

COMMERCIAL METALS COMPANY

Optimized tax data management for Commercial Metals Company eliminated manual efforts and streamlined their data management processes.

“We were able to centralize our federal and state data collection. This increased the reliability of the data we were using, sped up the calculation of our U.S. provision and allowed us to be more efficient, giving us time to review the final provision vs. just trying to get the provision calculated.”

Director, Tax Accounting and Reporting
Commercial Metals Company

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Similar to many tax departments today, the tax department staff at Commercial Metals Company (CMC) found themselves spending too much time on tedious tasks surrounding tax data management, taking away from the time they had available for real value-add work.

The \$8 billion company had multiple charts of accounts and accounting standards that needed to be harmonized quickly and repeatedly for tax reporting and analysis. From collection through consolidation, CMC’s tax department needed a solution that would provide more control, reliability, and a simple way to roll forward their data for next year’s workpapers.

With over 15 years of experience, the current director of tax accounting and reporting faced pressure to complete a faster close, stressing the need for automation. He led CMC’s tax department on a mission to lock down and take full control of everything in their tax department, starting with data.



OBJECTIVE:

Drive efficiencies surrounding data management and provision calculations.

APPROACH:

Harmonized the large volume of data to create a more seamless process, reduce preparation time, and make data available for tax reporting and analysis needs.

IMPROVEMENTS:

Standardized existing workpapers with controls reduces risk and preparation time and makes data readily available.

BUSINESS BENEFITS:

Increased efficiencies allows for more time to review the calculated provision

SPOTLIGHT ON COMMERCIAL METALS COMPANY

Commercial Metals Company’s mission is to manufacture, recycle, and market steel, other metals and related products, and to meet its customers’ needs. CMC operates via five segments, has operations from Arkansas to Zawiercie, delivers a wide breadth of products and services, and is involved in virtually every aspect of our industry.

They are headquartered in Irving, Texas. Commercial Metals Company stock is traded on the NYSE under the symbol CMC.

Snapshot of Tax Department

- Staff size: 5
- Manages 50 entities both domestically and internationally
- Files 100 returns for all jurisdictions

360° OF TAX SOLUTIONS

- ONESOURCE Income Tax
- ONESOURCE Tax Provision
- ONESOURCE DataFlow
- ONESOURCE WorkFlow Manager
- ONESOURCE Calendar
- ONESOURCE Fixed Assets
- ONESOURCE State Apportionment



CHALLENGES

“We were here 20 hours for a week straight pulling everything together to write the domestic journal entry once the provision was calculated.”

CMC had a tax department made up of five professionals to manage the tax responsibilities of an \$8 billion company. Once the mandate was given to adjust deferred tax accounts on a quarterly basis rather than annually, other challenges arose:

- Updating was difficult when last-minute changes were received from outside departments
- Lack of automation left room for error when rekeying data
- A high volume of information and data located in decentralized locations created a time-consuming and difficult collection process and inability to keep track of updates and versions
- Writing the JE took a week of 20-hour work days to complete
- Multiyear analysis and planning was difficult because all the data was stored in silos and Microsoft® Office Excel workbooks

RESULTS

“We really locked down and automated many of our processes. I could now have my journal entry out in an hour.”

CMC eliminated the stress of everyday details by optimizing and simplifying daily processes, which ultimately allowed the focus to shift to value-add work. The tax department saw direct results from the newly automated processes.

- Implemented over 30 standardized workpapers, enabling processes to become more automated and streamlined using ONESOURCE WorkFlow Manager
- Removed the hassle of gathering and storing data using ONESOURCE DataFlow to quickly calculate current year taxable income

- Created custom imports to push the data into ONESOURCE Tax Provision
- Used the Active Workpapers module of ONESOURCE Tax Provision to automate posting of state NOLs
- Developed a process to generate the tax journal entry in hours vs. days
- Able to adjust the U.S. deferred tax accounts on a quarterly basis in a matter of hours once a consolidation from accounting has been received

IMPLEMENTATION

When implementing ONESOURCE, CMC took a collaborative approach working with both McGladrey and Thomson Reuters over the course of five months. Specialized members at McGladrey have been qualified to be part of the Tax & Accounting Certified Implementer Program, allowing them to fully collaborate with Thomson Reuters and provide assistance to users of select Thomson Reuters software products.

CMC dedicated a team to handle the knowledge transfer to the entire tax department. As a result of the collaboration, there are now individuals in the department who are as comfortable with the software as the professionals who assisted CMC with the implementation.

FUTURE GOALS

“Now my workpapers are standardized and we’re going to automate more and more where we can.”

The next goal for CMC’s tax department is to apply automation to its compliance functions. They plan to use ONESOURCE WorkFlow Manager to manage all filings.

The tax department also plans to utilize the ONESOURCE return and provision solution to push data into ONESOURCE Income Tax and cut return prep time, specifically the federal consolidation.



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