realisations.
- To analyse a task register maintained over the study period in order to draw evidence-based conclusions on process effort, deadline performance and workload concentration, and to formulate practical recommendations for strengthening the close and compliance processes.

4. Research methodology

4.1. Research design

The study follows an exploratory and descriptive research design with a quantitative component. It is exploratory in that it seeks to understand how a dual-reporting close is operated in practice, as distinct from how it is described in accounting literature, and how a finance function absorbs the collision of a close deadline with a statutory audit deadline in the same fortnight. It is descriptive in that it documents the existing processes, the sequence of steps in each, and the categories of difference and delay observed. The quantitative component is the analysis of a task register maintained throughout the study period.

4.2. Sources of data

Primary data were obtained through participant observation of two complete month-end close cycles; direct handling, under supervision, of 53 reconciliation and reconciliation-log tasks, the revenue and invoicing cycle for two months, the monthly GST return, the clause 44 consolidation and eBRC generation; structured discussion with the corporate mentor; and unstructured discussion with members of the accounts team who allocated and reviewed the work. Secondary data were drawn from the Companies Act, 2013 and the accounting standards notified under it, the FASB Accounting Standards Codification, the Central and Integrated Goods and Services Tax Acts, 2017, the Income-tax Act, 1961 and Form 3CD, the Foreign Trade Policy and DGFT notifications, the GST, DGFT and Ministry of Corporate Affairs portals, the host organisation's standard operating procedures and templates to the extent permitted, and the public disclosures of the parent group.

4.3. The task register

A structured task register was maintained contemporaneously throughout the study period. Each of the 67 tasks recorded carries nine attributes: serial number, category of work, description, status, allocation date, deadline, completion date, status check and reporting month. The status categories used (not started, in progress, done, approved and update required) are those of the host function. The distinction between 'done' and 'approved' is significant: work is done when the preparer has finished it and approved when the reviewer accepts it. The register is a complete census of the researcher's work over 34 recorded working days, not a sample of the department's work, and was reconciled at the end of the period against fortnightly progress reports and the attendance record. Table 1 summarises the study setting.

Table 1 - Profile of the study setting.

Particulars	Details
Host organisation	PACCAR India Private Limited, Pune (subsidiary of PACCAR Inc., NASDAQ: PCAR)
Function studied	Finance and Accounting: month-end close, revenue and billing, statutory compliance
Study period	7 July 2026 to 5 September 2026 (34 working days recorded)
Cycles covered	June close (July), July close (August), start of August close; tax audit season FY 2025-26
Reporting frameworks	Indian GAAP for statutory books; US GAAP for group reporting
Systems	SAP (general ledger), BFC (group consolidation), Infinium (revenue detail and attachments), Tally (parallel statutory record), Microsoft Excel, GST portal, DGFT portal
Primary dataset	Task register of 67 tasks with category, dates and approval status

4.4. Tools of analysis

The register was analysed using frequency and percentage analysis by category, status, timeliness against deadline, and month and date of allocation. Timeliness was assessed only for the 60 tasks carrying both a deadline and a completion date. The categories of reconciling difference observed were assessed qualitatively against two criteria, frequency of occurrence and difficulty of resolution, and the function was rated against six readiness elements. Consistent with the confidentiality obligations of the engagement, no balance, transaction value, margin or other client-identifying financial figure is reproduced; the analysis is conducted on task counts, categories, dates and statuses only.

5. Process framework observed in the organization

5.1. Balance sheet reconciliation and the month-end close

A balance sheet reconciliation explains the closing balance of a general ledger account by reference to evidence independent of the ledger. It answers three questions: what does the ledger say, what does the independent source say, and if the two differ, why. The independent source varies with the account: the bank statement for a bank account, the fixed asset register for accumulated depreciation, the filed return for indirect tax payable, the schedule of temporary differences for deferred tax, and the counterparty's books for an intercompany balance. Reconciliation serves three purposes: detection of posting errors, substantiation of the balance for audit, and continuity, since a movement inconsistent with underlying activity is itself a finding. An item described as 'difference under investigation' is not reconciled but deferred, and its age is a measure of the health of the process.

Two documents govern the process. The reconciliation log is the control register for a close; it lists every account to be reconciled with its preparer, reviewer, due date, status and any unreconciled difference, and so measures completeness. The review log records the reviewer's observations, the action required and the date it was closed, and so measures quality. The reconciliation process as performed during the study is shown in Fig. 1, and the close stages within which it sits are summarised in Table 2.

