# Financials Best Practices

March 12, 2014

Webinar Mechanics

- Submit text questions.

- 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

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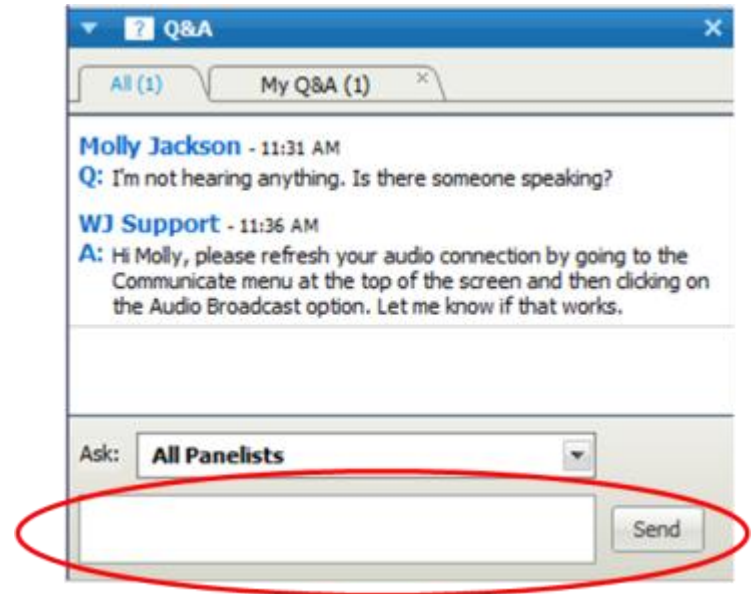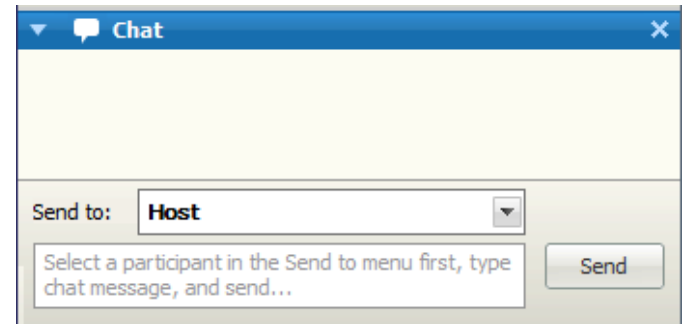
Objectives

Objective 1: Understand how your organization can best utilize the new features and functionalities in the financial subledgers.

Objective 2: Find out how to utilize the new Multi-Org Access Control (MOAC) functionality to improve processing efficiencies.

Objective 3: Discover how your organization can best leverage Subledger Accounting, Primary and Secondary Ledgers, and Ledger Sets to efficiently handle multiple currencies, to provide consolidation views, to streamline financial reporting, to expedite data entry and to secure your financial data.

eprentise®

eprentise 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
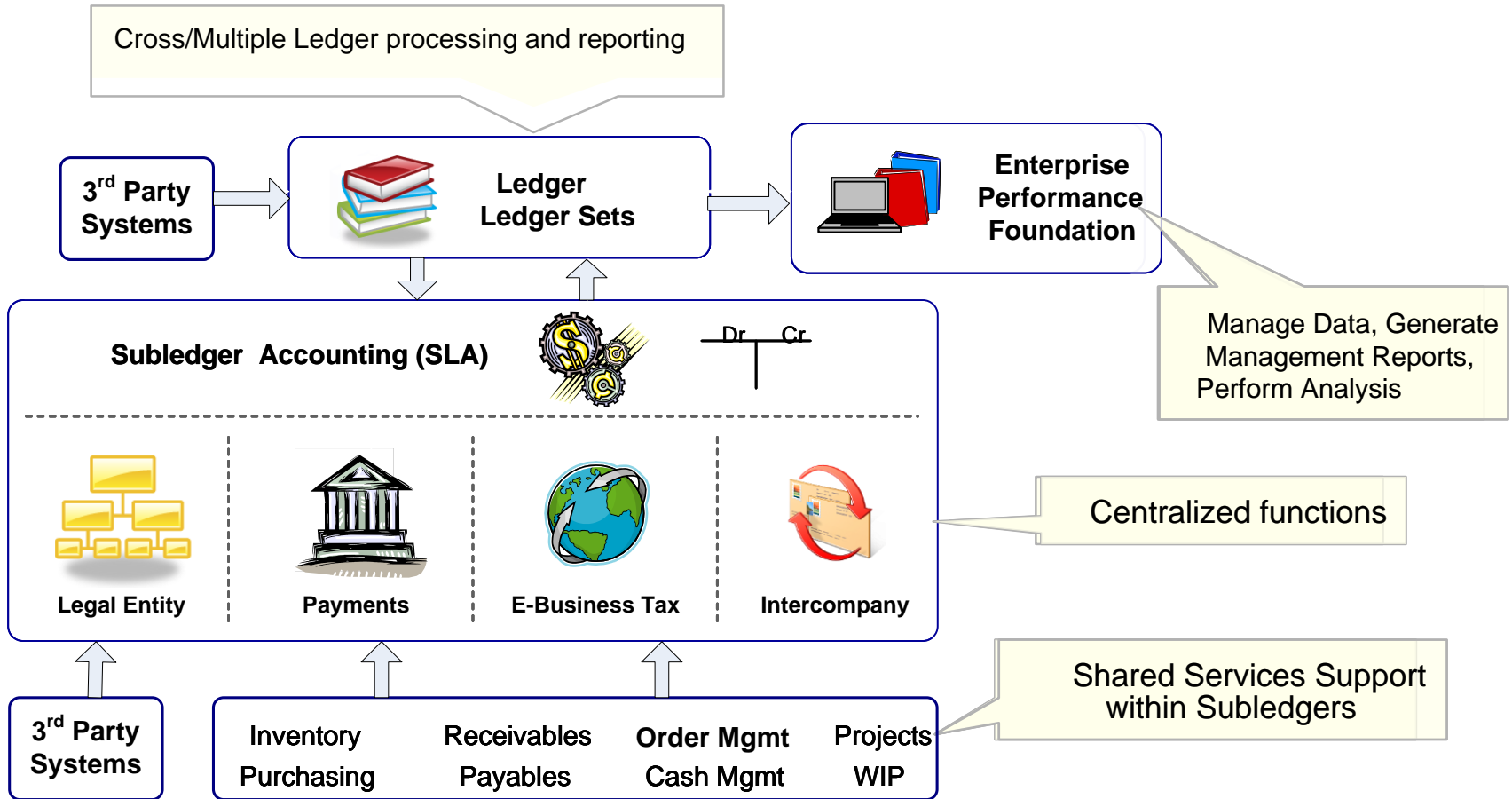
Agenda

- Global Financial Management
- Shared Services
- Subledger Features and Best Practices
  - Payables
  - Assets
  - Receivables
  - Cash Management
- Subledger Accounting
- General Ledger
- More Information

Global Financial Management

Oracle's Global Financial Management Model

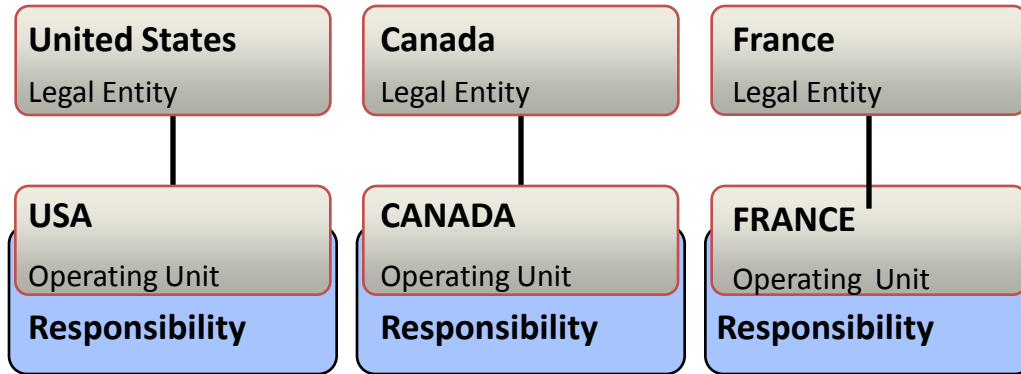Cross/Multiple Ledger processing and reporting

3rd Party Systems

Ledger Ledger Sets

Enterprise Performance Foundation

Manage Data, Generate Management Reports, Perform Analysis

Subledger Accounting (SLA)

Dr | Cr

Legal Entity | **Payments** | **E-Business Tax** | **Intercompany**

Centralized functions

3rd Party Systems

Inventory   Receivables   **Order Mgmt**   Projects
Purchasing   Payables   Cash Mgmt   WIP

Shared Services Support within Subledgers

SHARED SERVICES

Shared Services
Multi-Org Access Control

- Access multiple operating units within a single application responsibility

- Perform tasks for and across multiple operating units
  - Enter transactions
  - Process data
  - View information
  - Run reports

