Subledger Accounting Reconciliation in R12

Karen Kerames
Accenture
Webinar Mechanics

- Open and close your panel.
- View, select, and test your audio.
- Submit text questions.
- Raise your hand.
- Q&A addressed at the end of the session. Answers will be posted within two weeks on our new LinkedIn Group, EBS Answers: http://www.linkedin.com/groups/EBS-Answers-4683349/about
- Everyone will receive an email within 24 hours with a link to view a recorded version of today’s session.
- Polling questions will be presented during the session. If you want CPE credit for this webinar, you must answer all of the polling questions.
Introduction: Finished but not Done

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Company Overview: Established 2006 • Helene Abrams, CEO

eprentise Can...

- Consolidate Multiple EBSInstances
- Change Underlying Structures and Configurations
  - Chart of Accounts, Other Flexfields
  - Inventory Organizations
  - Operating Groups, Legal Entities, Ledgers
  - Calendars
  - Costing Methods
- Resolve Duplicates, Change Sequences, IDs
- Separate Data

...So Our Customers Can:

- Reduce Operating Costs and Increase Efficiencies
  - Shared Services
  - Data Centers
- Adapt to Change
  - Align with New Business Initiatives
  - Mergers, Acquisitions, Divestitures
  - Pattern-Based Strategies
    - Make ERP an Adaptive Technology
- Avoid a Reimplementation
- Reduce Complexity and Control Risk
- Improve Business Continuity, Service Quality and Compliance
- Establish Data Quality Standards and a Single Source of Truth

Accelerating the time for change in Oracle E-Business Suite

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Karen Kerames, CPA

Karen is a Senior Manager at Accenture in Oracle Solutions Integration.

- 25+ years of industry experience including 15 years of Oracle Application experience.
- Complete 17 full life cycle implementations of Oracle Financials and Oracle Projects.
- Manage and consult in various industries on global implementation and system upgrade projects.
- Countries include the US, the Czech Republic, Canada, China, Switzerland and the UK.
- Positions held include Senior Auditor, Controller/Treasurer, Functional Lead Consultant, Project Manager and Engagement Manager.
Objectives

1. Demonstrate the basic mechanics of reconciling subledgers to the General Ledger

2. Explain how to setup and use control accounts

3. Know what reports to run and how to make reconciling adjustments
Oracle Subledger Accounting includes many features that minimize reconciliation issues and proactively helps to close the books faster and more accurately.

- First close Oracle Payables then close Oracle Purchasing to account for purchasing accruals at period end.
- Close Oracle Payables then close Oracle Inventory and Oracle Assets.
- Close Oracle Cash Management then close Oracle Receivables, as bank reconciliation in Cash Management will create miscellaneous receipts in Oracle Receivables and so forth.
- Finally, all subledgers need to be closed before closing General Ledger.
Closing Order

1. Payables (PO, INV, PA), Purchasing (INV, GL)
2. Order Management (AR), Inventory Management (GL)
3. Projects (AR, FA), Assets (GL)
4. Cash Management (AR), Receivables (GL)
5. General Ledger
Close Process – General Steps

• Complete Transactions
• Create Accounting
• Run Reports
• Reconcile Transactions
• Post to GL
• Reconcile Accounting
• Close Period
Payables Close Procedure

1. Complete all transactions for the period being closed
2. Run the Payables Approval process for all invoices
3. Review & resolve amounts to post to the General Ledger
4. Reconcile payments to bank statement activity for the period
5. **Transfer all approved invoices and payments to the General Ledger**
6. Review the Payables to General Ledger posting process after completion
7. Submit the Unaccounted Transactions Sweep program
8. Close the current Oracle Payables period
9. Accrue Un-invoiced Receipts
10. Reconcile Oracle Payables activity for the period
11. **Run Mass Additions Transfer to Oracle Assets**
12. Open the next Oracle Payables period
13. Run Reports for Tax Reporting Purposes (Optional)
14. Run the Key Indicators report (Optional)
AP Reconciliation Issues

- Transactions do not appear in Open Account Balances Listing report
- Accounting does not appear in Account Analysis report
- Cancelled invoices/payments resulting in errors in accounting and on reports
- Create Accounting Program errors
- Transfer to GL Program errors
Include all liability accounts in Open Account Balances Report Definition.