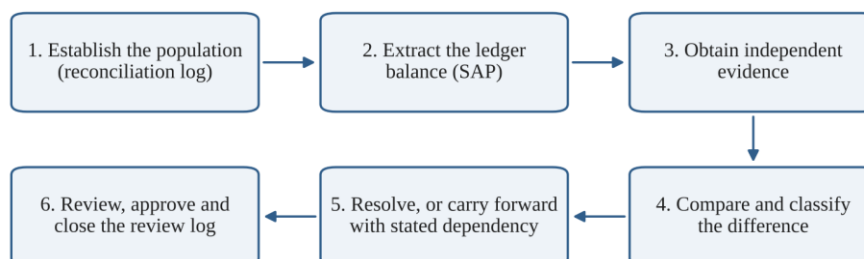


Fig. 1 - Reconciliation process flow observed in the organisation.

Table 2 - Stages of the month-end close.

Stage	Content
Cut-off	Point after which no further transactions are accepted into the period.
Accruals and provisions	Recognition of costs incurred but not invoiced, and of estimates required by the framework.
Allocations	Distribution of costs across the divisions served; the input to revenue in a cost-plus entity.
Reconciliation	Substantiation of every material balance sheet caption against an independent source.
Intercompany agreement	Confirmation of balances with counterparty entities and resolution of differences.
Review and approval	Examination of reconciliations and recording of the outcome in the review log.
Reporting package	Submission of the entity's position into the group consolidation application (BFC).
Tie-out	Agreement of the submitted package back to the ledger and the supporting reconciliations.

5.2. The dual-framework problem

Table 3 sets out the areas in which the Indian and US frameworks diverged in the accounts actually reconciled during the study. It is not a comprehensive comparison of the two frameworks. Two points deserve emphasis. First, a difference is not an error: a preparer who treats every difference as something to be eliminated will either fail to complete the reconciliation or, worse, force it. Second, a legitimate difference should behave predictably; a translation difference that moves with the exchange rate is explicable, while the same difference moving against the rate is a finding.

Table 3 - Framework differences encountered in the reconciliations.

Area	Indian framework	US GAAP (group)	Effect on reconciliation
Functional currency	Books maintained in Indian rupees.	Group reporting in US dollars; entity translated for consolidation.	Translation difference on every foreign-currency balance, to be explained rather than treated as an error.
Foreign currency monetary items	Restated at closing rate, difference to profit or loss (AS 11).	Similar principle (ASC 830); rate convention and long-term intercompany items may differ.	Rate-driven difference each period on USD, EUR and AUD intercompany balances.
Depreciation	Useful lives commonly follow Schedule II of the Companies Act, 2013.	Useful lives follow group policy applied across the group.	Accumulated depreciation differs and the gap grows with the age of the asset base.
Deferred tax	Recognised on timing differences (AS 22).	Temporary differences with valuation allowance (ASC 740).	Balance differs and must be reconciled to the schedule of differences.
Leases	Depends on the standard applied by the entity.	Right-of-use asset and lease liability (ASC 842).	Where treatments differ, both asset and liability carry reconciling items.
Presentation	Schedule III format.	Group chart of accounts and consolidation captions.	A mapping difference, not a difference in amount.

5.3. Intercompany accounting

An intercompany balance is a receivable in one group entity matched by a payable in another; on consolidation the two eliminate. This apparently simple arrangement consumes a disproportionate share of close effort for four reasons. The first is volume: reconciliations were prepared for balances with the corporate entity, the parts and vehicle divisions, entities in Canada, Australia and Europe, and the electronics and financial services arms. The second is currency: where the two sides are recorded in different currencies they cannot agree in absolute terms, and agreement must be established at an agreed rate. The third is timing: a charge raised on the last day of a period may be recorded by the counterparty in the next. The fourth is dependence: an intercompany reconciliation cannot be completed unilaterally and requires confirmation from a team in another entity, often in another time zone, working to its own calendar. Intercompany reconciliation therefore has a floor on its cycle time that no amount of local diligence can reduce.