- Increase effectiveness of Shared Service Centers

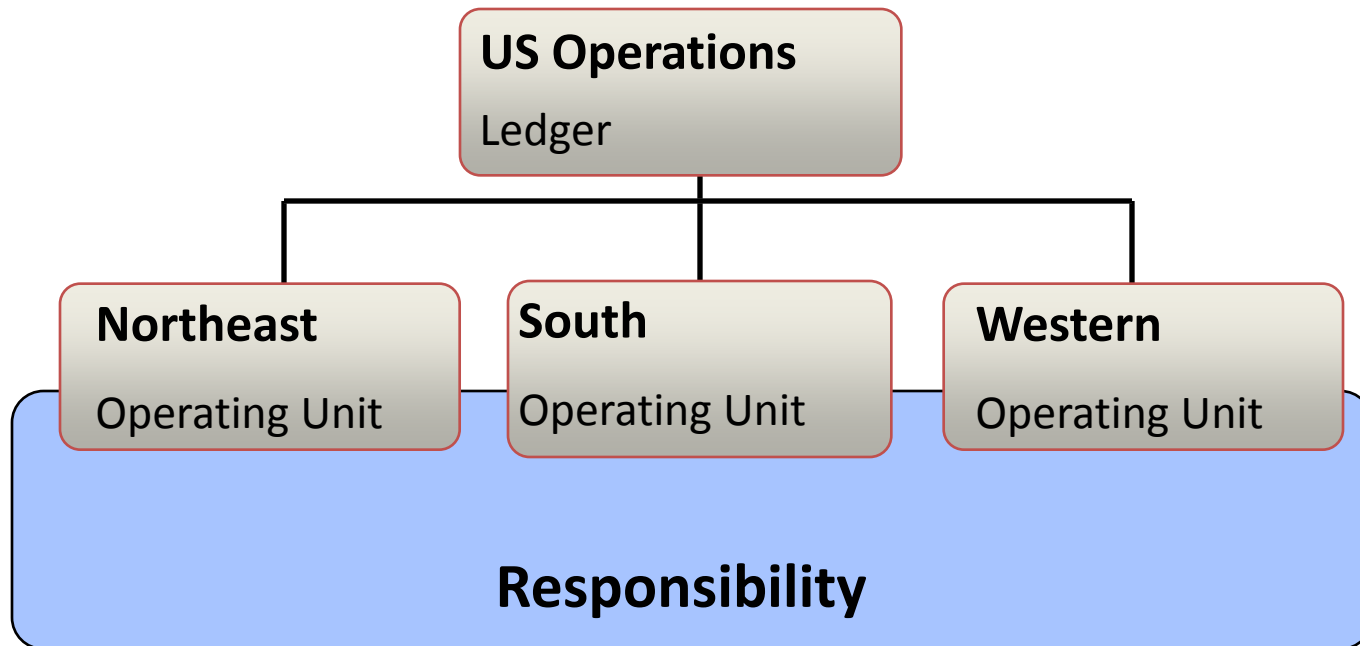# Shared Services
Multi-Org Access Control

Release 11*i*

United States	Canada	France
Legal Entity	Legal Entity	Legal Entity

USA	CANADA	FRANCE
Operating Unit	Operating Unit	Operating Unit
Responsibility	**Responsibility**	**Responsibility**

Release 12

United States	Canada	France
Ledger	Ledger	Ledger

USA	CANADA	FRANCE
Operating Unit	Operating Unit	Operating Unit

Responsibility
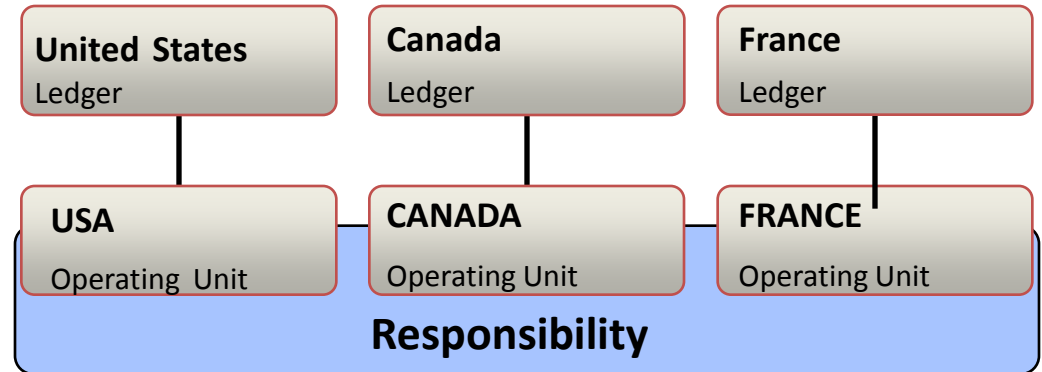
Shared Services
Multi-Org Access Control

Shared Services
Multi-Org Access Control
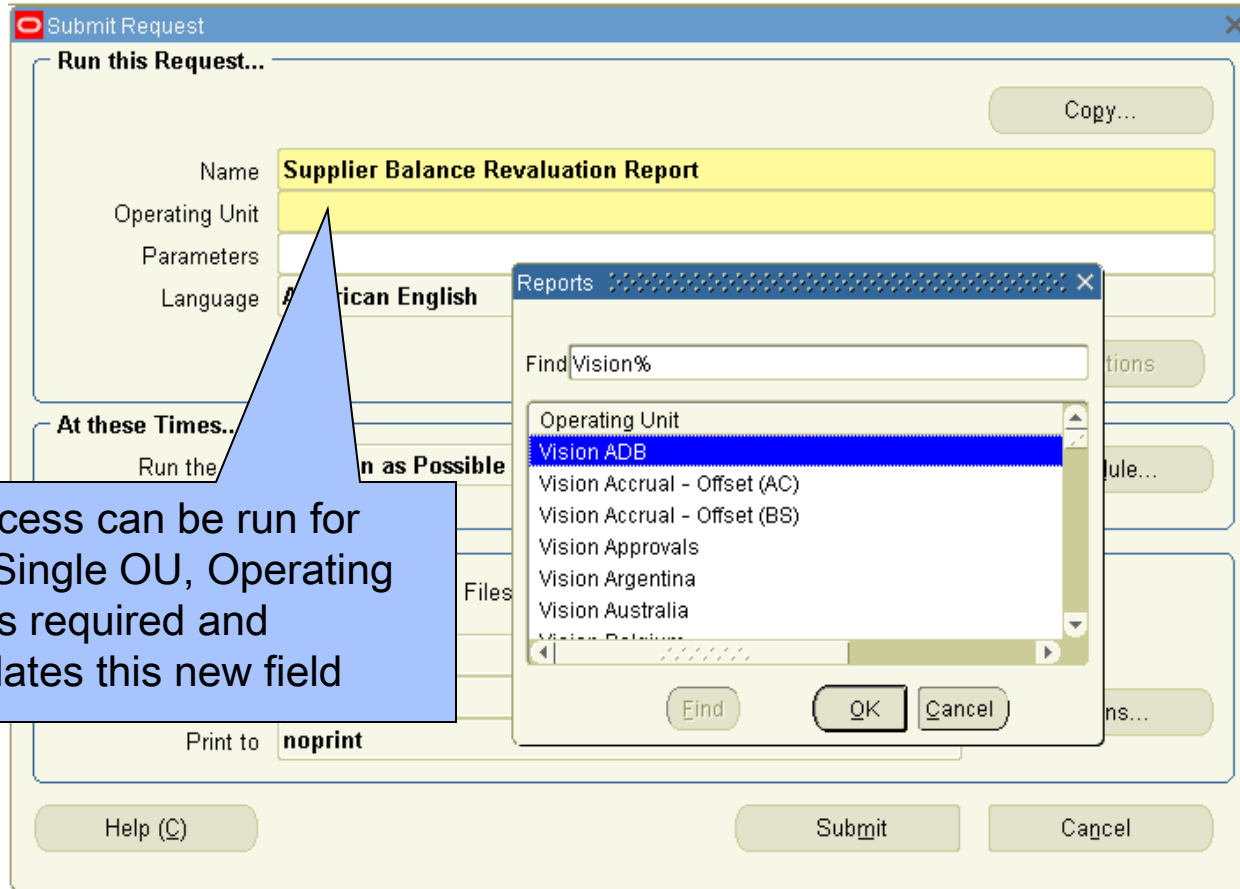
Query

View data across Operating Units

Concurrent Requests

>400 concurrent processes can be run for Multiple OUs

If OU left blank, runs for all OUs assigned to responsibility/user

Concurrent Requests

If process can be run for only Single OU, Operating Unit is required and populates this new field

Multi-Org Access Control

- Setup
  - Define Operating Units in HR
  - Define Security Profile composed of Operating Units
  - Run Security List Maintenance Program
  - Assign Security Profile to Profile Option

- Profile Options
  - MO: Operating Unit
    - Used when Multi-Org is NOT enabled
    - On upgrade, assigned operating unit of 11i responsibility
  - MO: Security Profile
    - Assign security profile name at User or Responsibility level
  - MO: Default Operation Unit
    - Assign default operating unit

Multi-Org Best Practices

✓ Customizations which filter data by operating unit must be checked

- Virtual Private Database (VPD) feature will replace usage of CLIENT_INFO(Org Context) function in new Multi-Org Architecture

- Release 11*i* script to access specific operating unit data

  - begin
    dbms_application_info.set_client_info('&org_id');
    end;
    /
    select * from po_headers
    /

- Release 12 must request access through Security Policy in the database

  - begin
     mo_global.set_policy_context('S', &org_id);
  - end;
  - /
    select * from po_headers
    /