Explore the Control Account feature with Third Party Balances Report.

Avoid reversing batches (or modifying Journals) in GL, if transferred by SLA.

Use Period Close Exception Report prior to closing periods in GL and reconciling to Account Analysis & Trial Balance reports.

Use only SLA or GL (not both) to create manual journal entries for subledger transaction corrections.
1. Complete all transactions for the period being closed
2. Review the current and future commitments (Optional)
3. Review the outstanding and overdue purchase orders (Optional)
4. Follow up on receipts-check with suppliers
5. Identify and review un-invoiced receipts (Period-End Accruals)
6. Follow up on outstanding invoices
7. Complete the Oracle Payables Period End process
8. **Run Receipt Accruals - Period End Process**
9. Reconcile Accounts - Perpetual Accruals
10. Close the current Oracle Purchasing period
11. Open the next Oracle Purchasing period
12. Run standard period end reports (Optional)
Change the seeded default Journal Category from "Receiving" to "Accrual" for the event class 'Period end Accruals'. It is highly recommended to perform this set up so that online accruals and period end accruals will have unique journal entry category and accrual reconciliation for online and period end accruals can be done. To do this set up, execute the following steps.

Navigate:

Cost Management-SLA responsibility >
SLA > Accounting Setup > Accounting Methods Builder >
Events > Accounting Event Class Options >
Query the Event Class 'Period End Accrual' >
Default Journal Category: Receiving (Seeded Value) >
Update the Default Journal Category Value from Receiving to Accrual
Run Program 'Validate Application Accounting Definitions' from Cost Management-SLA responsibility with the parameter 'Application' as Cost Management to effect the change. Change the Subledger accounting options for event class 'Period End Accrual' from Receiving to Accrual for the ledger in Accounting Setup Manager.

Navigate:

GL > Setup > Financials > Accounting Setup Manager > Accounting setups > Query Ledger > Click on Update Subledger Accounting Options > Click on 'Update Accounting options' for the application Cost Management > Click 'Next 10' to find Period End Accrual Event Class > Current Default is Receiving > Change it to Accrual > Click on Apply
Order Management Close Procedure

1. Complete all transactions for the period being closed
2. Ensure all interfaces are completed for the period
3. Review Open Orders and check the workflow status
4. Review Held Orders
5. Review Customer Acceptances (Optional)
6. Review Discounts
7. Review Back Orders
8. Review and correct order exceptions
9. Reconcile to Inventory
10. Create Service Contracts (Optional)
11. Reconcile to Oracle Receivables (Optional)
12. Run Standard Period End reports
1. Complete daily cash management activities
2. Load Bank Statements
3. Generate Sweep Transactions
5. Reconcile Bank Statements
6. Create Miscellaneous Transactions
6a. Complete Bank Transfers
7. Review Auto-Reconciliation Execution report
8. Resolve exceptions on the Auto Reconciliation Execution report
9. Run Bank Statement Detail report
10. Run Transactions Available for Reconciliation report
11. Resolve Un-reconciled Statement Lines
12. Post to General Ledger
13. Run the GL Reconciliation report
14. Run the Account Analysis report for the General Ledger cash account
15. Review the Account Analysis report
16. Correct any invalid entries to the General Ledger cash account (Optional)
1. Complete all transactions for the period being closed
2. Reconcile Transaction Activity for the period
3. Reconcile outstanding Customer balances
4. Review the Unapplied Receipts Register
5. Reconcile receipts
6. Reconcile Receipts to Bank Statement Activity for the period
7. **Post to the General Ledger**
8. Reconcile the General Ledger Transfer process
9. Reconcile the Journal Import process
10. Print Invoices
11. Close the current Oracle Receivables period
12. Review the Subledger Period Close Exceptions report
13. Third Party Balances report
14. Reconcile Posted Journal Entries
15. Review the Unposted Items report
16. Review Account Analysis report
17. Open the next Oracle Receivables period
18. Run Reports for Tax Reporting purposes (Optional)
Poll Question
Inventory/Cost Mgt Close Procedure

