

Subledger Accounting Reconciliation in R12

Karen Kerames
Accenture

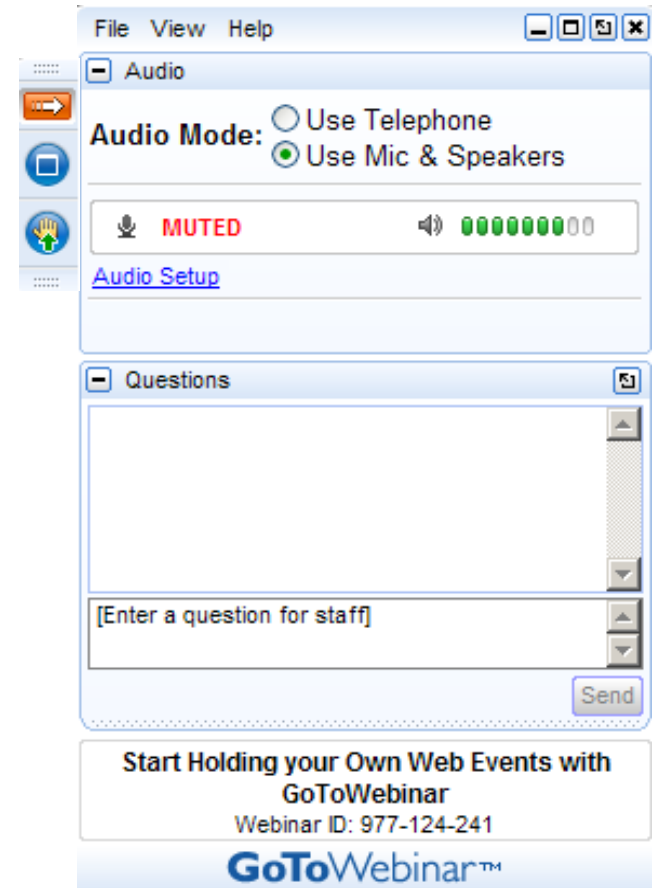


Accelerating the time for change in Oracle E-Business Suite



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.







Accelerating the time for change in Oracle E-Business Suite

*e*prentise®

Introduction: Finished but not Done

eprentise[®]: Transformation Software for E-Business Suite
Company Overview: Established 2006 • Helene Abrams, CEO

*e*prentise Can...

-  Consolidate Multiple EBS Instances
-  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



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

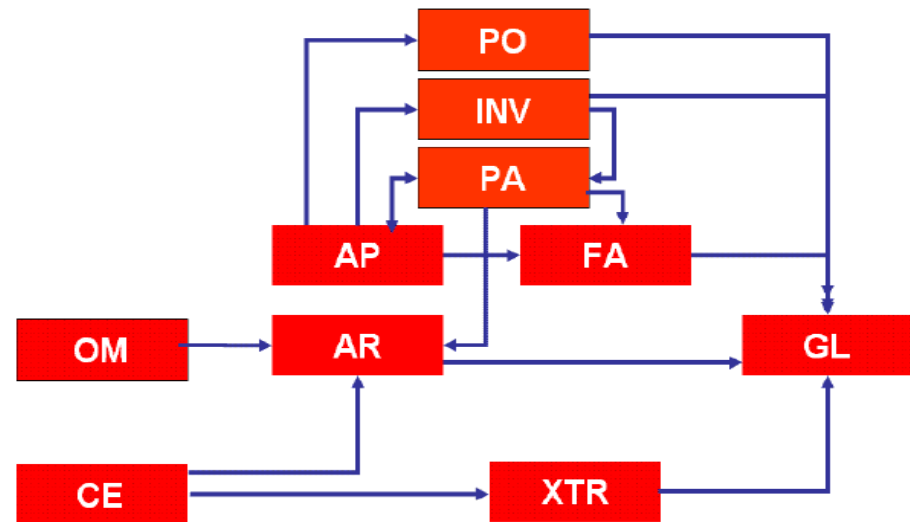
Reconciling Subledgers to GL

Oracle Subledger Accounting includes many features that minimize reconciliation issues and proactively helps to close the books faster.