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Multi-Org Best Practices

- ✓ Check programs where concurrent program definition has been customized, value is null on upgrade and concurrent program may not run correctly
- New column MULTI_ORG_CATEGORY add to table FND_CONCURRENT_PROGRAMS
- On upgrade, values assigned
  - 'S' = Single Org
  - 'M' = Multi Org
- Example script to set value
  - UPDATE FND_CONCURRENT_PROGRAMS
    SET MULTI_ORG_CATEGORY = {'S' or 'M'}
    WHERE CONCURRENT_PROGRAM_NAME = '{Program Name}'

Multi-Org Best Practices

- Upon upgrade, MOAC will not be automatically enabled
- Not required to implement MOAC
  - ✓ Test bolt-ons, personalizations, customizations and 3rd party apps with MOAC enabled during upgrade testing
- A hybrid environment, where some users operate in MOAC and others do not, is supported
- Features unconstrained by multi-org today are still unaffected in R12 MOAC
- MOAC may require additional internal controls or security
- ✓ Utilize function FNDMOPREFS to give users even more flexibility in managing their assigned Operating Units
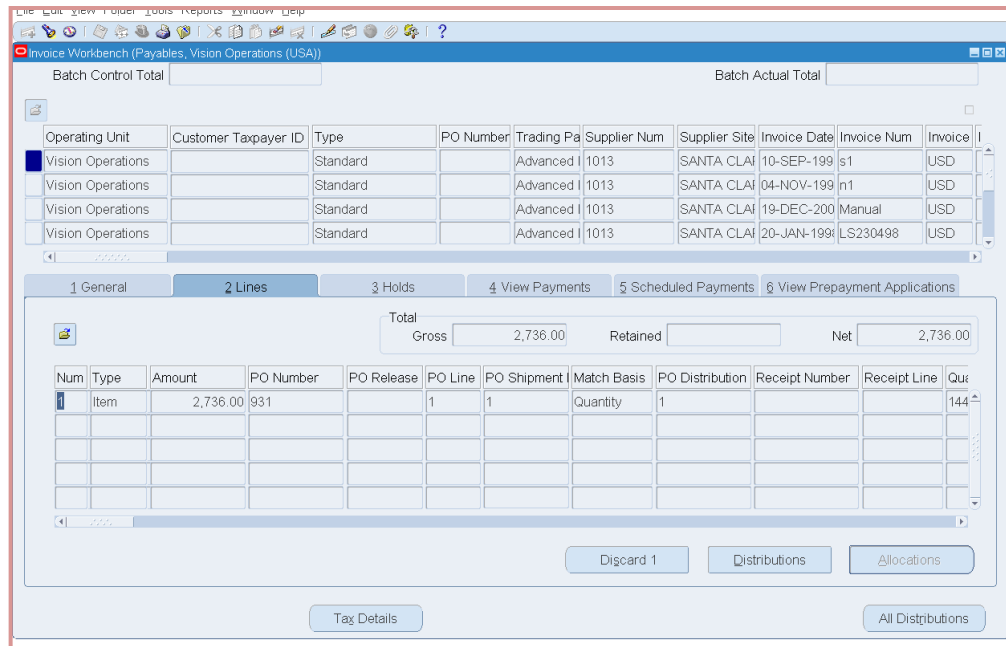
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Poll Question

Subledger Features and Best Practices

Payables

Invoice Lines

- Added between Header and Distribution Line information
- Improved Asset Tracking (Item Description, Manufacturer, Model, Serial Number, Warranty Number)
- Line Level Approval Capability

Invoice Workbench

- Invoice Workbench has significant changes
  - Operating Unit column added
  - Invoice line required
  - New button (Discard) for reversing PO matched invoices
  - New tabs for managing invoice lines, holds, viewing and scheduling payments
- ✓ Allow adequate training time

Supplier Maintenance
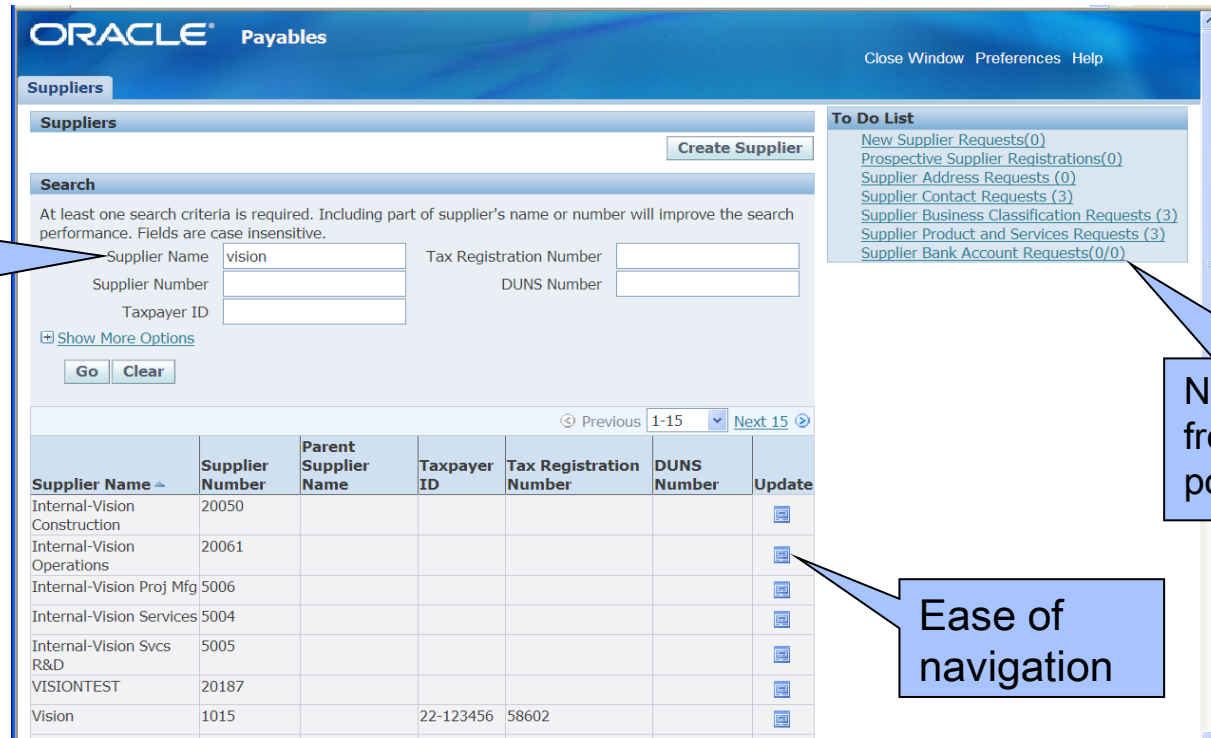
- New Supplier Maintenance User Interface
- Prior Customizations/Personalizations will have to be addressed
- Can also be accessed from Professional Buyers Workbench

