

# Subledger Accounting Reconciliation in R12

Karen Kerames  
Accenture

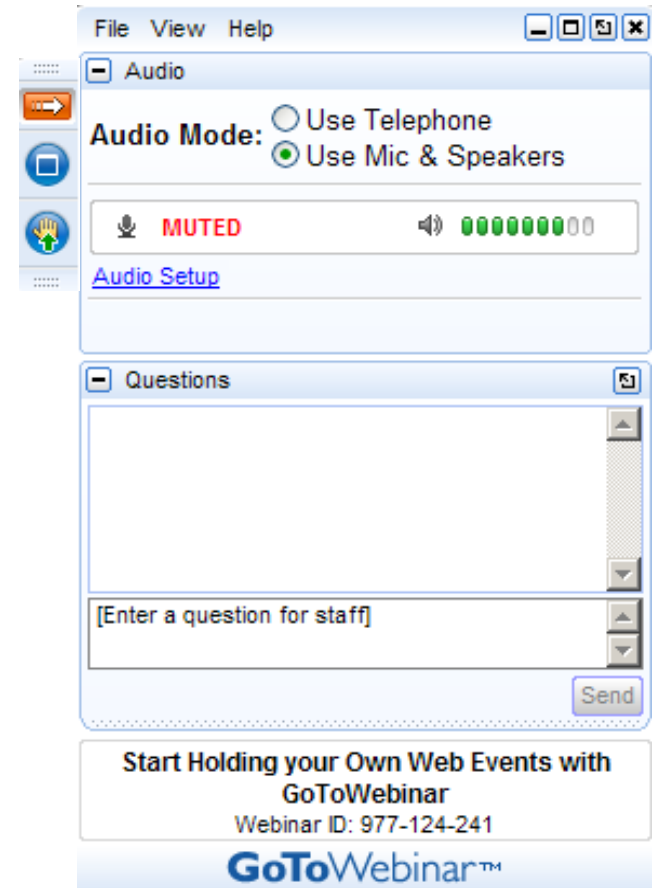


*Accelerating the time for change in Oracle E-Business Suite*



# 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*

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# Introduction: Finished but not Done

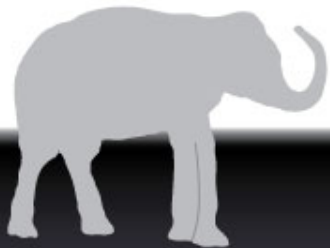
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    - Make ERP an Adaptive Technology
-  Avoid a Reimplementation
-  Reduce Complexity and Control Risk
-  Improve Business Continuity, Service Quality and Compliance
-  Establish Data Quality Standards and a Single Source of Truth



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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

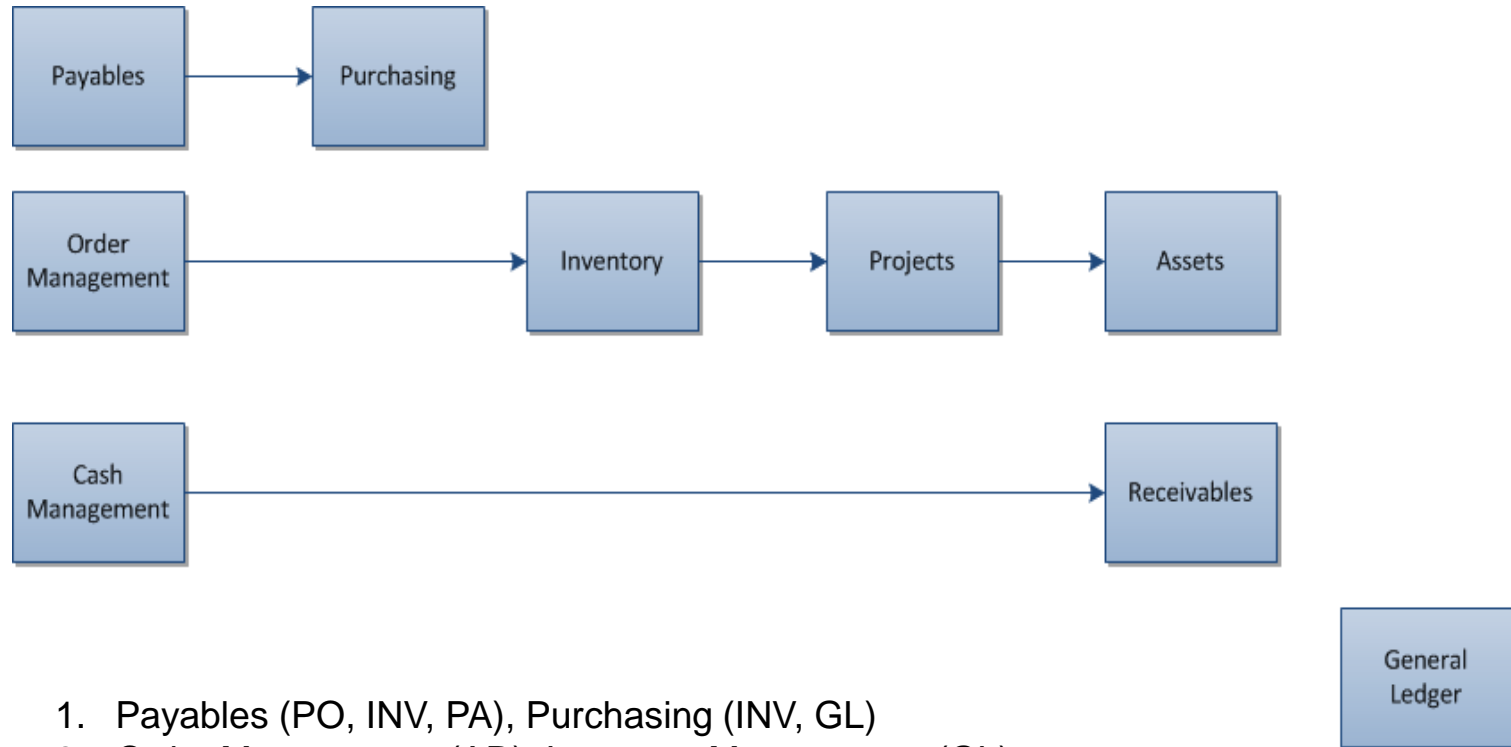
1. **Demonstrate the basic mechanics of reconciling subledgers to the General Ledger**
2. Explain how to setup and use control accounts
3. Know what reports to run and how to make reconciling adjustments

