



Collaborative SIG: SLA Accounting in R12: Procure to Pay Process

Mohan Iyer

Principal Consultant
FSCP Solutions Inc

mohan@fscpsolutions.com

September 22nd, 2011

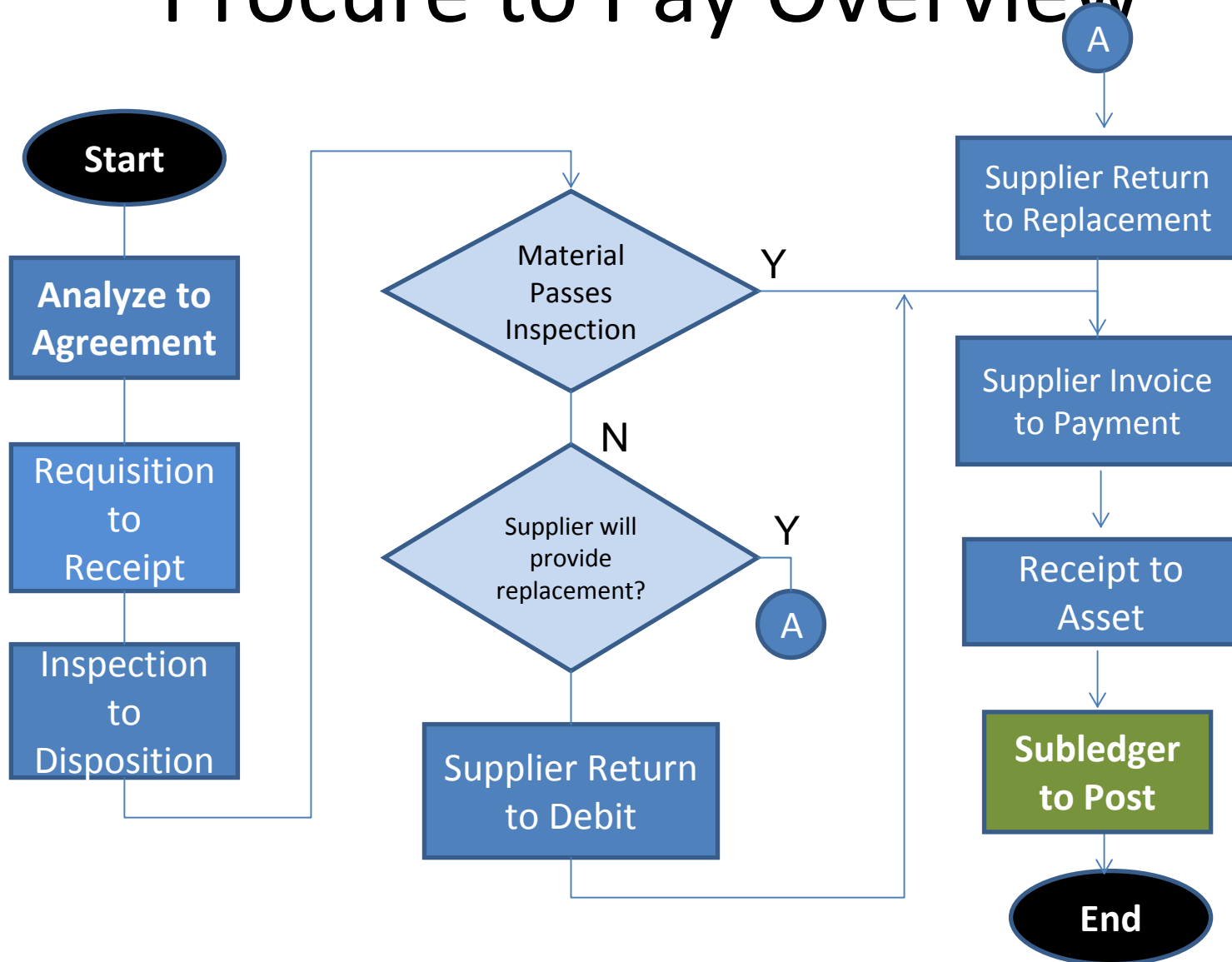
- Agenda

- About the Presenter
- Procure to Pay Overview
- SLA Overview
- Accounting touch points
- Accruals
- Business Cases for SLA changes
- Reporting using SLA data
- Other capabilities of SLA