5.4. Revenue in a cost-plus service entity

A capability centre serving its own group recovers its costs together with an agreed mark-up, so that revenue is an output of the cost accounting process rather than of a sales process. The cycle observed had four stages: allocation of the month's costs across the divisions served; conversion of the allocation into an actuals sheet setting out the amount recoverable from each counterparty; generation of invoices, which as exports of services must satisfy the documentary requirements for a zero-rated supply, and their despatch to divisions in PDF form; and attachment of supporting documentation

to the ledger entries. The last stage is the one most easily deferred and the one whose deferral is most costly, because an entry without its support cannot be verified without the person who made it.

5.5. Statutory compliance of a service exporter

GST and Form GSTR-3B. Where the conditions of section 2(6) of the Integrated Goods and Services Tax Act, 2017 are met, services supplied to group entities abroad are exports of services and zero-rated supplies under section 16 of that Act. Zero-rating is not exemption: the supply is taxable at nil, input tax credit remains available, and the exporter may supply under a letter of undertaking and claim a refund of accumulated credit, or pay integrated tax and claim a refund of the tax paid. GSTR-3B is the monthly self-declared summary of outward supplies, reverse charge inward supplies, input tax credit and the resulting position. The two common sources of difference between the return and the books are timing and classification; the second is more serious because it is not self-correcting.

Tax audit and clause 44 of Form 3CD. An entity whose turnover exceeds the prescribed threshold must have its accounts audited under section 44AB of the Income-tax Act, 1961 and furnish the statement of particulars in Form 3CD. Clause 44 requires a break-up of total expenditure between entities registered and not registered under GST, and within the registered category between expenditure relating to exempt goods or services, expenditure on composition-scheme suppliers and other registered expenditure. The clause is simple to state and laborious to satisfy, because the books record expenditure by nature and vendor, not by the registration status of the vendor. Satisfying it requires consolidating every payment of the year, mapping each to a vendor, establishing that vendor's status and reconciling the schedule back to audited expenditure.

Export realisation and eBRC. An exporter of services must demonstrate that export proceeds have been realised, through an electronic bank realisation certificate reported on the DGFT portal and linking the export invoice, the inward remittance advice of the authorised dealer bank and the portal entry. Where a single remittance settles several invoices, or a single invoice is settled by several remittances, the mapping must be established manually before the certificate can be generated.

5.6. Work performed during the study period

Table 4 summarizes the work performed week by week, showing how the two close cycles, the revenue cycle and the statutory work overlapped.

Table 4 - Week-wise summary of work performed.

Week	Period	Work undertaken
1	7-10 July 2026	Induction; system access (SAP, Infinium, group applications); creation of reconciliation logs for the June close; start of June cost allocation.
2	13-17 July 2026	June revenue cycle: cost allocation, invoicing working, invoice generation and despatch; preparation of GSTR-3B for June.
3	20-24 July 2026	June reconciliations across bank, fixed asset, indirect tax, deferred tax and intercompany populations in INR, USD, EUR and AUD; casting review of financials.
4	27-31 July 2026	Completion of June population including two missing reconciliations; start of eBRC working; supporting documents for revenue entries; bulk extraction of ledger balances.
5	3-7 August 2026	Start of clause 44 payment consolidation for FY 2025-26; Tally-to-group variance analysis for July close; July actuals sheet.
6	10-14 August 2026	Allocation and start of full July reconciliation population; July invoices; clause 44 consolidation; review of tax audit schedules.
7	17-21 August 2026	Completion and submission of July reconciliations; clause 44 differences; review meeting on reconciliations and invoicing.
8	24-28 August 2026	Tax audit schedule review; update of June review logs; month-end tie-out; eBRC generation; revenue actuals.
9	31 Aug-5 Sept 2026	eBRC completion and sharing; continued clause 44 working; August actuals; start of balance sheet for group reporting package.

6. Data analysis and interpretation

6.1. Composition of the workload by category

Table 5 and Fig. 2 present the distribution of the 67 recorded tasks by category of work.

Table 5 - Composition of the workload by category (N = 67).