1. Complete all transactions for the period being closed
2. Check Inventory and Work In Process transaction interfaces
3. Check and fix pending transactions
4. Transfer Summary or Detail transactions
5. Open the next Inventory period

6. Close the current Oracle Payables and Oracle Purchasing Periods
7. Close the current Inventory period
8. Run Standard Period End reports and reconcile the Perpetual Inventory with GL
9. Validate the Work in Process Inventory
1. Change the current Oracle Projects period status from Open to Pending Close
2. Open the next Oracle Projects period
3. Complete all maintenance activities
4. Run maintenance processes
5. Complete all transactions for the period being closed
6. Run the Cost Distribution processes
6a. Run the Generate Cost Accounting Events program
7. **Interface transactions to other applications**
8. Generate Draft Revenue for all projects
9. Review and Release Revenue for all projects
10. Run Generation Revenue Accounting Events process
11. Run Create Accounting
12. Generate Invoices
13. **Transfer Invoices to Oracle Receivables**
14. Run Period Close Exceptions and Tieback reports
15. Run Final Project Costing and Revenue Management reports
16. Change the current Oracle Projects period status from Pending Close to Closed
17. Advance the PA Reporting period
18. Update Project Summary Amounts
19. Restore Access to User Maintenance Activities
20. Reconcile Cost Distribution Lines with General Ledger (Optional)
Assets Close Procedure

1. Complete all transactions for the period being closed
2. Assign all assets to Distribution Lines
3. Run Calculate Gains and Losses (Optional)
4. **Run Depreciation**
5. **Create Accounting**
6. Rollback Depreciation
7. Create Deferred Depreciation journal entries (Optional)
8. Depreciation Projections (Optional)
9. Review and Post Journal Entries
10. Reconcile Oracle Assets to Oracle General Ledger using reports
11. Run responsibility reports (Optional)
Treasury Close Procedure

1. Complete Daily Trading Activities
2. Perform Revaluation
3. Generate Accruals and Amortization
4. Generate Journals
5. **Transfer Journals to General Ledger**
1. Ensure the next Accounting Period Status is set to Future Entry
2. Complete Oracle Sub-ledger interfaces to Oracle General Ledger
3. Upload journals from WebADI to Oracle GL
4. Complete non-Oracle Sub-ledger interfaces to Oracle General Ledger
5. Generate Reversal Journals (Optional)
6. Generate Recurring Journals (Optional)
7. Generate Mass Allocation Journals
8. Review and verify journal details of unposted journal entries
9. Post all journal batches
9a. Run the Period Close Exceptions report
10. Run GL Trial Balances and Preliminary Financial Statement Generator reports (FSGs)
11. Revalue balances (Optional)
12. Translate balances (Optional)
13. Consolidate ledgers (Optional)
13a. Reconcile Intercompany (Optional)
14. Review and Correct Balances (Perform Reconciliations)
15. Enter adjustments and/or accruals and post
16. Perform final adjustments
17. Close the current Oracle General Ledger period
18. Open the next Oracle General Ledger period
19. Run Financial reports for the closed period
20. Run reports for tax reporting purposes (Optional)
Poll Question
Objectives

1. Demonstrate the basic mechanics of reconciling subledgers to the General Ledger

2. **Explain how to setup and use control accounts**

3. Know what reports to run and how to make reconciling adjustments
Control Accounts

**Controlled Accounting:** Transactions posted to the wrong account are another cause for reconciliation issues.

For example, the supplier liability account may not reconcile to the open balance listing in AP if a manual journal was posted in error in the General Ledger that updated the liability account balance.

Prevent this from occurring with Oracle Subledger Accounting by designating any account as a ‘control account’. This flag prevents GL manual journals from posting to them as well as SLA journals from inappropriate subledgers.