About the Presenter

- Mohan Iyer
 - Principal Consultant @ *FSCP Solutions Inc.*
 - Over 20 years experience with Oracle Applications
 - Functional consultant in Finance applications
 - Multiple full cycle R12 implementations
 - Currently working on R12.1.3
 - Founding Board Member of NorCalOAUG and GL SIG
 - Board Member on MNSIG

Procure to Pay Overview



SubLedger Accounting Overview

- SLA is a rules engine that creates accounting for all transactions into GL
- This allows for the disconnect between a transaction and its accounting
- This also allows for a single process to create accounting entries into GL
- There is a layer between GL and the subledgers (AP, AR ...)

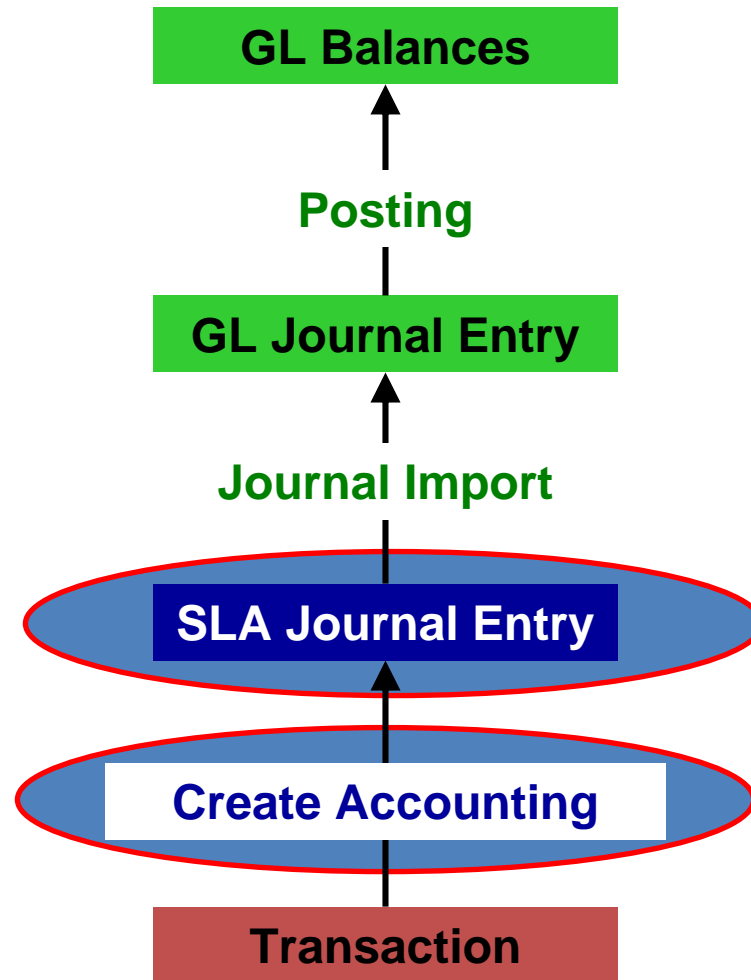
SubLedger Accounting Overview

Oracle Subledger Accounting:

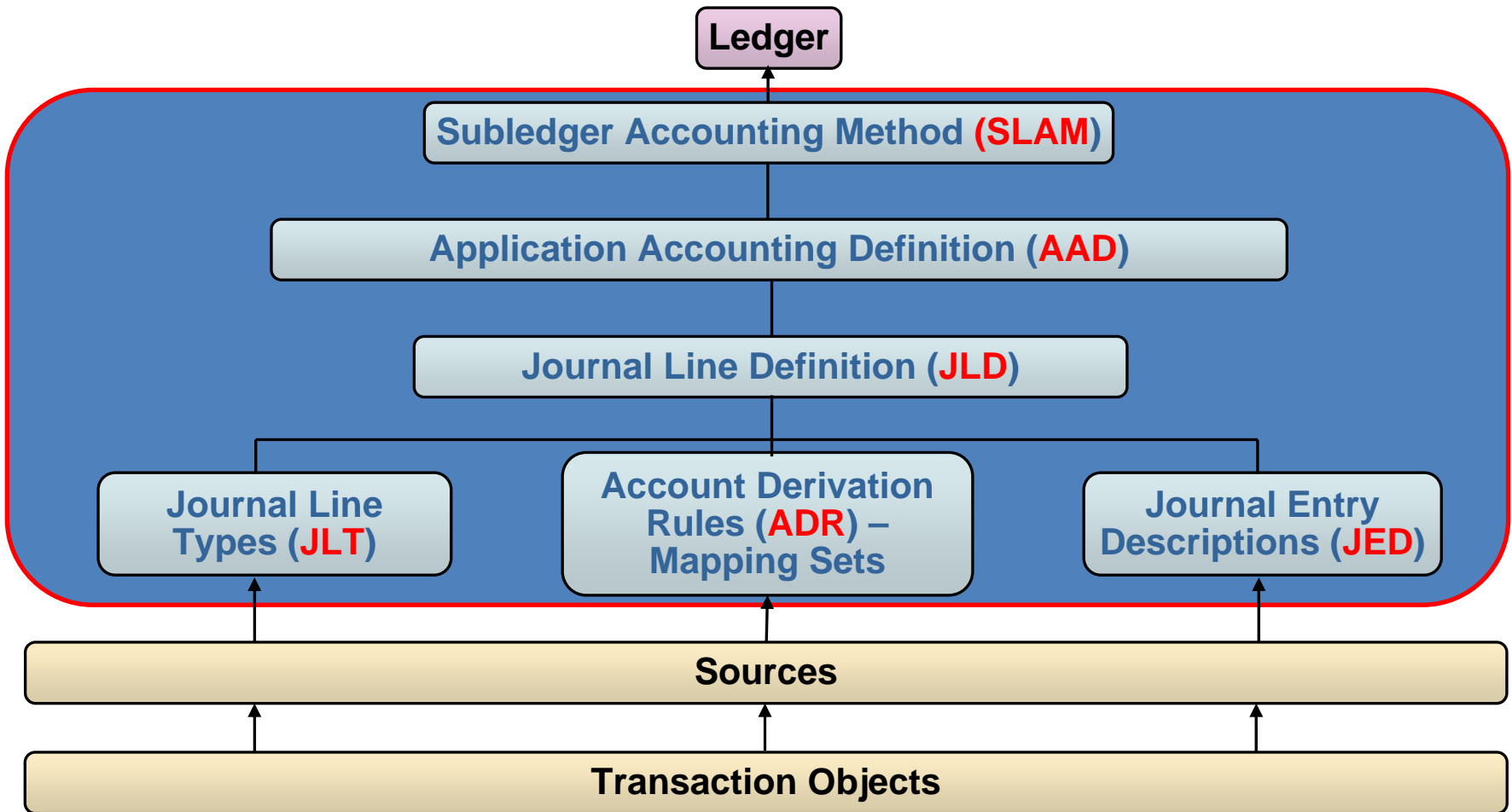
Oracle Subledger Accounting is a rules-based engine for generating accounting entries based on source transactions from ALL Oracle Applications.



SubLedger Accounting Overview



SubLedger Accounting Overview





SubLedger Accounting Overview

Subledger Journal Entry

[View T-Account](#)

Ledger **Vision Operations (USA)**
Journal Entry Status **Final**
Balance Type **Actual**
GL Date **01-Aug-2006**

Category **Purchase Invoices**
Completion Date **02-Aug-2006 15:02:53**
Journal Entry Type **Standard**
Description **Invoice Validated , Invoice Number: 12854-3 , Invoice Date: 01-AUG-06 , Invoice Description:**

Transaction Information

Supplier Name **Advantage Corp**
Invoice Number **12854-3**
Invoice Type **STANDARD**