Category of work	Tasks	Share (%)
Reconciliations - June close	29	43.3
Reconciliations - July close	23	34.3

Category of work	Tasks	Share (%)
Revenue and billing	7	10.4
Statutory audit support	2	3.0
Tax audit (clause 44 and schedules)	2	3.0
Goods and services tax (GSTR-3B)	1	1.5
Export compliance (DGFT eBRC)	1	1.5
Month-end variance work	1	1.5
Reconciliation review logs	1	1.5
Total	67	100.0

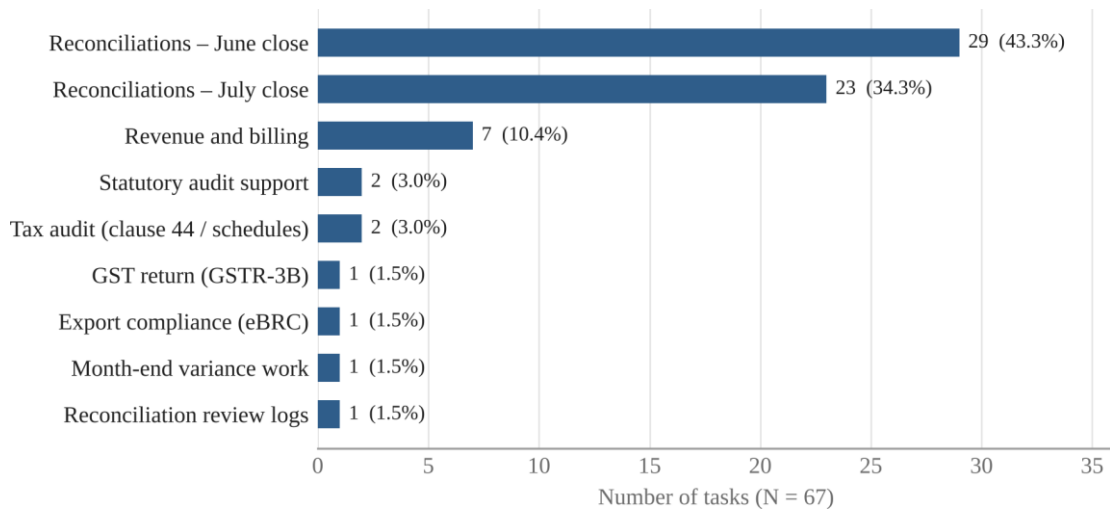


Fig. 2 - Distribution of recorded tasks by category of work.

Interpretation. Reconciliation work, taken together with the review log task, accounts for 53 of 67 tasks, or 79.1% of everything allocated. All other activities combined (revenue, tax audit, audit support, GST and export compliance) account for the remaining 20.9%. This runs against the intuition that a finance function's difficulty lies in its technically demanding work. The technically demanding tasks, such as the clause 44 consolidation, the deferred tax reconciliation and the eBRC mapping, are individually few; the function's capacity is consumed by a large population of individually straightforward reconciliations. An improvement addressed to the difficult minority will therefore have a small effect on total effort, while an improvement addressed to the routine majority need only be modest to be worth more.

6.2. Status of tasks at the end of the study period

Table 6 - Status of tasks at the end of the study period.

Status	Tasks	Share (%)	Meaning
Approved	59	88.1	Completed by the preparer and accepted by the reviewer.
Done	3	4.5	Completed by the preparer, awaiting review.
Not started	2	3.0	Allocated but not commenced.
In progress	1	1.5	Commenced and not completed.
Update required	1	1.5	Reviewed and returned to the preparer for further work.
No status recorded	1	1.5	Open-ended analytical task with no deadline.
Total	67	100.0	

Interpretation. 88.1% of tasks reached approval, a satisfactory completion rate for a period that ended in the middle of an active cycle. The more informative figure is the gap between 'done' and 'approved'. Three tasks were finished and waiting on review. Because the preparer cannot relieve this gap, it is a measure of review capacity, and it is the component of close duration that improvements in preparation cannot touch.

6.3. Timeliness against deadline

Sixty of the 67 tasks carry both a deadline and a completion date and can be assessed for timeliness; the remaining seven either carried no deadline or were incomplete at the end of the period. The results are presented in Table 7 and Fig. 3.

Table 7 - Timeliness of task completion against deadline.

Outcome	Tasks	Share of assessable (%)
Completed before the deadline	8	13.3
Completed on the deadline	43	71.7
Completed after the deadline	9	15.0
Total assessable	60	100.0
Not assessable (no deadline or incomplete)	7	-

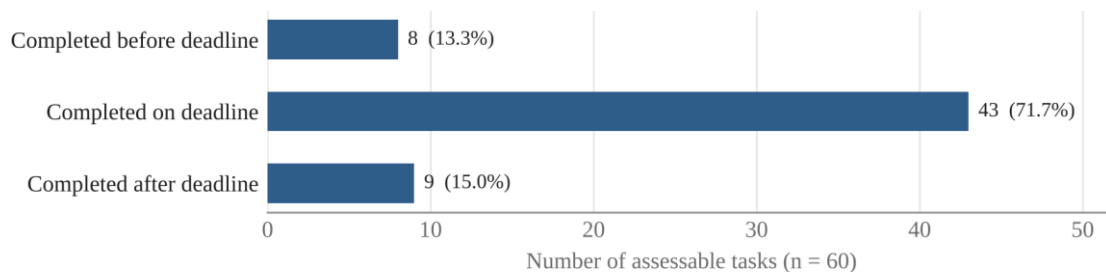


Fig. 3 - Timeliness of completion for assessable tasks.