Supplier Maintenance

- Suppliers moved to Trading Community Architecture as Parties
  - ✓ Clean up Suppliers prior to upgrade
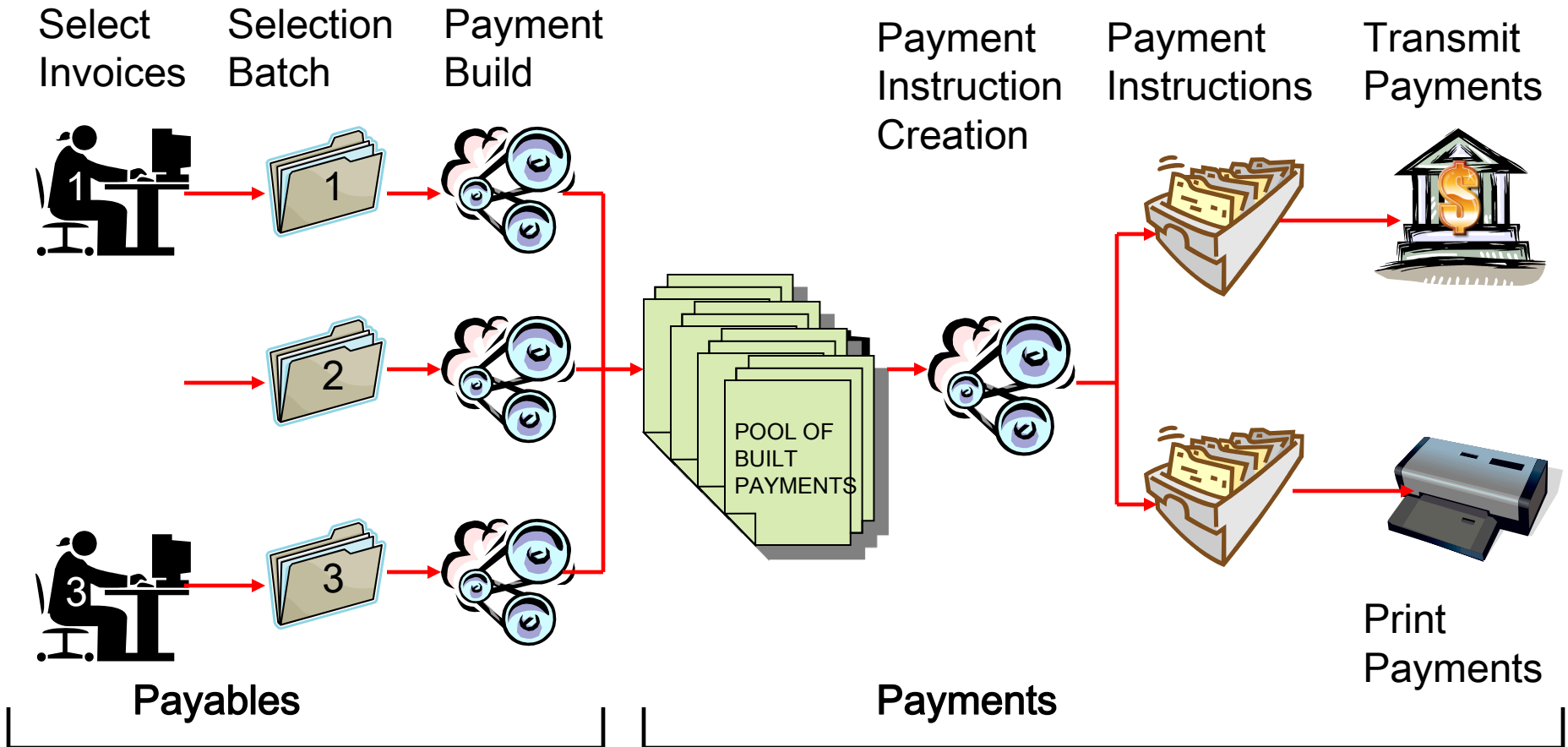 - ✓ Allow adequate training time both for Supplier forms and TCA
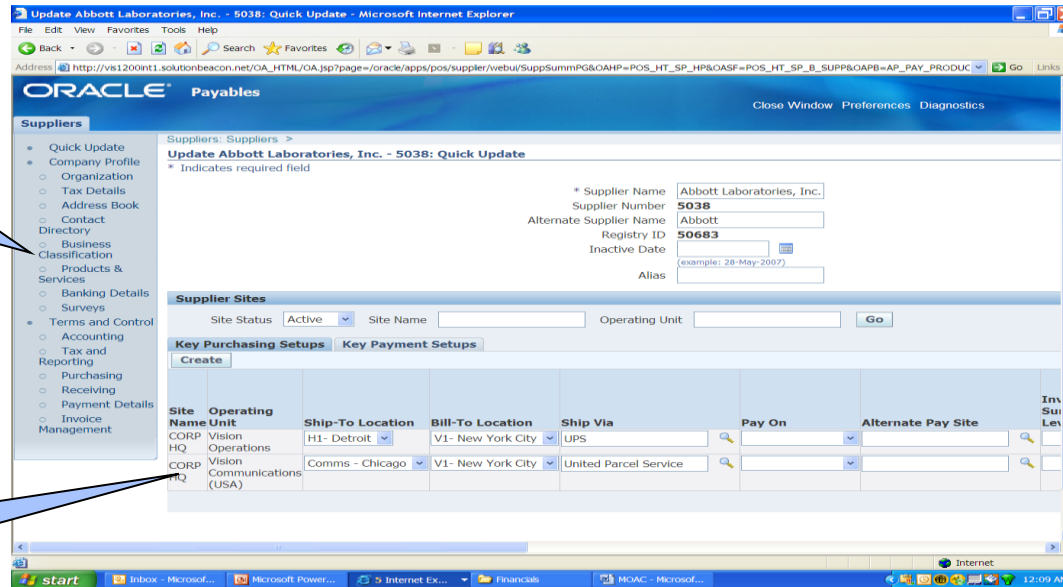
Ease of Navigation

Shared Services

Payments - Funds Disbursement

- Centralized Payment Engine to Manage Funds Capture and Funds Disbursements
- Increase Straight Through Processing Rates
- Better working capital management by providing real-time visibility to cash inflows and outflows
- Efficiently Generate Payments for Multiple Organizations, Currencies and Regions
- Single Payment across OUs with same LE
- Lower Costs associated with Transmission Protocol/ Formats
- Schema IBY
- Data repository on top of TCA

Payments - Funds Disbursement

Payments - Funds Disbursement

Quick Search

Shortcuts

Quick view graphics

Payments - Funds Disbursement

✓ Learn new definitions and process flow

✓ All payment document formats must be in BI Publisher – plan accordingly

✓ Utilize templates to expedite processing

✓ Consider straight-through processing

✓ Training, Training, Training

Payables Accounting

✓ Run the Invoice Validation program DAILY

✓ Run Create Accounting Process DAILY

✓ Resolve issues reported in Subledger Accounting Program Report DAILY

✓ When closing period, run Transfer to GL program an additional time, to verify all accounting entries have transferred

Period Close and Reconciliation

✓ Start to work any exceptions in Subledger Period Close Exception Report 5 days before close

✓ Utilize Subledger Control Accounts for liability accounts to ensure only used by Payables

▪ New Flexfield Qualifier on Natural Account

✓ Become Familiar with Reconciliation Reports

– Open Account Balance Listing (Accounts Payable Trial Balance); Newest version in CPC

✓ R12 Payables Information Center: MOS Doc ID: 578232.1

ASSETS

Mass Additions

- New Attributes added to FA_MASS_ADDITIONS
  - Asset Life
  - Depreciation Method
  - Prorate Convention
  - Bonus Rule
  - Allowed Depreciation limit
  - Allowed Depreciation limit amount
  - Salvage type
  - Percent salvage value
- WebADI template includes new columns

Automatic Preparation of Mass Additions

- Utilizes Default Rules and/or Public APIs to prepare mass addition lines automatically

- Benefits

  - Avoids customization and manual intervention

  - Auto populates required fields such as expense account, and asset category

Automatic Preparation of Mass Additions

- Assets: Setup > Asset System > QuickCodes
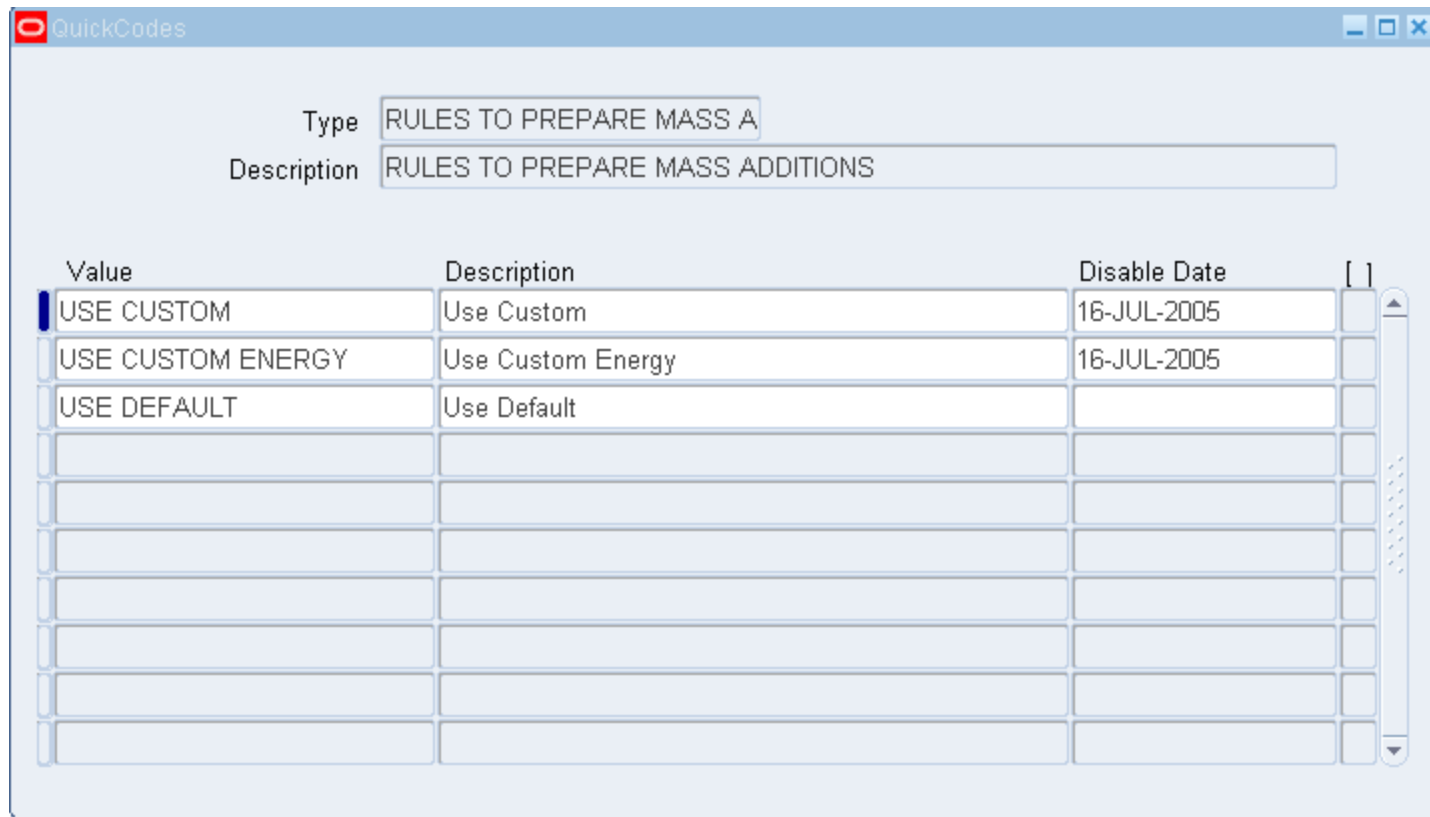
Automatic Preparation of Mass Additions

- **Default Rule**

  - Asset Category derived from Asset Clearing Account if one to one match is available

  - Expense account derived from Asset Clearing Account by replacing natural account segment

