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Best Practices for Interline Revenue Accounting

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Department Objective - Interline Revenue Accounting

- Improve cash flow with timely and accurate billing
- Reduce cost of processing by reducing rejections
- Support business in finalizing interline agreements

Initiatives taken by IATA

1

FinCom endorsed initiative to reduce rejections in 2015

Target

32%

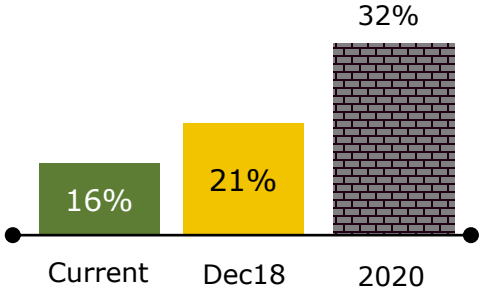
by 2020

2

Pilot carriers selected for the project

American Airlines, Emirates, Lufthansa, Air New Zealand, Etihad Airways, South African Airways, Delta

Status update



Best Practices – Master Data Management

Master Data

Industry master data

- PMP
- RATD and TTBS tax
- FDR & MMR Rates
- SSIM/OAG

Airline master data

- SPA
  - Codeshare/non Codeshare
  - Re-protection
  - ZED Application
  - UATP card acceptance
- S1 filing /Chart 2 Filing
- YQ/YR rates

Continuous on-time review & control

Review

- Review and sign off

Communication

- Revenue Accounting department's feedback to commercial before final SPA sign off between airlines
- Communication of coding changes to vendor / BPO / auditors
- Joint SPA coding & testing in case SPA airline are using same RA system

Timelines

- 60 day notice of SPA expiry to revenue management
- 4 weeks allocated for coding & testing prior to SPA commencement or implementation

☛ Above will ensure accuracy in first time billing and will reduce rejections

Best Practices – Billing Analysis

Billing Types

- Inward Billing
- Outward Billing
- Rejections
- Correspondence

Revenue Accounting System

- Master Data
- Transaction Data
- Transaction Processing
- Evaluation

Quality controls & checks

SPA Review	Value checks	Control checks
▪ SPA vs. MPA ▪ Codeshare vs. non codeshare ▪ Voluntary vs. involuntary	▪ High Value ▪ Low Value ▪ Avg. Yield ▪ Variance ▪ YQ /Q billing ▪ Tax Billing ▪ ISC/CSC	▪ Collected vs. Interline able ▪ Duplicate billing checks ▪ Rejection analysis ▪ Correspondence ageing ▪ 2nd Pass Audit

Key checklist – Airline Moving to Interlining

- Ensure the new airline is added to the OAL sales data exchange (TCN data)
- All reference data pertaining to the new airline is updated
- Compliance of SIS & ICH standards to carry out the billing & settlements
- Ensure all Chart 2 and YQ/YR, S1/S2 filing is in place

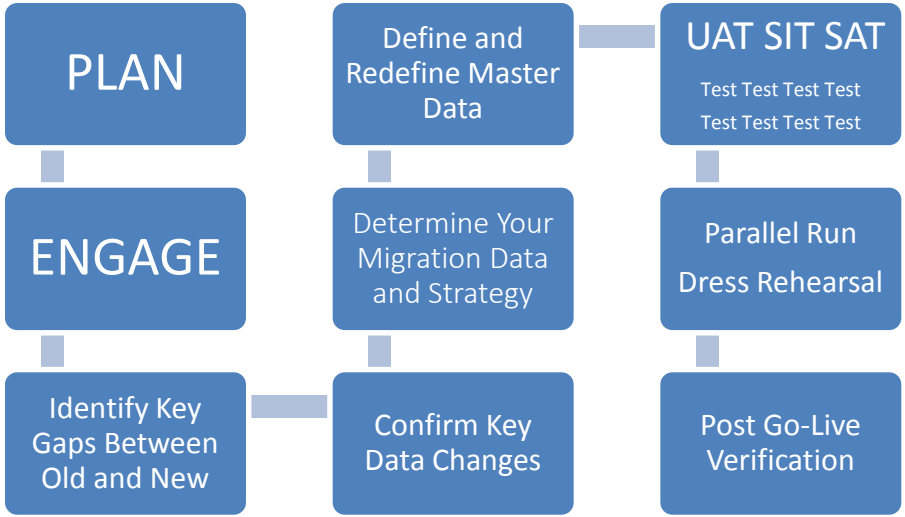
Best Practices in an Outsourced Function

Master data review	Query resolution	Quality checks	SLA Monitoring	Periodic review
➢ Ensuring all master data is filed on time ➢ Review and sign off by airline before moving into production	➢ Queries from service provider is tracked and resolved on a timely manner	➢ Carry out below checks to ensure accuracy of data 1. SPA review 2. Value checks 3. Control checks	➢ SLA to be agreed based on timeliness, accuracy and completeness ➢ Service credits to be applicable for non compliance	➢ Weekly conference calls with operational teams ➢ Monthly review of performance ➢ Quarterly steering committee meeting

☛ Regular audits are performed on systems & process controls by external or internal party

Best Practices in Change of Revenue Accounting Systems

Transition from Legacy or Outsource System to New System



FOCUS

- ✓ Accounting
- ✓ Duplicate Usages
- ✓ SPA Testing
- ✓ Tax Interpretation
- ✓ IATA Time Limits
- ✓ Partner Airlines
- ✓ Resourcing
- ✓ Reporting
- ✓ BAU

Key Checklist – Airline Entering New Cargo Agreement

- Improved Communication - Recommendation for regular conference calls and/or meetings with the Cargo Interline Commercial Team and the Cargo Revenue Accounting group
- Simplified Interline Agreements – Ensure that all SPA elements can be handled within your system limitations (ie Other Charges, Days of weeks, Routings etc). Recommendation for utilization of a SPA Template
- Ensure that agreements are received and entered into the Revenue Accounting system well in advance of effective date
- SPAs should be filed and tested in system test environment before filing in the production environment – The system should complete checks for mileage, provisos, SPA, adhoc SPA and Other Charges as well as perform proration testing
- Ensure agreements are in compliance of RAM Rules

☛ Above will ensure accuracy in first time billing and will reduce rejections

Other Reasons Contributing to Cargo Rejection Memos

- Billing is outside of Time Limits - Need to ensure timely processing of waybills in the airlines Operations and Revenue Accounting system to ensure that awbs are invoiced within RAM Time limits and cash flow is optimized
- No Record of SPA - Many rejections are due to the fact that the OAL's Revenue Accounting department has no record of SPA or adhoc SPA; Ensure agreements are forwarded to the Revenue Accounting department of both airlines prior to effective dates
- The OAL has no record of the awb in their system – Prior to rejecting an awb, be sure to check in your operations system for the awb and/or check with your local office
- Generate a Proforma Invoice and complete a preliminary review of the Interline Billing prior to SIS Upload to ensure quality billing
- Airline states supporting documents attached, however, the airline fails to upload supporting documents – ie Transfer Manifests – Ensure all supporting documents are uploaded in SIS

thank
you