- 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 by Application

- Projects
- Order Management
- Cash Management
- Payables
- Receivables
- Purchasing
- Inventory/Cost Management
- Assets
- Treasury
- General Ledger



Project Billing Close Procedure

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 (optional)
18. Update Project Summary Amounts
19. Restore Access to User Maintenance Activities
20. Reconcile Cost Distribution Lines with General Ledger (Optional)
21. Permanently Close the Oracle Projects Period (Optional)

Order Management Close Procedure

1. Complete all transactions for the period being closed
2. Ensure all interfaces are completed for the period (Optional)
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

Cash Management Close Procedure

1. Complete daily cash management activities
2. Load Bank Statements
3. Generate Sweep Transactions
4. Generate Bank Statement Cash Flows
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)

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)

Receivables Close Procedure

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)

Purchasing Close Procedure

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 Receipts-Check with Suppliers
5. Identify and Review Un-invoiced Receipts (Period-End Accruals)
6. Follow up 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)



Poll Question

Period End Accrual

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 je_category and accrual reconciliation for online and period end accruals can be done without any confusion. 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

Period End Accrual (cont'd.)

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 Set up Manager.

Navigation : 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

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

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**

General Ledger Close Procedure

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 ADI 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)
21. Perform encumbrance Year End procedures (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 supplier invoice totals if a manual journal was posted in error in 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'. Against the segment qualifier, in Third Party Control Account, select value = Supplier, because in this example we will control the charges to this account segment via Payables, ensuring that supplier details are specified. 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:

The screenshot displays the 'Values (Operations Account)' window with the 'Values, Hierarchy, Qualifiers' tab selected. A table lists the value '5115' with a 'Translated Value' of '5115'. A yellow callout box with a red arrow points to the 'Translated Value' cell, containing the text: 'No entries can happen directly from GL for 5115'. Another red arrow points from the callout box to the 'Third Party Control Account' field in the 'Segment Qualifiers' dialog box, which is set to 'Supplier'. The 'Segment Qualifiers' dialog also shows 'Allow Budgeting' set to 'Yes', 'Allow Posting' set to 'Yes', 'Account Type' set to 'Expense', and 'Reconcile' set to 'No'. Buttons for 'OK', 'Cancel', 'Clear', and 'Help' are visible at the bottom of the dialog.

Value	Translated Value	Parent	Gro
5115	5115	<input type="checkbox"/>	<input type="checkbox"/>
		<input type="checkbox"/>	<input type="checkbox"/>
		<input type="checkbox"/>	<input type="checkbox"/>
		<input type="checkbox"/>	<input type="checkbox"/>
		<input type="checkbox"/>	<input type="checkbox"/>
		<input type="checkbox"/>	<input type="checkbox"/>

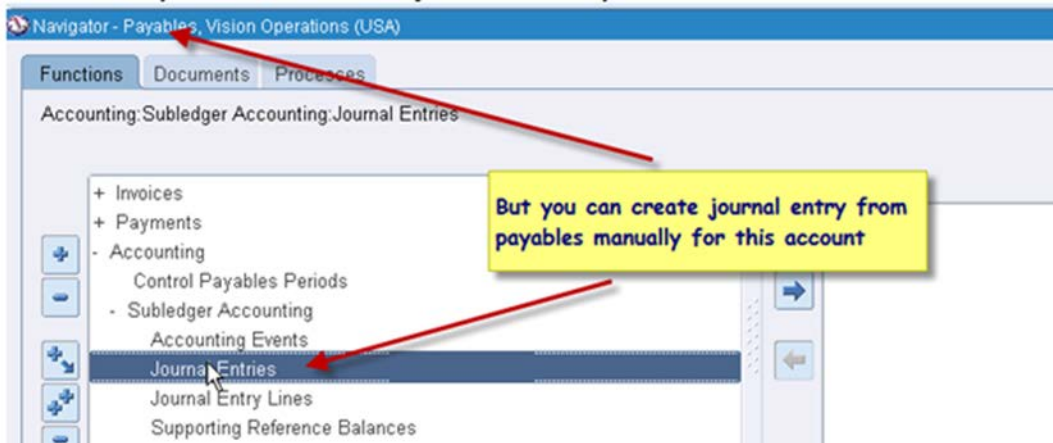
Segment Qualifiers

- Allow Budgeting: Yes
- Allow Posting: Yes
- Account Type: Expense
- Reconcile: No
- Third Party Control Account: Supplier