Interpretation. 85.0% of assessable tasks were completed on or before the deadline, which is a sound record. The shape of the distribution is more revealing than the headline: only 13.3% were completed early, while 71.7% were completed exactly on the due date. A distribution clustered this tightly on the deadline is characteristic of work scheduled to the deadline rather than to capacity. Such a system is efficient while nothing goes wrong and has no capacity to absorb disruption when something does. On this reading, the nine late completions are not a discipline problem but the predictable consequence of a system operating without slack.

6.4. Distribution of workload within the cycle

Table 8 - Allocation of tasks by reporting month.

Reporting month	Tasks allocated	Share (%)
July 2026	36	53.7
August 2026	29	43.3
September 2026 (to 5th)	2	3.0
Total	67	100.0

The monthly totals in Table 8 conceal the real pattern, which appears only when allocation dates are examined. Twenty-two of the 29 reconciliations in July were allocated on a single day, 22 July 2026. All 23 reconciliations of the July close, which made up 23 of the 29 tasks allocated in August, were allocated on a single day, 11 August 2026. Taken together, 45 of the 52 reconciliations (86.5%) were allocated on just two days.

Interpretation. This is the central finding of the analysis, and it explains most of what else was observed. The reconciliation workload is not distributed across the month; it is delivered as a single batch immediately after ledger cut-off, because that is when balances become final. In terms of Little's law (Little, 1961), a sudden arrival of twenty or more items into a system of fixed capacity produces a corresponding rise in work in progress and in the time each item waits. Capacity sized for the average is overwhelmed twice a month and under-used in between. The clustering of completions on the deadline follows, because when a whole population arrives together the only feasible schedule is to work to the due date. The items awaiting review follow, because a reviewer receiving a full batch of completed reconciliations on one day cannot approve them on that day. And the

two tasks that ran materially late, the clause 44 consolidation and the August revenue drafting, were both non-reconciliation tasks competing for the same days as a reconciliation batch.

6.5. Where process effort is consumed

The categories of reconciling difference observed were assessed against their frequency and the difficulty of resolving them once identified. The assessment in Table 9 is qualitative, based on observation across the tasks handled rather than on a statistical sample.

Table 9 - Categories of reconciling difference by frequency and difficulty.

Category of difference	Frequency	Difficulty of resolution	Priority
Intercompany balance awaiting counterparty confirmation	High	High - cannot be resolved unilaterally; depends on another entity's calendar	1
Supporting invoice or document not on file	High	Low individually, but volume makes it the largest consumer of preparation time	2
Currency translation difference	High	Low - explicable once the rate convention is understood; recomputed each period	3
Framework difference on depreciation or deferred tax	Medium	Medium - stable, but re-substantiated each period	4
Timing difference at period boundary	Medium	Low - generally self-correcting in the next period	5
Genuine posting error	Low	Medium - requires a correcting entry and explanation	6

Interpretation. The two highest priorities are both matters of process rather than of accounting, and neither requires additional technical capability. A standing protocol fixing the date by which counterparties confirm balances would address the first at its origin. Attaching supporting documentation at the point of posting, a facility the systems already provide and which was used to good effect on the revenue side, would address the second. The category that most engages a preparer's accounting knowledge, the genuine posting error, is the least frequent. The allocation of effort observed was, on this analysis, close to the inverse of what the difficulty profile would suggest.

6.6. Readiness assessment of the function

Table 10 - Readiness assessment of the finance and accounting function.

