



Chart of Accounts Transformation Master Class: Tips for Designing Effective Charts

In 2007 eprentise was founded on its original product, FlexField

- Enables customers to make unprecedented changes to their financial chart of accounts while maintaining transactional history and data integrity.



ORACLE

Partner

In 2009 we introduced our Consolidation, Divestiture, and Reorganization products

- Transformational software which can copy, change, filter, or merge all elements of Oracle EBS financial systems to address ever-changing business needs, such as regulatory compliance and growth opportunities.

Transformation to Optimization

One-time usage to subscription model

In 2020 we began expanding to new markets with our C Collection analytics suite, and our Audit Automation software

- C Collection analytics provides transparency and identifies potential problem areas with transactional data. This allows users to reduce costs, leverage opportunities across the enterprise, improve business processes, and increase the confidence level of the users in their data, processes, and operations.



CRYSTALLIZE
ANALYTICS®

- Automated Audit provides internal auditors and the finance team with drill-down data from a balance sheet report into the transaction-level detail. The software covers hundreds of Data Facets® for the entire enterprise domain and builds in consistent audit processes and workflows across the organization.

Automated Audit®

1. Explore the fundamental design criteria for creating a forward-thinking chart of accounts.
2. Learn how a good design reduces costs, streamlines reporting, and provides global visibility.
3. Understand how to leverage features like subledger accounting and ledger sets.

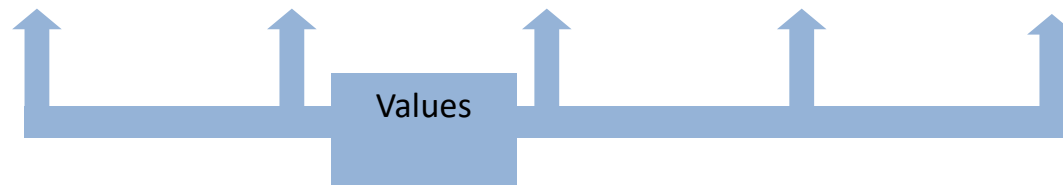
- ❑ Introduction
- ❑ Chart of accounts (COA) basics
- ❑ Designing a good COA
 - 10 Design considerations

Chart of Accounts Basics: The Accounting Flexfield

❑ Example Structure

- Segments, Values, Code Combinations

Company	Business Unit	Cost Center	Region	Account
01	100	150	East	1111
02	100	210	West	2222



01.100.150.East.1111



Code Combination

- ❑ The EBS accounting flexfield accommodates up to 30 segments for categorizing transactions
- ❑ Structurally analogous to columns in a table
- ❑ Have defined lengths for the values they contain
- ❑ **Common segment examples:**
 - Cost Center
 - Department
 - Fund
 - Location
 - Product Line

Flexfields in the Form

Journals (Vision Operations (USA)) - 1124371 M1 Inventory 3680915: A 122438

Journal	WIP USD		Conversion	Currency	USD	Reverse	Date	
Description	2005/10/14 M1 "			Date	14-OCT-2005		Period	
Ledger	Vision Operations (U	Category	WIP	Type	User		Method	Switch Dr/Cr
Period	Oct-05	Effective Date	14-OCT-2005	Rate	1		Status	Not Reversed
Balance Type	Actual	Budget					<button>Reverse</button>	
Clearing Company		Tax	Not Required					
Journal Type	Standard	Control Total						

[]

Lines Other Information

Line	Account	Debit (USD)	Credit (USD)	UOM	Qty	Description	
1	01-000-1410-0000-000	0.00				2005/10/14 M1 "	
2	01-000-1420-0000-000	0.00				2005/10/14 M1 "	
3	01-000-1430-0000-000					2005/10/14 M1 "	
4	01-000-1440-0000-000					2005/10/14 M1 "	
5	01-000-1450-0000-000	0.00				2005/10/14 M1 "	
6	01-520-5310-0000-000	0.00				2005/10/14 M1 "	
7	01-520-5312-0000-000					2005/10/14 M1 "	
8	01-520-5330-0000-000	0.00				2005/10/14 M1 "	
		15,215.00	15,215.00				

Acct Desc Operations-No Department-Inventory Material Value-No Sub Account-No Product

Value Descriptions

Post AutoCopy Batch... Approve Line Drilldown... T Accounts...