# Reconciling Subledgers to GL

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

# Best Practices

- 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.

# 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 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)

# 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 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

# 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 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

# 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)



# 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)



# 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

# 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
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**

# 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 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:

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 '5115' value, stating: 'No entries can happen directly from GL for 5115'. Another red arrow points from the callout box to the 'Segment Qualifiers' dialog box. The dialog box shows the following settings:

Property	Value
Allow Budgeting	Yes
Allow Posting	Yes
Account Type	Expense
Reconcile	No
Third Party Control Account	Supplier

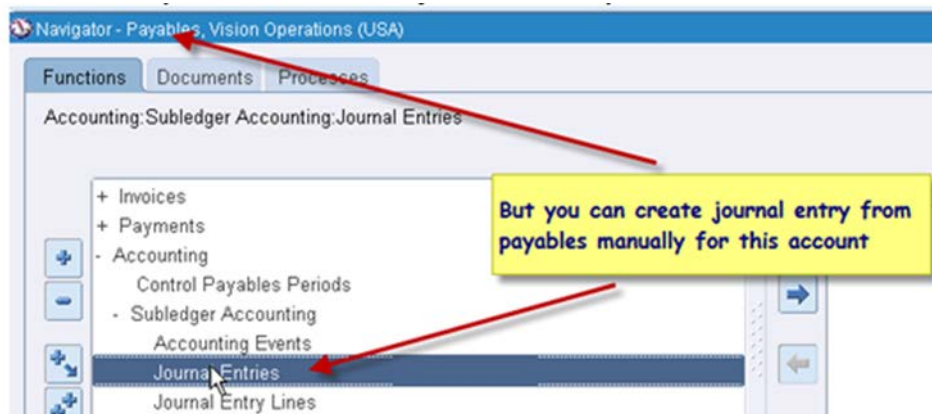
Buttons at the bottom of the dialog include OK, Cancel, Clear, and Help.

# 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.

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 enter 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, and Reference Date. The GL Date is 01-Jan-2010, and the Category is Purchase Invoices. The Description is Invoice 2010. The Lines section contains a table with 4 rows. The first row has an Accounting Flex of 01-112-5115-0000-000 and an Accounting Class of Item Expense. The second row has an Accounting Flex of 01-000-2220-0000-000. The third and fourth rows have empty Accounting Flex and Accounting Class fields. The table columns are: Details, Number Operations, Accounting Flex, Accounting Class, Entered Currency, Entered DR, Entered CR, Accounted DR (USD), Accounted CR (USD), Assign Supporting References, and Delete.

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
<span>Show</span>	1		01-112-5115-0000-000 <small>Company-Department-Account-Sub-Account-Product</small>	Item Expense	USD	1702		1,702.00		<span>Show</span>	<span>Delete</span>
<span>Show</span>	2		01-000-2210-0000-000 <small>Company-Department-Account-Sub-Account-Product</small>	Liability	USD		1702		1,702.00	<span>Show</span>	<span>Delete</span>

Add 5 Lines

*Note: A yellow callout box points to the error message with the text: "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
2. Explain how to setup and use control accounts
- 3. Know what reports to run and how to make reconciling adjustments**

# 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 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.**

# 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 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

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
Party Name	Party Site Name	Invoice Number	
Dec 2, 2007	Invoice Validated	AJJ03	Final
			Staples
			STAPLES LA
			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
  - 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?



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# 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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