- **Custom Rule**

  - Rule defined in API FA_MASSADD_PREPARE_PKG

Automatic Depreciation Rollback

- No Longer Necessary to perform rollback manually
- Automatic Depreciation Rollback performed when two criteria are met:
  - Period is open
  - Depreciation has been performed in that period
- Performed only on selected assets as required
- Benefits
  - Enhanced Performance
  - More Efficient Processing of Adjustments

Assets

- Create Journal Entries is replaced by Create Accounting
- Relocated Setups
  - Journal Source and Journal Category setup now located in Subledger Accounting
  - Intercompany account setup now located in Accounting Setup Manager
- Profile Options
  - New - FA: Use Workflow Account Generation. Default is Yes. Workflow Account Generator functionality could be managed by Subledger Accounting Rules
  - Obsolete - FA: Include Nonrecoverable Tax in Mass Addition. Replaced by Post Accounting Programs under Subledger Accounting. These programs manage the setup for all eligible lines from Payables to Assets for the Mass Additions Create program
- Invoice distributions from Oracle Payables that interface to Assets now display the Invoice Line Number

Asset Reporting

- BI Publisher reporting

  - Asset Additions
  - Asset Transfers
  - Asset Retirements
  - Asset Reclassification
  - Transaction History
  - Mass Additions Create

  - Cost Adjustment
  - Cost Summary
  - CIP Summary
  - Reserve Summary
  - Journal Entry Reserve
  - CIP Capitalization
  - Mass Additions Posting

RECEIVABLES

Customer Maintenance

- New Customer Form
- Any customizations to 11i form must be addressed

Customer Maintenance

✓ Backward-compatible views RA_CUSTOMERS and RA_ADDRESSES are no longer available; customizations should reference TCA tables

Navigation Tabs

Site Information

Details Icon

Customer Maintenance

✓ Utilize Best Practices for modeling Customer Data from MOS Doc ID: 269124.1

- When considering a particular company which entities should be modeled as parties? Which should be modeled as party sites?

- For which of these parties do you need to create accounts?

- Should multiple accounts be created for any of the parties? Should multiple bill-to account sites be created for any given account?

- Should any account relationships be created?

Revenue Recognition

Revenue Recognition based on

- Time
  - Proportionally over Time
  - Upon Expiration of Contingencies
- Events
  - Payment
  - Customer Acceptance
- Rules
  - Payment Term Thresholds
  - Refund Policy Thresholds
  - Customer Creditworthiness
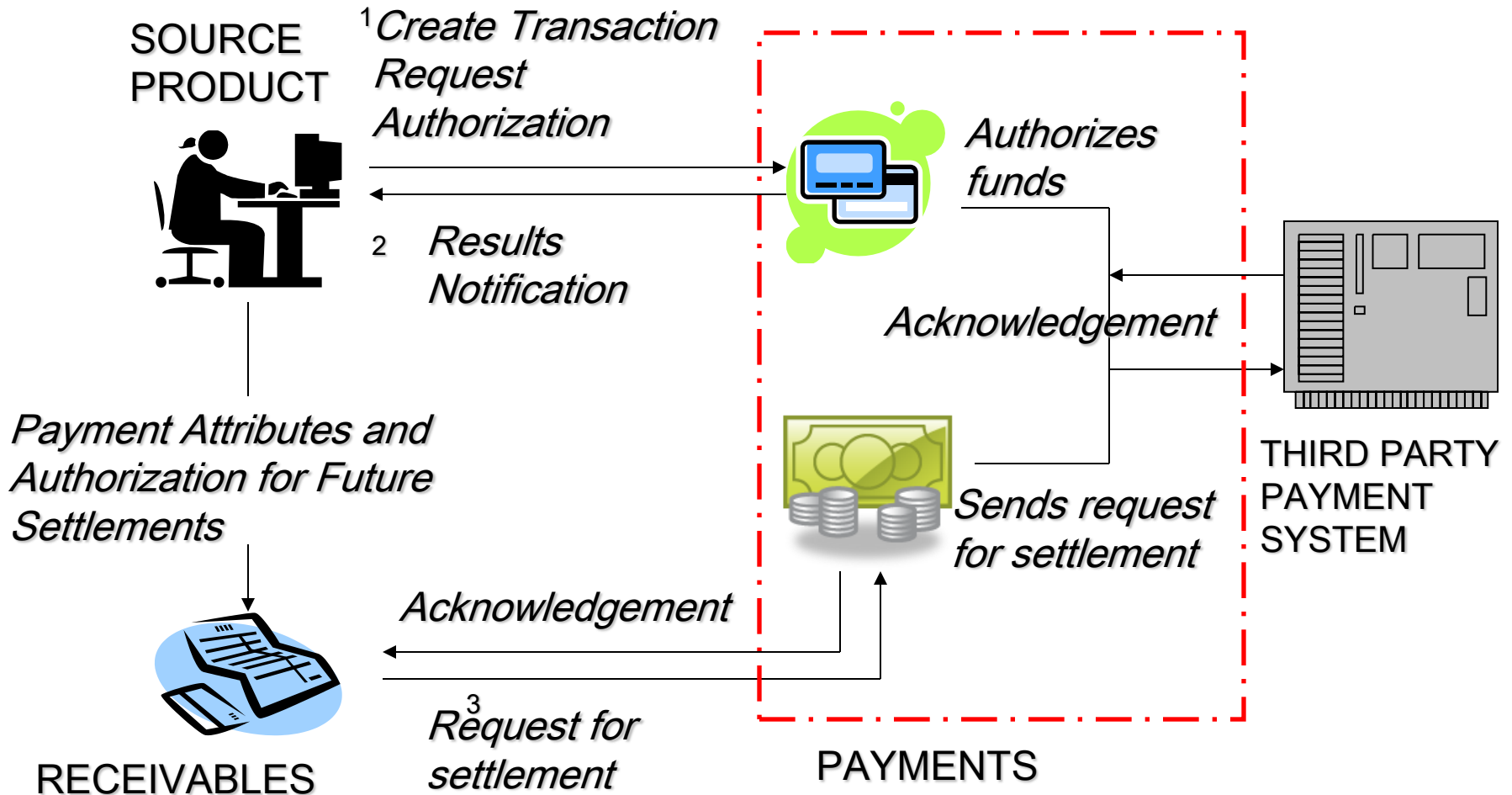
Direct Refund Generation

Line Level Cash Application

- Receipts can be applied at line level

- More accurate representation

- Application Form
  - Select Receipt
  - Select Apply in Detail
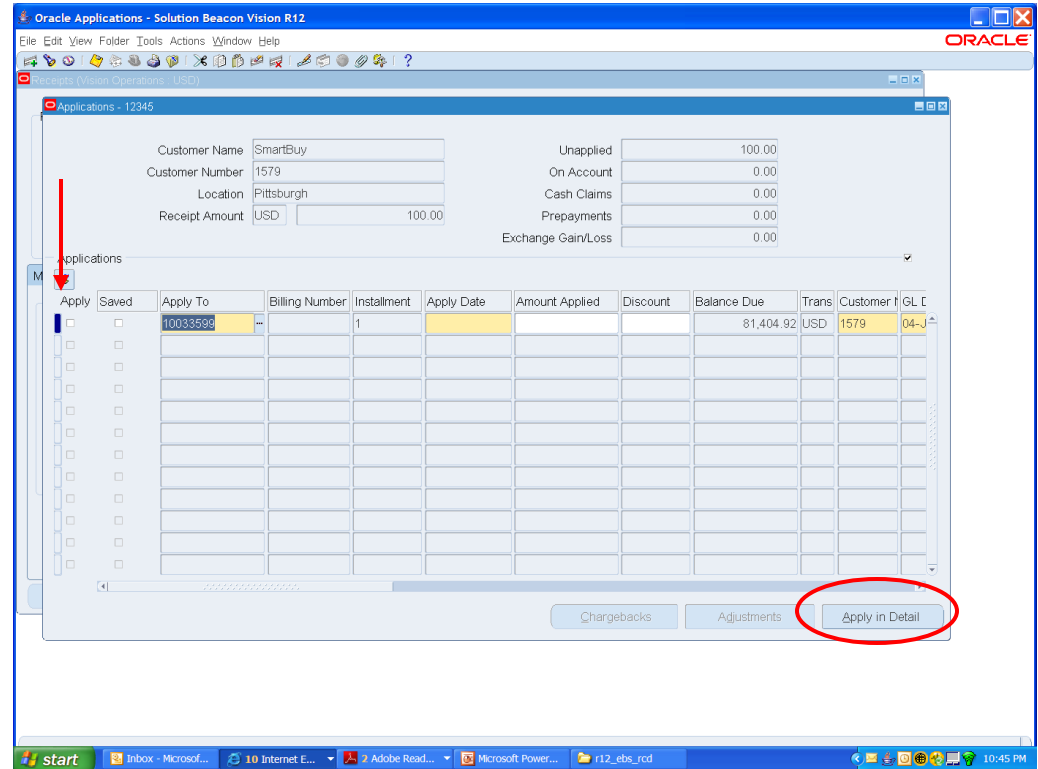
Payments - Funds Capture

- Payments integrates with the following products to facilitate Funds Capture

  - Collections
  - iReceivables
  - iStore
  - Order Capture
  - Order Management

  - Service
  - Service Contracts
  - Lease Management
  - Receivables
  - Student System