Check Funds Reserve Funds View Results Change Period... Change Currency...

Chart of Accounts Basics: Hierarchy

- ❑ The accounting flexfield incorporates parent-child relationships among values
- ❑ Roll-up Groups
 - A collection of parent values for a given segment
 - Used to create summary accounts
 - The most detail is at the lowest level
- ❑ Summary Accounts
 - Hierarchical rollup of children and/or parents
 - Faster reporting
 - Account balance inquiries

1st Design Consideration: *Does the COA Pass The Mystery Accountant Test*

- ❑ Your COA segments should be defined with enough clarity to pass the Mystery Accountant Test
- ❑ Do your segments answer the questions **Who**, **What**, **Where**, **Why**, and **How** giving your accounting flexfield the ability to classify each transaction
 - **Who** is responsible for the transaction?
 - **What** is the nature of the transaction?
 - **Where** is the activity occurring?
 - **How** are the funds being impacted?
 - **Why** was the transaction posted?

2nd Design Consideration: One Type of Information

- ❑ Information should not overlap across segments.
- ❑ If each segment contains one (and only one) type of information, you:
 - Reduce the maintenance of keeping information accurate in two places
 - Reduce the possibility of introducing errors into your accounting
- ❑ **Case:** If your cost center has the same type of information as a business unit segment, there is no need to implement both.
- ❑ **Case:** You shouldn't have a Department segment value such as **HR – Sacramento, CA** if there is also a Location segment in the chart.

3rd Design Consideration: Information Not Repeated

- ❑ The accounting flexfield should not repeat information that exists in other modules of EBS.
 - Reduced maintenance and errors (similar to Criteria 1)
- ❑ **Case:** If you are implementing Oracle Projects modules, there is no need to have a project segment in your accounting flexfield.
- ❑ **Case:** If you are implementing Receivables, then there is no need for a customer segment.

4th Design Consideration: Enough Room to Expand

- ❑ Define your segment lengths to be long enough to accommodate values added in the future.

Note: Although it likely won't be an issue, the maximum number of characters for a code combination string is 240, so there are upper limits on how long you can define your segments.

- ❑ When designing values, be sure to allow enough room for future growth within each rollup group:
 - Increment by at least 5 within each group
 - Increment by 10 if the group is likely to be a high growth area.
 - **Example:** If you have a location segment, allow enough room to add ten additional values between each of your lowest levels. Your Location segment hierarchy might look like this:

```
10000 US
    11000 Midwest
        11100 Detroit Metropolitan Area
            11110 Ann Arbor
            11120 Canton
            11130 Plymouth
20000 Canada
```

5th Design Consideration: Use Logical Ranges

- ❑ Ranging your values logically promotes streamlined reporting, security, and maintenance.
 - Include a whole range of values in your rule (cross validation, security) and FSG report definitions
 - Exclude specific values if needed
 - Minimize the number of cross validation rules needed (under 50 using logical ranges compared to hundreds or thousands when not using logical ranges)

```
10000 US
      11000 Midwest
            11100 Detroit Metropolitan Area
                  11110 Ann Arbor
                  11120 Canton
                  11130 Plymouth
20000 Canada
```

- ❑ **Out of Range** — Cross-validation rules can get messy if your chart of accounts values are not organized in logical ranges.
- Rule elements are much more complex due to the inability to rely on value ranges for exclusion
 - **Example Goal:** Prevent revenue account values between 30000 and 40000 from being used with any department values other than the following 5 values (we'll begin with the familiar global Include element):
 - 3001
 - 5057
 - 6124
 - 8537
 - 9905