For example, it can prevent the supplier liability account from being updated by the Receivables subledger. This preventive measure reduces reconciliation issues during the period-end close. Additionally, this feature supports tracking of and reporting on control accounts for trading partners enabling the ability to track Receivables balance by customer or Payables balance by supplier.
Control Accounts

Some accounts should only be entered by Subledger and not be allowed for manual journal creation in GL. For those entries, enable the qualifier to flag those as a Third Party account. To illustrate an example, in the value set definition screen, query the segment value ‘5115’.

Select value = Supplier on the segment qualifier in Third Party Control Account to control the charges to this account segment via Payables. This configuration will ensure that there will be no charges against an office supplier into GL unless the the supplier is specified from whom the goods were purchased.

General Ledger > Account Setup:
Control Accounts

Try to create a journal in the General Ledger and you will see this error message because supplier details are not yet specified in this journal. The transaction must be created from Payables with the relevant supplier.

Next, try to create a manual journal in Payables:
Control Accounts

Create journal lines using the account segment value of 5115.

Click Create Journal Entry
You will again get a message stating that the account code combination z.z.5115.z.z line is for a control account. Please enter a third party site for such subledger journal entry line that uses a control account.
Next, expand the lines region and in Third Party section, capture the Supplier Name and Supplier Site, ensuring that the Third Party Type = Supplier.
Now you can create a journal line with the Supplier details.
Poll Question
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The SLA Diagnostic Framework provides features to review the journal entries created by the Subledger Accounting program. It provides the input data used for each transaction, such as the following:

- Transaction objects
- Ledger information
- System sources
- Source values

In order to do a SLA Diagnostic, you have to complete the following steps as pre-requisite:

- Enable profile option: **SLA Enable Diagnostics** to **Yes**
- Run **Create Accounting program** which then also populates the diagnostic tables.
- Run **Transaction Objects Diagnostics** to view the diagnostic report.
Subledger Journal Entry Report: This will display detailed Header & Line information for Subledger and General Ledger journal entries by Source & Category.

Subledger Account Analysis: This report can be used to display transactions transferred and posted to a GL account for a period or range of periods.

Payables Third Party Balances: View balances of third party accounts

Open Items Listing:
Define this report by Segment or Accounting Flexfield.
This report lists Detail/Summary by Accounts/Third Party.
This report output is available in multiple output formats.
This will show only Open Transactions.

Subledger Period Close Exception Report: During the period end run the Subledger Period End Close Exception report, and you can find the data with these information.
Incomplete: Not ready for accounting, run Subledger’s validation programs.
Unprocessed: Transactions exist but have not been accounted yet.
This report help in resolving exceptions quickly so that exceptions are not left to slow down the period-end close.
Reconciling Adjustments

Subledger Period Close Exception Report

- Invalid – Accounting errors exist; fix errors & re-run Create Accounting program
- Incomplete – Transactions cannot be accounted yet; run Validation program
- Unprocessed – Transaction has not been accounted; run Create Accounting program
- Final – Accounted in SLA but not transferred to GL; run Transfer Journal Entries to GL
Reports

Payables
- Open Account Balance Listing
- Third Party Balance Report
- GL Account Inquiry

Receivables
- AR Reconciliation Report
- Potential Reconciling Items Report
- Run Aging and compare with Reconciliation Report
- Run Journal Entries Report and compare with Reconciliation Report
- Run AR to GL Reconciliation Report
Key Takeaways

• Instill a rigor around the month end closing process
  Close the modules in order
• Use a month end closing checklist
  Assign tasks by date; person, navigation path, status
• Ensure that your default accounts are correct
• Utilize the features of Oracle to minimize reconciling issues for a smooth close
  Run Diagnostics
  Setup Control Accounts
  Run Reconciling Reports
  Tie out subledger balances to the General Ledger

• Do not Final Close the GL
Questions?
Thank You!
Karen Kerames
Accenture

Answers from this session will be posted within two weeks on our new LinkedIn Group, EBS Answers: http://www.linkedin.com/groups/EBS-Answers-4683349/about

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