Payments - Funds Capture

SOURCE PRODUCT

[1] *Create Transaction Request Authorization*

[2] *Results Notification*

Payment Attributes and Authorization for Future Settlements

Acknowledgement

RECEIVABLES

[3] *Request for settlement*

Authorizes funds

Acknowledgement

Sends request for settlement

PAYMENTS

THIRD PARTY PAYMENT SYSTEM

Balance Forward Billing

- Release 11i Consolidated Billing becomes Release 12 Balance Forward Billing

- More Flexible Billing Cycles

- Consolidation of invoices at site or account level

- Generate Balance Forward Bills using Bill Presentment Architecture

Receivables

✓ Receivables Collections Workbench is a subset of Advanced Collections module

✓ Check MOS Doc ID: 389443.1, Appendix C for Advanced Collections features available for use in the Receivables Collections Workbench

✓ Utilize Subledger Control Accounts for liability accounts to ensure only used by Receivables

  ▪ New Flexfield Qualifier

Receivables

✓ Use parallel processing functionality to reduce processing time on large volumes of data

- Automatic Receipts Creation Program (API)
- Automatic Remittances Creation Program (API)
- Revenue Recognition Master Program
- Late Charges program
- Submit Accounting Program

Close and Reconciliation

✓ Run Submit Accounting Program DAILY and resolve any issues in accounting

✓ Submit Accounting runs both

- Revenue Recognition
- Create Accounting

✓ Utilize Unposted Items Report to identify issues

✓ Reconciliation

- AR Reconciliation Report (other reports if discrepancies)
- Potential Reconciling Items Report
- Run Aging and compare with Reconciliation Report
- Run Journal Entries report and compare with Reconciliation
- Run AR to GL Reconciliation Report

CASH MANAGEMENT

Cash Management

Release 11*i*

- Cash Mgmt
- Payables
- Receivables
- Payables Bank Accounts
- Payroll
- Payroll Bank Accounts
- Treasury
- Treasury Bank Accounts

Release 12

- Cash Mgmt
- Payables
- TCA
- Receivables
- Banks
- Payroll
- Treasury
- Bank Accounts
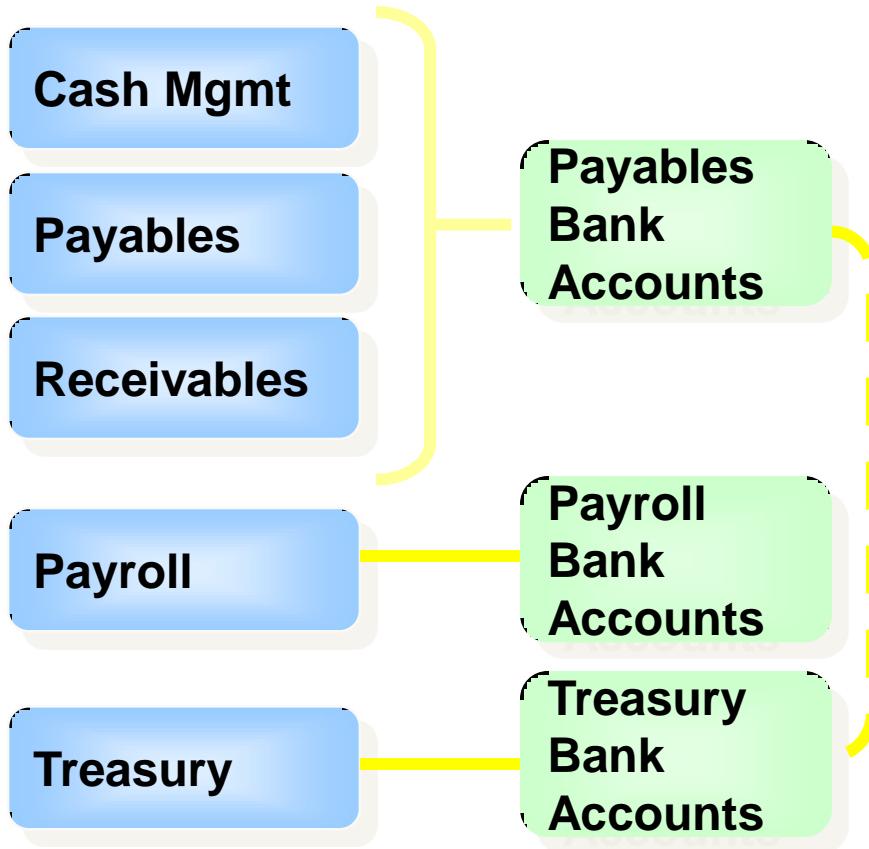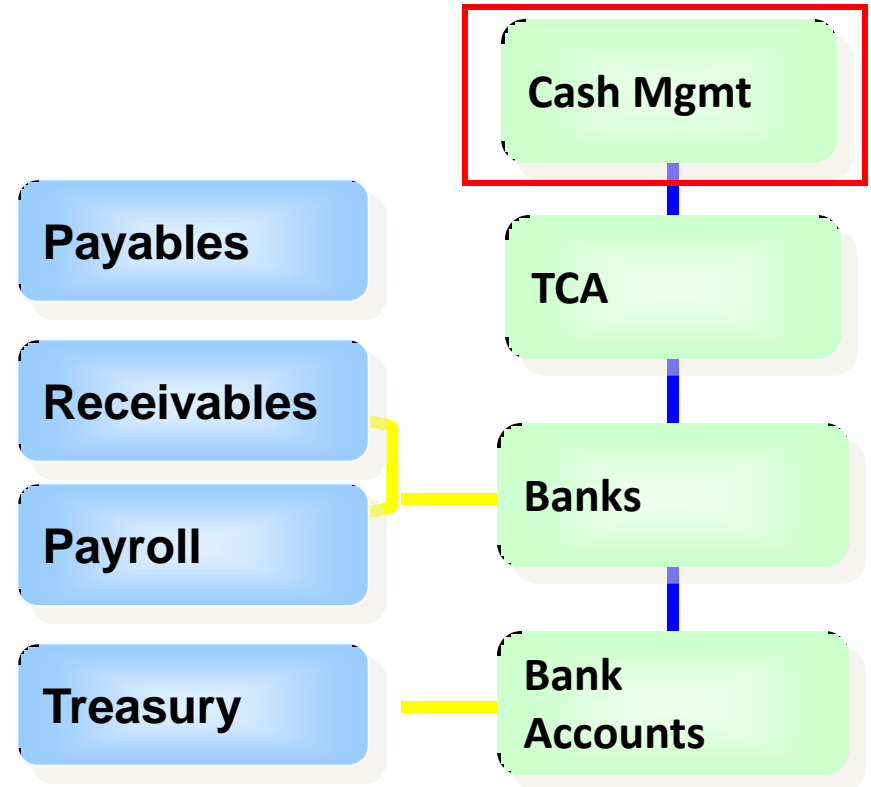
Cash Management

- Single User Interface
- Bank Account owned by Legal Entity instead of OU
- Bank/Branches are TCA Parties
- Access must be granted through User Management

Update Bank, Branch, and Account in one location

Bank Account Maintenance

✓ Manage Payment Documents from Bank Accounts form

Cash Management

✓ Verify cash clearing and cash accounts are defined at the bank accounts control level

Poll Question

E-BUSINESS TAX

E-Business Tax

- Global Tax Solution for the Order-to-Cash and Procure-to-Pay processes
- Utilizes centrally defined rules, rates, and jurisdictions which are stored in a Tax Content Repository
- Manages Transaction Taxes and Calculates Tax at Line Level
- Provides for Integration with third party vendors
- Tax Record Repository stores all tax lines for more efficient reporting and to provide strong auditability
- Tax Simulator

E-Business Tax

- While setups can be accessed from one form there are many levels of setup

- Allow for additional time to test this application with all transaction scenarios