INCLUDE	Low Value	High Value
Company	000	999
Department	0000	9999
Account	00000	99999
Product Line	000	ZZZ
Intercompany	000	999

5th Design Consideration: Use Logical Ranges

❑ Exclude Elements — 6 Steps Required

- Example Goal:** Prevent revenue account values between 30000 and 40000 from being used with any department values above and below each of the department values
- Need Exclude elements for all the values above and below each of the department values (we'll begin with the familiar global Include element):

 3001 ■ 5057 ■ 6124 ■ 8537 ■ 9905

This statement prevents all departments greater than 3001 and less than 9905 from being used:

EXCLUDE	Low Value	High Value
Company	000	999
Department	9906	9999
Account	30000	40000
Product Line	000	ZZZ
Intercompany	000	999

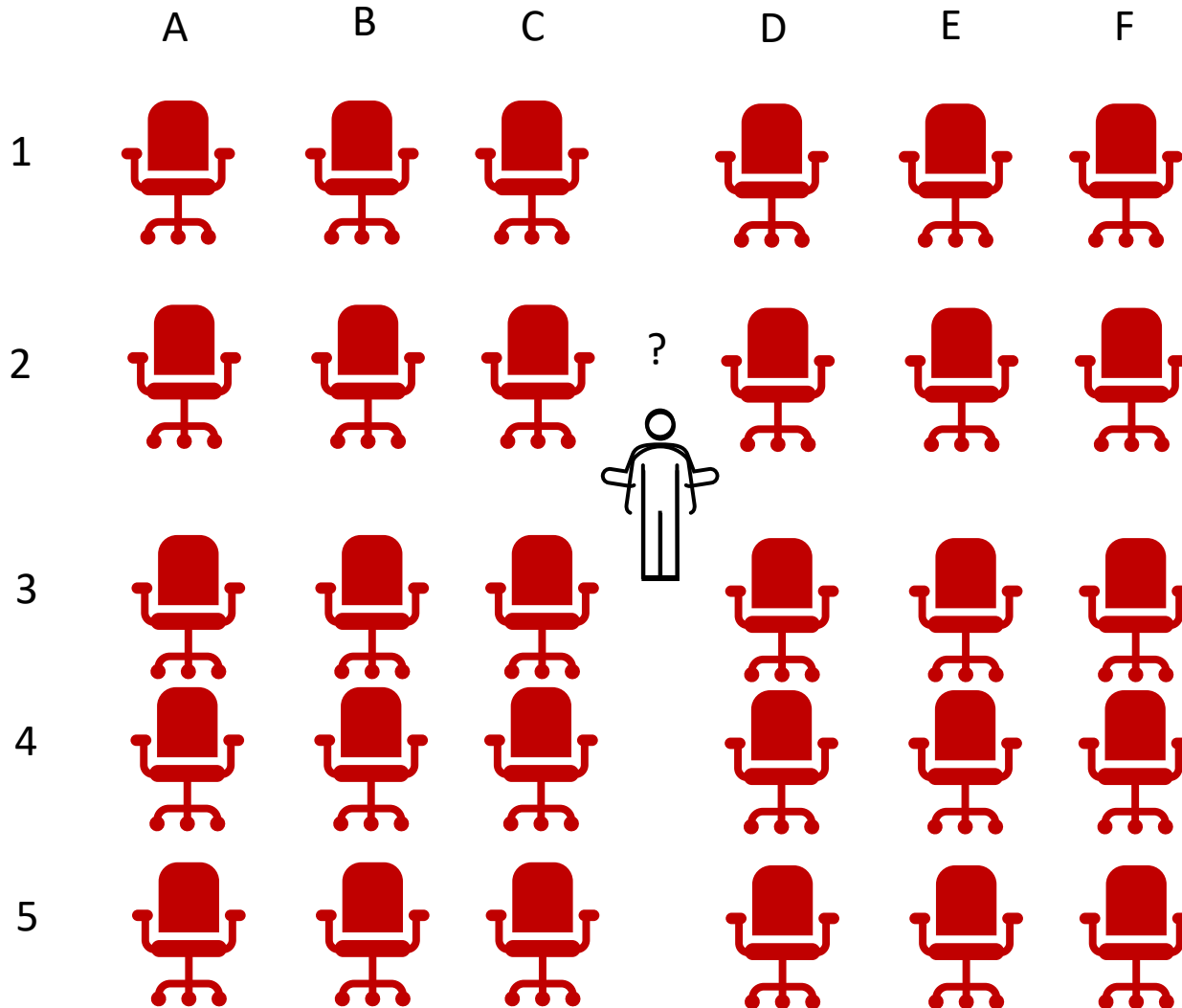
5th Design Consideration: Use Logical Ranges