Element	Position observed	Rating
Technical knowledge of both frameworks	Framework differences understood and correctly treated rather than forced.	Strong
Completeness of the reconciliation population	Controlled through the reconciliation log; the detection of two missing reconciliations shows the control operating.	Strong
Documentation and review trail	Every task carried a preparer, reviewer and recorded approval status.	Strong
Distribution of workload across the cycle	Entire reconciliation population allocated on a single day in each cycle.	Weak
Use of systems as a control	Bulk extraction and document attachment available but under-used; reconciliation performed in spreadsheets.	Developing
Management of third-party dependent items	Tracked in remarks fields rather than a controlled open-items register with ageing.	Developing

Interpretation. The function is technically strong and structurally uneven. Handling a large reconciliation population across two consecutive closes with an 88.1% approval rate and 85.0% of deadlines met is a real achievement. The weaknesses lie not in what the team knows but in when the work reaches it, and in how much of the control is carried by individual diligence rather than by the systems already in place.

7. Findings of the study

The principal findings, stated without reproducing any balance or client-identifying figure, are as follows:

- **Reconciliation dominates the workload.** 53 of 67 tasks (79.1%) were reconciliation or reconciliation-log work; all other activities together accounted for 20.9%.
- **The reconciliation workload arrives in a single batch in each cycle.** 86.5% of reconciliations were allocated on two days, 22 July and 11 August 2026. This is the most consequential observation of the study.
- **Work is scheduled to the deadline rather than to capacity.** 71.7% of assessable tasks were completed exactly on the deadline and only 13.3% before it, indicating a system with no slack.

- **Review capacity sets a floor on close duration.** Tasks completed and awaiting approval show that review is a separate constraint that faster preparation cannot remove, consistent with the theory of constraints (Goldratt & Cox, 1984).
- **Non-reconciliation work is displaced by the reconciliation peak.** Both materially late tasks, the clause 44 consolidation and the August revenue drafting, coincided with a reconciliation batch.
- **The most common obstacle to completing a reconciliation is a missing document.** The error is made upstream, when an entry is posted without its support, and discovered downstream in a close whose time is already scarce.
- **Intercompany reconciliation has a structural floor on cycle time.** Pending items were pending because a counterparty confirmation had been requested and not received, and no protocol fixes the date of exchange.
- **Open items dependent on third parties are tracked informally,** in reconciliation remarks fields visible only to whoever opens that reconciliation.
- **Systems are used as a record rather than as a control.** Bulk ledger extraction in SAP and document attachment in Infinium made downstream work materially faster where used, but reconciliation itself is performed in spreadsheets, so completeness, ageing and period-on-period consistency are checked manually.
- **Review closure lags preparation.** The June review logs were updated about five weeks after the reconciliations were prepared, after the next period's reconciliations had been prepared on the uncorrected basis.
- **Mechanical controls remain valuable.** A casting check on the financial statements catches a class of error that accounting knowledge does not, and is the first step dropped when a close runs late.
- **The classification demanded by clause 44 is not held in the accounting system.** It had to be assembled by consolidating a year of payments and establishing supplier status externally, occupying the greater part of three weeks.

8. Discussion

The findings support the view that the month-end close in a dual-reporting environment is a scheduling discipline before it is a technical one. The accounting judgements involved were largely settled: the framework differences on depreciation, deferred tax and currency translation were known, documented, stable from period to period and correctly applied. What made the close difficult was that more than fifty reconciliations had to be prepared, reviewed and approved within a fixed window, and that they became preparable on the same morning. This is consistent with Little's law and with the theory of constraints: when arrivals are batched and review capacity is fixed, waiting time and work in progress rise regardless of the skill of the preparers.

The findings also extend the internal control literature. Studies of disclosed weaknesses associate control failure with complexity and inadequate resources (Ge & McVay, 2005; Doyle et al., 2007; Ashbaugh-Skaife et al., 2007). The present evidence suggests a more specific mechanism within an otherwise well-controlled function: the controls that are most at risk under time pressure are not the technically demanding ones but the late-stage and mechanical ones, such as the tie-out, the casting check and the timely closure of review comments, because these are the steps compressed when a batched close runs late. Under the COSO (2013) framework, a reconciliation that is prepared but not reviewed in time is a control that is documented but not operating.

On the substantive accounting question, the study confirms that a difference between the Indian and group reporting bases is not an error to be eliminated but a fact to be explained, quantified and carried forward consistently. A reconciliation that forces the two bases into agreement is worse than no reconciliation, because it destroys the information the exercise exists to produce. On the compliance side, the obligations of an Indian entity within a foreign group are wider than its size suggests and draw on the same data and people as the close. The clause 44 disclosure and the eBRC mapping both illustrate a common pattern: information that is cheap to capture when a transaction arises becomes expensive when it must be reconstructed after the fact. Finally, the automation literature suggests that the routine, rule-based reconciliations which dominate the population are the natural candidates for automation (Lacity & Willcocks, 2016; Kokina & Blanchette, 2019), but Hammer's (1990) argument implies that redesigning the schedule should come first, since automating a batched process would leave the review bottleneck in place.