Buttons: OK, Cancel, Clear, Help

Control Accounts

Next, try to create a manual journal in Payables:



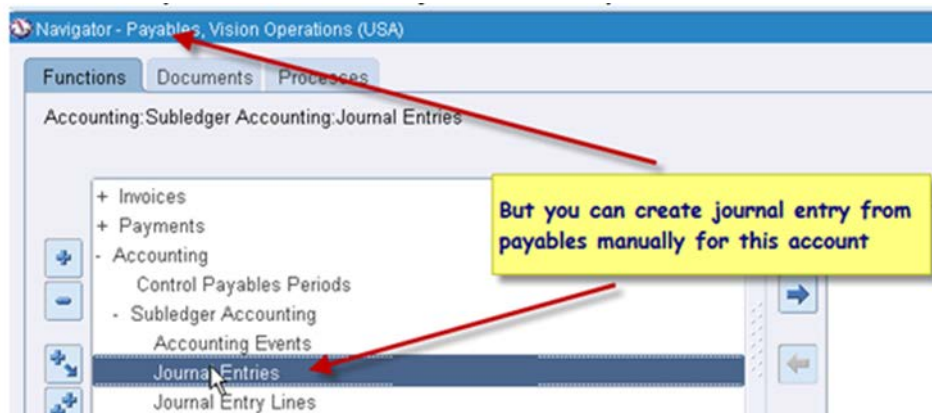
Create journal lines using the account segment value of 5115.

Control Accounts

Try to create a journal in the General Ledger and you will see this error 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.

The screenshot shows the Oracle Subledger Journal Entries interface. At the top, there is a navigation bar with the Oracle logo and tabs for 'Subledger Journal Entries', 'Accounting Events', and 'Supporting Reference Balances'. Below this, there are links for 'Headers' and 'Lines'. The main section is titled 'Subledger Journal Entries' and contains an 'Advanced Search' section. This section includes instructions to specify parameters and values to filter data, with two radio buttons for search criteria: 'Show table data when all conditions are met.' (selected) and 'Show table data when any condition is met.'. There are four search criteria: 'Ledger', 'From GL Date', 'To GL Date', and 'Journal Category', each with a dropdown menu set to 'is' and an empty text input field. Below these are 'Go', 'Clear', and 'Add Another' buttons, followed by a dropdown for 'Accounting Sequence Name' and an 'Add' button. A red arrow points from the 'Go' button to a 'Create Journal Entry' button located above a table. The table has columns for 'Select Ledger', 'Journal Entry Status', 'GL Date', 'Category', 'Description', and 'Up'. The first row of the table contains the text 'No search conducted.'

Click Create Journal Entry

Control Accounts

You will again get a message stating that the account code combination z.z.5115.z.z line is for a control account. Please provide a third party site for such subledger journal entry line that uses a control account.

The screenshot shows the Oracle Subledger Journal Entries form. The 'Header' section includes fields for Balance Type (Actual), Ledger (Vision Operations (USA)), Legal Entity, Reference Date, GL Date (01-Jan-2010), Category (Purchase Invoices), and Description (Invoice 2010). The 'Lines' section contains a table with 4 rows. A red arrow points to the 'Accounting Flex' field of the first line, which is '01-112-5115-0000-000'. Another red arrow points to the 'Continue' button in the top right corner.

Header

Balance Type: Actual

* Ledger: Vision Operations (USA)

Legal Entity:

Reference Date:

* GL Date: 01-Jan-2010
(example: 14-Nov-2010)

* Category: Purchase Invoices

* Description: Invoice 2010

Lines

TIP Select the Default Currency Option button to change the default currency for new subledger journal entry lines.

Details	Number Operations	Accounting Flex	* Accounting Class	Entered Currency	Entered DR	Entered CR	Accounted DR (USD)	Accounted CR (USD)	Assign Supporting References	Delete
1	01-112-5115-0000-000	Item Expense	USD	1702		1,702.00				
2	01-000-2220-0000-000		USD		1702					
3			USD							
4			USD							

Control Accounts

Next, expand the lines region and in Third Party section, capture the Supplier Name and Supplier Site, ensuring that the Third Party Type = Supplier.

Error
The account code combination 01-112-5115-0000-000 for line 1 is a control account. Please provide a third party name and third party site for each subledger journal entry line that uses a control account.