INCLUDE	Low Value	High Value
Company	000	999
Department	0000	9999
Account	00000	99999
Product Line	000	ZZZ
Intercompany	000	999

The diagram illustrates a stack of 'EXCLUDE' tables for different dimensions. The top table lists dimensions: Company, Department, Account, Product Line, and Intercompany. Below it, a series of tables show 'Low Value' and 'High Value' for each dimension, with values increasing in a sequence (000 to 999, 9906 to 9999, etc.).

EXCLUDE	Low Value	High Value
Company	000	999
Department	9906	9999
Account	30000	40000
Product Line	000	ZZZ
Intercompany	000	999

6th Design Consideration: Don't Use a Dependent Segment



6th Design Consideration: *Don't Use a Dependent Segment*

- ❑ Using dependent segments generally results in decreased functionality and/or requires increased maintenance in:
 - Cross-Validation Rules
 - Security Rules
 - Mass Allocations
 - FSG's
 - Oracle Financial Analyzer
 - SLA Account Derivation Rules
 - Auto Accounting
 - Anything requiring account ranges

7th Design Consideration: No Reliance on Spreadsheets

- ❑ Be able to get the information you need from built-in EBS reports.
 - Real-time value
 - No errors introduced by use of spreadsheets
 - Streamlined workflow, lower resource requirements, and reduced maintenance
 - No need to integrate with 3rd party reporting applications
- ❑ Capitalize on a master row set for FSG reports.
 - Allows you to generate different reports without having to rewrite each report

8th Design Consideration: Avoid Alpha Characters Like The Plague

There is a perceived simplicity to using Alpha characters but they will introduce a maintenance nightmare.