9. Recommendations

Each recommendation below is addressed to a specific finding. None requires additional headcount or material investment; all are changes to scheduling, protocol and documentation practice within existing resources.

- **Split the reconciliation population by dependency on the final ledger balance.** Fixed asset and accumulated depreciation movements, deferred tax schedules and several intercompany populations are substantially known before cut-off. Preparing these in the second and third weeks of the month would flatten both peaks without changing the deadline, the population or the headcount. This is the highest-value change available.
- **Establish a standing intercompany confirmation protocol.** A fixed monthly date by which counterparties exchange confirmed balances would convert the largest category of carried-forward items from an individually negotiated request into a scheduled event.
- **Attach supporting documentation at the point of posting.** Making attachment a condition of posting, using the existing facility in Infinium, would remove the most common reason for carrying an item forward.
- **Maintain a controlled open-items register with ageing,** recording for each third-party dependent item the counterparty, the owner, the date it arose and its age, so that an old item looks old to a reviewer without opening the reconciliation.
- **Plan review capacity separately from preparation capacity** by staggering submissions across the batch and setting a review service level in days from submission.
- **Make bulk extraction of ledger balances from SAP the standard first step of the close.**

- **Capture supplier GST registration status at vendor onboarding** as a field of the vendor master, converting the annual clause 44 exercise into a report and removing the largest non-reconciliation task from the close season.
- **Close review comments within the period to which they relate**, so that each comment is reflected in the next period's preparation.
- **Record the export invoice to remittance mapping as receipts arise**, making eBRC generation a routine monthly step rather than a periodic reconstruction.
- **Protect mechanical controls** such as casting checks and the tie-out in the close schedule, precisely because they are the first steps a compressed close drops.
- **Consider rule-based automation of routine reconciliations** whose differences are translation or known timing effects, after the schedule has been redesigned, so that skilled time is released for items requiring judgement.
- **Document the process as it is performed**, so that process notes serve as induction material and reduce the concentration of knowledge in a few individuals.

Implemented together, these measures would be expected to flatten the workload peaks of the present close, reduce the proportion of items carried forward for reasons unconnected with accounting, and strengthen the function's ability to absorb statutory work that arrives during the close.

10. Limitations and scope for future research

The study is subject to several limitations. It covers approximately two months, sufficient to observe two close cycles and one tax audit preparation season but not a full financial year or a statutory audit through to signature. The task register records the work of one member of the function; it is a complete census of that work but a partial, non-random view of the function's workload, and conclusions about the function as a whole are qualified accordingly. Deadlines are those communicated at allocation; where a deadline was revised orally, a task may appear late that the reviewer did not regard as late. No financial figures were available or reproduced, so the materiality of reconciling items could be assessed only qualitatively. Transfer pricing, treasury, payroll and the statutory audit engagement itself were outside the scope of the study. The findings relate to one organisation and cannot be generalised to all capability centres without further evidence.

Future research could extend the observation to a full financial year to test whether the workload concentration persists in quieter months; quantify the materiality of reconciling items with the organisation's permission; compare two or more GCCs serving different parent groups to establish whether batch concentration is a general feature of dual-reporting centres; and measure the effect of the recommended changes against the baseline established in this study.

11. Conclusion

This study examined the balance sheet reconciliation and statutory compliance processes of a finance and accounting GCC operating under both Indian GAAP and US GAAP, using participant observation and a complete register of 67 tasks recorded over two month-end close cycles and a tax audit season. Reconciliations formed 79.1% of the workload, 88.1% of tasks were approved, and 85.0% of assessable tasks met their deadlines. Beneath these sound results lay a structural pattern: 86.5% of reconciliations arrived on just two days, and 71.7% of tasks were completed exactly on the deadline. Every delay observed is traceable to this concentration rather than to a gap in technical knowledge. The study concludes that the most effective improvement available to such a function is not additional technical training but the redistribution of reconciliation work across the month, supported by a standing intercompany confirmation protocol, documentation at the point of posting, controlled tracking of open items, and the capture of compliance attributes at the point a transaction or vendor first enters the system.

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