  ✓ E-Business Tax section (p32-35) of "Best Practices for Adopting Oracle E-Business Suite, Release 12"(MOS Doc. ID: 580299.1) provides excellent troubleshooting tips
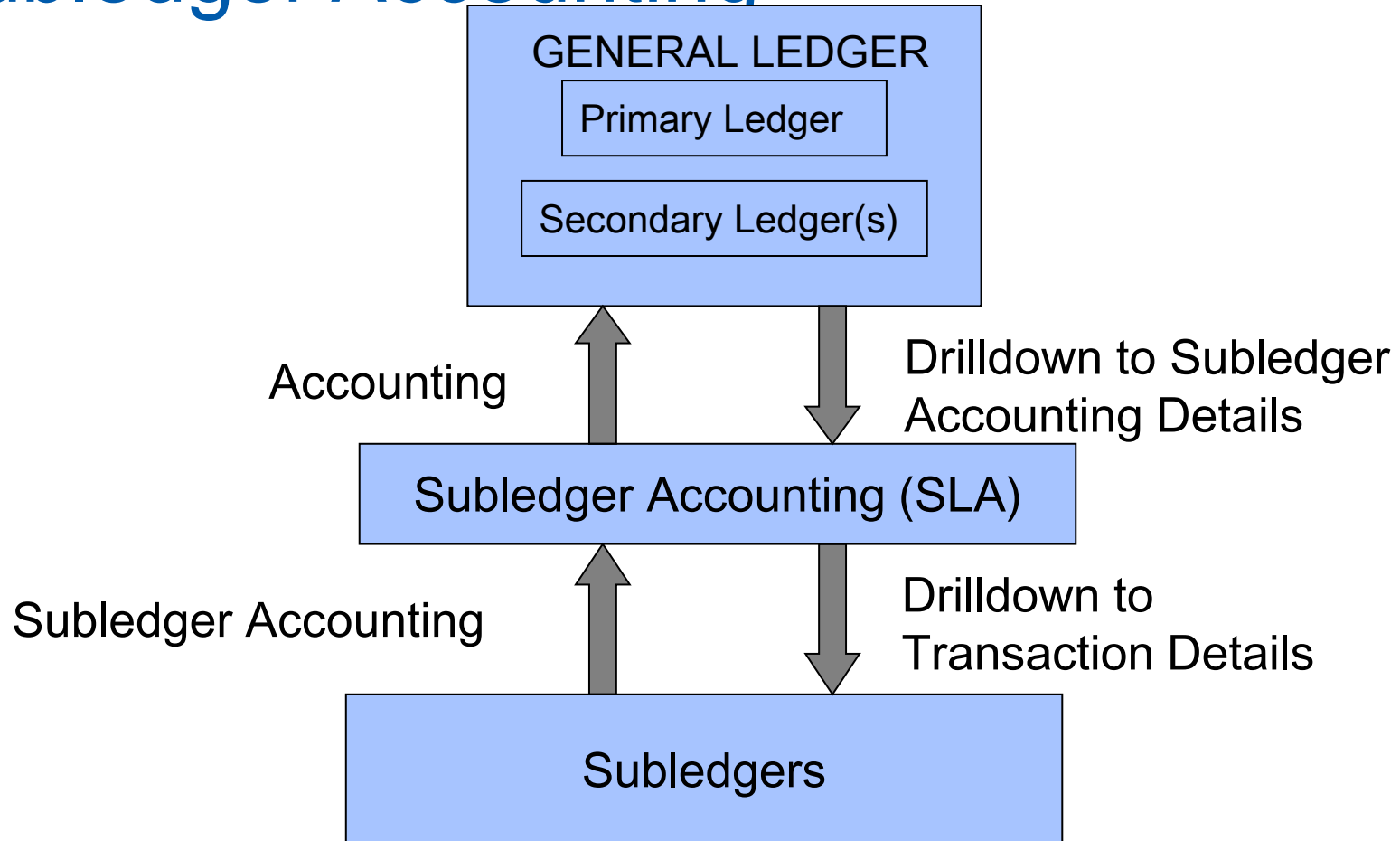
SUBLEDGER ACCOUNTING

Subledger Accounting

- Rule-based accounting engine with a centralized data model and repository (XLA)
- Generates and stores detailed accounting entries
- User-defined Accounting Rules
- A single transaction can be represented in multiple ledgers
- Drilldown capability from GL

Subledger Accounting

Subledger Accounting

- Standardization in
  - Navigation
  - Accounting
  - Inquiry
  - Reporting
- Setup
  - Accounting Setup Manager
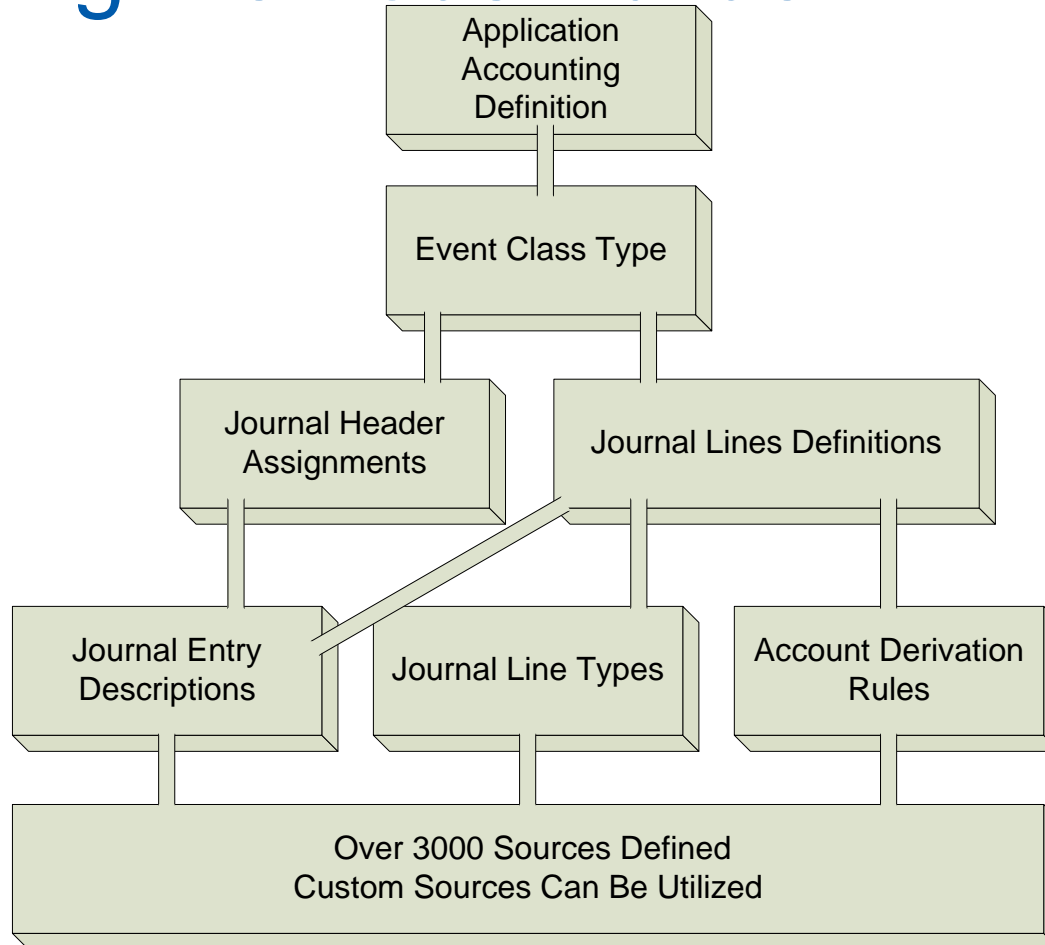 - Accounting Methods Builder

Accounting Methods Builder

Journal Header

Journal Header Description

Account Derivation Rule

Journal Line

Journal Line Type

Journal Lines Description

Accounting Methods Builder

```
                    ┌──────────────────┐
                    │   Application    │
                    │   Accounting     │
                    │   Definition     │
                    └──────────────────┘
                              │
                    ┌──────────────────┐
                    │ Event Class Type │
                    └──────────────────┘
                      │              │
          ┌────────────────────┐  ┌──────────────────────────┐
          │  Journal Header    │  │ Journal Lines Definitions │
          │   Assignments      │  │                          │
          └────────────────────┘  └──────────────────────────┘
                │                    │              │
      ┌──────────────────┐  ┌──────────────────┐  ┌──────────────────────┐
      │  Journal Entry   │  │ Journal Line     │  │ Account Derivation   │
      │  Descriptions    │  │ Types            │  │ Rules                │
      └──────────────────┘  └──────────────────┘  └──────────────────────┘
              │                    │                    │
      ┌───────────────────────────────────────────────────────┐
      │          Over 3000 Sources Defined                    │
      │          Custom Sources Can Be Utilized               │
      └───────────────────────────────────────────────────────┘
```

Accounting Methods Builder

✓ Use Validate Application Accounting Definition Concurrent Program if Oracle owned AAD not validated

✓ Continue to use Account Generators on upgrade

✓ Transition account generation to Subledger Accounting Engine post-upgrade

✓ User-defined AADs retained in upgrade

Create Accounting

✓ Run Create Accounting Process DAILY

✓ Utilize Draft Mode Accounting if continual issues with accounting

✓ Resolve issues reported in Subledger Accounting Program Report DAILY

✓ When closing period run Transfer to GL program an additional time, to verify all accounting entries have transferred

Subledger Accounting Inquiry

Subledger Accounting Inquiry

Users can view both the Journal Entry and the Transaction Information together

Accounting Entry Inquiry

Subledger Accounting

✓ Drilldown from General Ledger to Subledger Transaction goes through Subledger Accounting Repository

✓ Learn to utilize the Subledger Journal Entry forms

✓ Personalization

Subledger Accounting

- Web ADI and Manual Journal Entries
    - NOT processed by Subledger Accounting Engine
    - Posted to Secondary Ledger(s) by General Ledger Posting Program
    - Are included in Account Analysis Report
- Journals can be corrected at the Transaction, SLA, or GL Journal Entry level
    - ✓ Choose a method and make that the standard for all corrections
- ✓ Since detail is retained in Subledger Accounting posting to GL in Summary instead of Detail can be performed

WebADI and Report Manager

- Release 12 use WebADI and Report Manager instead of client ADI

  - Two separate applications

- MOS Doc ID: 458589.1, "Which Customers Need to Migrate From Client/Server ADI to WebADI and Report Manager?"