8th Design Consideration: Avoid Alpha Characters Like The Plague

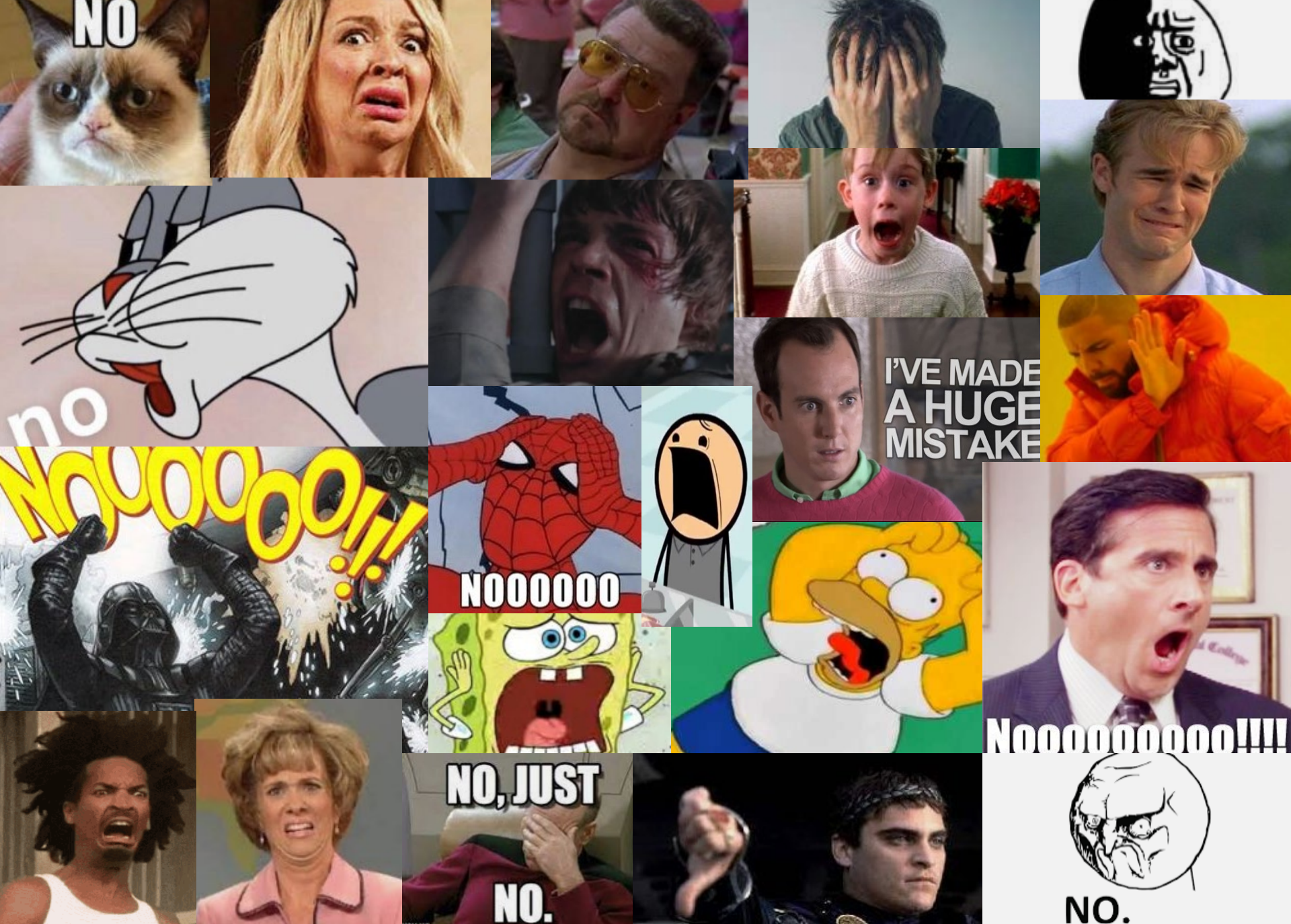
Goal — Only department 7640 is permitted for use with any product line that starts with S.

- **Elements:** Global Include, three Excludes
- **Error segment:** Department

INCLUDE	Low Value	High Value
Company	000	999
Department	0000	9999
Account	00000	99999
Product Line	000	ZZZ
Intercompany	000	999

EXCLUDE	Low Value	High Value
Company	000	999
Department	0000	7639
Account	00000	99999
Product Line	T00	ZZZ
Intercompany	000	999

This Exclude statement prevents the departments below 7640 from using any product line that starts with anything below S:



9th Design Consideration: Make Use of an Analysis Segment

Accounting Setups Manager >
Chart of Accounts mapping

Target:	Action	Source:
SSC Secondary France Ledger		Primary Ledger FLEX
Company	Copy Value From	Company
Division	Copy Value From	Division
Account	Use Rollup Rules From	Account
SubAccount	Copy Value From	SubAccount
Department	Copy Value From	Department

Rollup Rules	Transfer Level	Using	Source Segment
Target Segment			Parent Value
Detail Value			
101000	Detail	Detail Ranges	
105300	Detail	Detail Ranges	
105500	Detail	Detail Ranges	
120000	Detail	Detail Ranges	

Source Segment Ranges	Low	High
	16800	16899

Mapping: Vision Operations (USA)

Description: Vision Operations (USA)

Enable Security: ☐

Charts of Accounts:

Target: Vision Operations (USA)

Source: Vision Operations (USA)

Effective Dates:

From:

To:

Segment Rules Account Rules Assign Access

- Facilitates multiple ledger structure and greater ease of maintaining statutory compliance.