Update Subledger Journal Entry Cancel Save as Incomplete Continue

* Indicates required field

Header

Balance Type: Actual

Ledger: Vision Operations (USA)

Legal Entity:

Reference Date:

* GL Date: 04-Jan-2010
(example: 14-Nov-2010)

* Category: Purchase Invoices

* Description: Invoice 2010

Assign Supporting References

Lines

TIP Select the Default Currency Options button to change the default currency for new subledger journal entry lines.

Default Currency Options

Details	Number	Operations	Accounting Flex	* Accounting Class	Entered Currency	Entered DR	Entered CR	Accounted DR (USD)	Accounted CR (USD)	Assign Supporting References	Delete
Show	1		01-112-5115-0000-000 <small>Company-Department-Account-Sub-Account-Product</small>	Item Expense	USD	1702		1,702.00		Show	Delete
Show	2		01-000-2210-0000-000 <small>Company-Department-Account-Sub-Account-Product</small>	Liability	USD		1702		1,702.00	Show	Delete

Add 5 Lines

Now it is forcing us to chose the third party supplier and a site.

Control Accounts

Now you can create a journal line with the Supplier details.

Header

Balance Type: Actual

Ledger: Vision Operations (USA)

Legal Entity:

Reference Date:

Assign Supporting References

* GL Date: 04-Jan-2010
(example: 14-Nov-2010)

* Category: Purchase Invoices

* Description: Invoice 2010

Now enter the supplier and supplier site details to be able to complete the journal

Lines

TIP Select the Default Currency Options button to change the default currency for new subledger journal entry lines.

Default Currency Options

Details	Number	Operations	Accounting Flex	* Accounting Class	Entered Currency	Entered DR	Entered CR	Accounted DR (USD)	Accounted CR (USD)	Assign Supporting References	Delete
	1		01-112-5115-0000-000 <small>Company-Department-Account-Sub-Account-Product</small>	Item Expense	USD	1702		1,702.00			

Third Party

Third Party Type: Supplier

Supplier Name: Advanced Network Devices

Supplier Number: 1013

Supplier Site: FRESNO

Supplier Taxpayer ID: 521-020-14-90

Description

Reconciliation Reference:

Account Description: Operations-East Region Resource-Ram third party Account-No Sub Account-No Product

Description:



Poll Question



Objectives

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

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 do these 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.**

Reports

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 to & posted to a GL account for a period or range of periods

Payables Third Party Balances : If you are managing third party account, then you can see Balances for your Third Party Control accounts

Open Items Listing :

For this you need define this report by Segment or Accounting Flexfield.

This report display Detail/Summary by Accounts/Third Party.

This report output available in multiple output formats .

This will shows 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 as yet not been accounted

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

ORACLE Subledger Accounting		Subledger Period Close Exception Report		Report Date
		Period From	Jan-07	Period To
				Dec-07
				Page
				2 of 3

Report Summary					
Ledger Name	Period	Journal Source	Status	Exception	Count
US Reporting Vision Ops	Dec-07	Payables	Final		1
Vision Operations (USA)	Oct-07	Payables	Incomplete		1
	Dec-07	Payables	Final		3
	Jun-07	Payables	Incomplete		2
	Jul-07	Payables	Incomplete		1

Subledger Period Close Exception			
Ledger Name	Ledger Currency		
US Reporting Vision Ops	USD		
Period			
Dec-07			
Journal Source			
Payables			
Journal Category	Purchase Invoices	Event Class	Invoice
Event Date	Event Type	Transaction Number	Status
Dec 2, 2007	Invoice Validated	AJJ03	Final
			Party Name
			Staples
			Party Site Name
			STAPLES LA
			Invoice Number
			AJJ03

Report Summary

Primary and Secondary Ledgers

Detail of Exceptions

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
- 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

Questions?



Accelerating the time for change in Oracle E-Business Suite



Thank You!

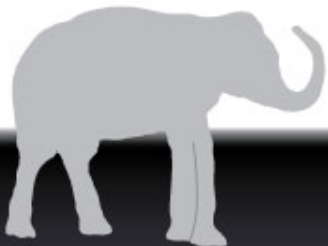
Karen Kerames

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>



- One World, One System, A Single Source of Truth -



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