- Report Manager customized templates have to be formatted in BI Publisher

Reconciliation Reports

- ✓ Changes in standard Oracle reports – might affect customizations
- ✓ Transactional Reports
  - R11i based on Transactions and Distributions
  - R12 based on Transactions ONLY
- ✓ Accounting Reports
  - R11i based on Balancing Lines, GL Journals, GL Balances
  - R12 based on SLA Journals, GL Journals, GL Balances

Poll Question

Accelerating the time for change in Oracle E-Business Suite

GENERAL LEDGER

Setting up the General Ledger

✓ Best Practices

✓ Make every effort to model your business processes to take full advantage of the new R12 architecture and flow

   ✓ Requires review of business processes

   ✓ Familiarize yourself with the new R12 features

✓ Design of Accounting Structure is Key

✓ Run the Accounting Setup Manager Pre-Update Diagnosis Report to identify setups that are potentially problematic

Setting up General Ledger

- Set of Books is now referred to as Ledger
- Accounting Structure
  - Chart of Accounts
  - Calendar
  - Currency
  - Subledger Accounting Convention (New in R12)
- Legal Entity
  - Reflects legal corporate structure
  - Utilized by Accounting Functions, E-Business Tax, Intercompany, and Bank Account

Setting Up General Ledger

- Primary Ledgers
  - Legal Entities are associated with Primary Ledgers
  - Primary Ledgers typically reflect your transactional accounting
  - Primary Ledgers not associated with a Legal Entity can be used for consolidation
- Secondary Ledgers
  - Secondary Ledgers can be utilized for statutory, management, and/or consolidation reporting
  - Mapping from Primary to Secondary Ledger(s) is defined in General Ledger and is assigned in the Accounting Setup Manager
- When accounting is created, journal entries are generated for the Primary Ledger and any associated Secondary Ledgers based on the defined mapping rules

Setting up General Ledger

- Ledger Sets
  - All Ledgers in a Ledger Set must have the same Calendar and Chart of Accounts
  - Can Open/Close Periods, Create Journals, Translate Balances, Reporting, and View Information across a Ledger Set
  - Improves Data Security, Reliability, and Consistency
- On upgrade, each Set of Books becomes a Ledger and a Ledger Set composed of one Ledger
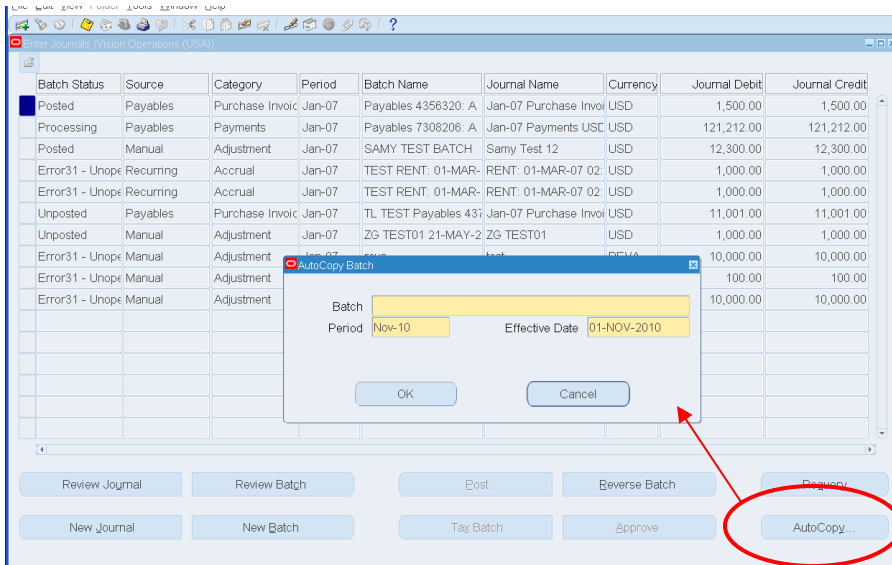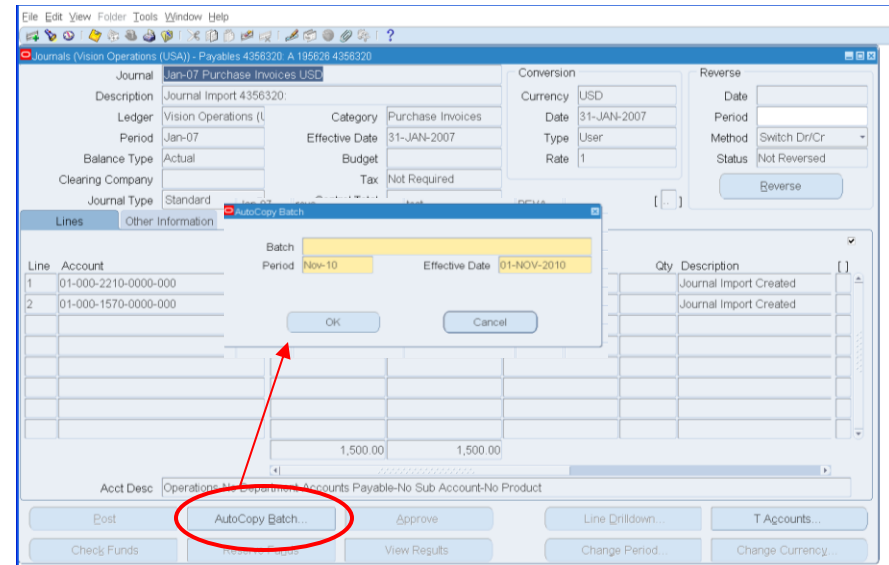
Alternate Accounts
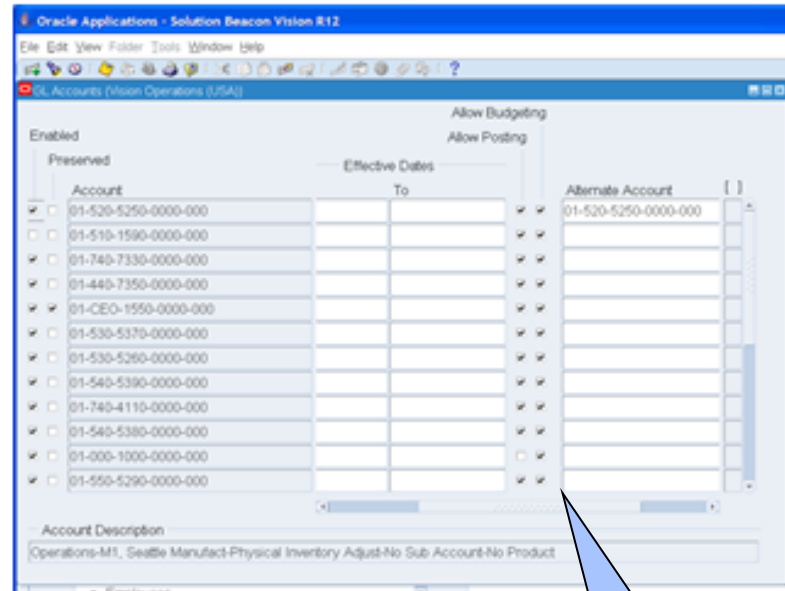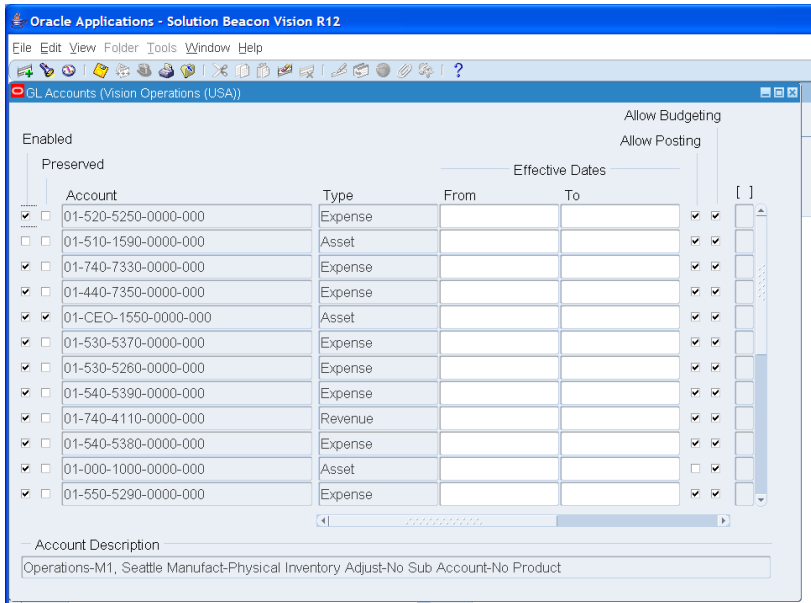
Note: scrollbar

✓ Define alternate accounts if account is disabled

• Increased efficiency

Journal Copy

Journal Entry Form

Journal Form

- Assign new batch name, period, and effective date
- Copy Journals with any status
- Increased efficiency, data integrity

Where Expertise & Technology Meet

MORE INFORMATION

More Information

- Release 12 Online Documentation
  - Oracle Financials Concepts Guide (B28873-01)
  - Oracle Applications Upgrade Guide: Release 11i to Release 12 (B31566-01)
  - Oracle Financials and Oracle Procurement Functional Upgrade Guide: Release 11i to Release 12 (B31543-01)
- MOS Doc ID 580299.1 – Best Practices for Adopting Oracle E-Business Suite Release 12

Information Centers on MOS

- Oracle E-Business Suite Release 12.1 Information Center [ID 806593.1]
  - Documentation Library
  - Release Content Documents (description of differences between Release 12.0 and 12.1)
  - Newsletters
  - Free Training on specific topics
  - Communities
  - Upgrade Advisories

Information Centers on MOS

- Oracle E-Business Suite Upgrade Center [ID 461705.1]
- E-Business Tax (EBTax) Information Center [ID 1117544.1]
- E-Business Suite: Oracle Payables Information Center [ID 11996096.1]
- E-Business Suite: Oracle Financial Control Information Center [ID 1207527.1]
- Application Technology Group (ATG) Product Information Center (PIC) [ID 1160285.1]
- Fusion Middleware 11g Information Center [ID 945741.1]

THANK YOU