Global Visibility – Local Compliance with R12

Subledger Accounting, Accounting Methods Builder Replaces Global Accounting Engine

Compare Subledger Journal Entries									
		SSC France		SSC France SL (EUR)					
Journal Entry Status	Final		Final						
Balance Type	Actual		Actual						
Journal Entry Type	Standard		Standard						
Category	Purchase Invoices		Purchase Invoices						
GL Date	17-Oct-2006		17-Oct-2006						
Completion Date	17-Oct-2006 17:15:21		17-Oct-2006 17:15:21						
Application Accounting Definition	Training AAD		RZ AP (No specific COA)						
Description	SLA is the coolest!!! RZ987653 is the invoice number.		Invoice Validated , Invoice Number: RZ987653 , Date: 17-OCT-06 , Document Sequence Category: STD INV , Document Sequence Name: SSC FR AP , Invoice Voucher Number: 36 , Invoice Description:						
Lines	Global COA		Plan Comptable General						
SSC France			SSC France SL (EUR)						
Number	Accounting Class	Account	Accounted DR (EUR)	Accounted CR (EUR)	Number	Accounting Class	Account	Accounted DR (EUR)	Accounted CR (EUR)
1	Item Expense	101.100.63580.0000.730.000.000.000	6,000.00		1	Item Expense	101.100.616100.0000.730.000.000.000	6,000.00	
2	Item Expense	101.100.63580.0000.720.000.000.000	4,000.00		2	Item Expense	101.100.616100.0000.720.000.000.000	4,000.00	
3	Recoverable Tax	101.100.13200.3101.000.000.000.000	1,960.00		3	Recoverable Tax	101.100.445623.3101.000.000.000.000	1,960.00	
4	Liability	101.100.22100.0000.730.000.000.000		6,000.00	4	Liability	101.100.401009.0000.000.000.000.000		10,000.00
5	Liability	101.100.22100.0000.720.000.000.000		4,000.00	5	Liability	101.100.401009.0000.000.000.000.000		1,960.00
6	Liability	101.100.22100.0000.000.000.000.000		1,960.00					

10th Design Consideration: Move to A Global Chart of Accounts Where Possible

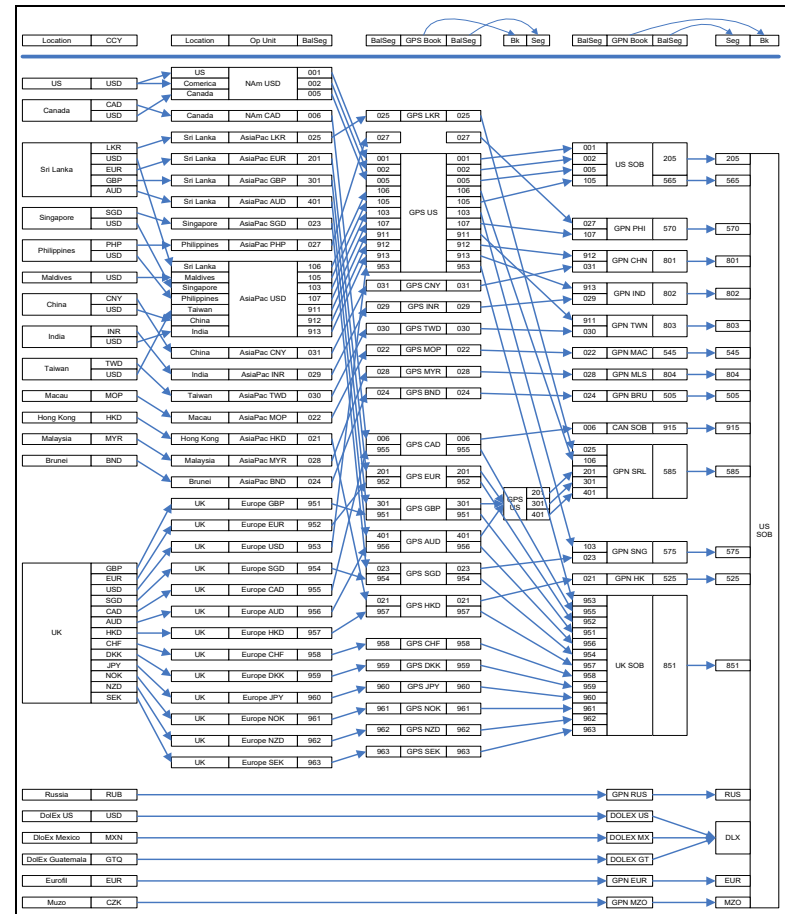
- ❑ Primary ledger is single source of truth for all accounting, reconciliation and analytical reporting
- ❑ Consistency but flexibility to accommodate different requirements
- ❑ External reporting without relying on a separate financial consolidation system
- ❑ Drill down to individual transactions in the subledgers without translation
- ❑ Transparency (3-5 years) to meet IFRS standards and international auditing requirements
- ❑ Common metrics and reporting structures with common interpretation

A Global Chart of Accounts – Reduced Costs

- ❑ Reduce complexity of configurations
 - Cross validation rules
 - Security rules
 - Reporting within ranges
- ❑ No conversions required for data warehouse queries, drill-down to subledgers, ad-hoc reporting
- ❑ Facilitate movement to shared service centers
 - Single COA to manage
 - Standardized training
- ❑ Enterprise governance and control of new combinations
 - Reduce redundancies

A Global Chart of Accounts – Reduced Complexity

- ❑ Streamline the month- and year-end closing processes
- ❑ No more messy financial consolidations using spreadsheets
- ❑ R12 eliminates the need for using and maintaining multiple charts of accounts



Perform the Following Across Ledgers

Ledger/Ledger Set	Description
Vision Operations (USA)	Vision Operations (USA) Ledger
Vision Brazil SL (USD)	Vision Brazil Secondary Ledger (USD)
Vision Germany SL (USD)	Vision Germany Secondary Ledger (USD)
Vision Netherlands SL (USD)	Vision Netherlands Secondary ledger (USD)
IAS Reporting Vision Ops	International Financial Reporting Standards (IFRS/IAS) Sec. Ledger for

- Open/Close Periods
- Create Journals
- Allocations Across Ledgers
- Recurring Journals for All Ledgers
- Elimination Sets for All Ledgers
- Translate and Revalue Balances
- View Information without Changing Responsibilities
- View Journals and Account Balances Across Ledgers
- Submit Standard Reports
- Create Financial Statements that Include Data for Multiple Ledgers

Global COA Design Recommendations

- ❑ Add an intercompany segment – take advantage of AGIS
- ❑ Add a segment to accommodate local requirements
 - Ranges, rollups defined for each country to use
 - Local bank accounts
 - Statutory reporting
 - Location segment (optional) but helps with security, cross validation
- ❑ Implement other modules for detailed tracking at a local level (through an OU)
 - Project Accounting
 - Collections
- ❑ Implement Multiple Reporting Currencies, secondary ledgers to report in different currencies

10 Design Considerations

1. Does the COA Pass The Mystery Accountant Test
2. One Type of Information
3. Information Not Repeated
4. Enough Room to Expand
5. Use Logical Ranges
6. Don't Use Dependent Segments
7. No Reliance on Spreadsheets
8. Avoid Alpha Characters
(Like the Plague)
9. Make Use of an Analysis Segment
10. Move to a Global Chart of Accounts

Contact

Harrison Figura
Senior Product Director
eprntise/Crystallize Analytics
hfigura@eprntise.com



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

eprntise, LLC
Accelerating the time for change in
Oracle® E-Business Suite

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