Supplier Site Name **ADVANTAGE - US**
Invoice Date **01-AUG-2006 00:00:00**
Document Sequence Name
Document Sequence Number

[Show Additional Information](#)

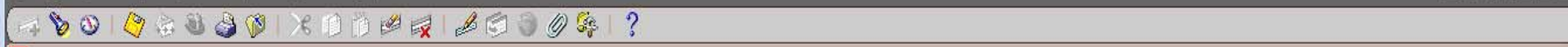
Lines

Details	Number ▲	Account	Accounting Class	Entered Currency	Entered DR	Entered CR	Accounted DR (USD)	Accounted CR (USD)
Show	1	01-000-2210-0000-000	Liability	USD		10,000.00		10,000.00
Show	2	01-580-7740-0000-000	Item Expense	USD	5,000.00		5,000.00	
Show	3	01-580-1411-0000-210	Item Expense	USD	4,500.00		4,500.00	
Show	4	01-580-1411-0000-230	Item Expense	USD	500.00		500.00	

Accounted Amounts

Accounted DR (USD) **10,000.00**

Accounted CR (USD) **10,000.00**



Invoice Workbench (Pa...plus, Vision Operations (USA))

Batch Control Total

Batch Actual Total

MHL Invoice Header

Operating	Cust	PO Number	Type	Vendor	Supplier Num	Supplier Site	Invoice Date	Invoice Num	Invoice	Invoice Amount	GL Date	Description	Distribution Set	Payment Method
Vision Op		6048	Standard	Office Supplie	1008	OFFICESUP	08/23/2011	MI FA PO	USD	10,850.00	08/23/2011			Check

Accounting Events - Windows Internet Explorer

http://visionr12.biztechmsp.com/OA_HTML/RF.jsp?function_id=1031053&resp_id=50554&resp

Accounting Events

ORACLE™ Diagnostics Preferences Help Close Window

Accounting Events

Select Event: [View Journal Entries](#) | [Export](#)

[Show All Details](#) | [Hide All Details](#)

Select	Details	Primary Ledger	Event Class	Event Type	Event Date	Event Status	Transaction Date	Transaction Number
<input checked="" type="radio"/>	Show	Vision Operations (USA)	Invoices	Invoice Validated	08/23/2011	Final Accounted	08/23/2011 00:00:00	MI FA PO

Diagnostics Preferences Help Close Window

About this Page Privacy Statement

Copyright (c) 2006, Oracle. All rights reserved.

1 General

Summary

- Items
- Retainage
- Prepayments Applied
- Withholding
- Subtotal
- Tax
- Freight
- Miscellaneous
- Total

Actions... 1

Calcul

Subledger Journal Entry

[View T-Account](#)

[View Supporting References](#)

Ledger **Vision Operations (USA)**
Journal Entry Status **Final**
Balance Type **Actual**
GL Date **08/23/2011**

Category **Purchase Invoices**
Completion Date **08/23/2011 19:10:04**
Journal Entry Type **Standard**
Description **Invoice Validated , Invoice Number: MI FA PO , Invoice Date: 23-AUG-11 , Invoice Description:**

Transaction Information

Party Name **Office Supplies, Inc.**
Invoice Number **MI FA PO**
Invoice Ledger Amount
Invoice Date **08/23/2011 00:00:00**
Invoice Description

Party Site Name **OFFICE PROJ**
Invoice Amount **10850**
Invoice Type **STANDARD**
Cancelled Date
Document Sequence Name
Document Sequence Number

[+ Show Additional Information](#)

Lines

[Export](#)

Details	Number	Account	Accounting Class	Entered Currency	Entered DR	Entered CR	Accounted DR (USD)	Accounted CR (USD)	Supporting References
+ Show	1	01-000-1570-0000-000	Item Expense	USD	10,000.00		10,000.00		⌘
+ Show	2	01-000-1570-0000-000	Non-Recoverable Tax	USD	425.00		425.00		⌘
+ Show	3	01-000-1570-0000-000	Non-Recoverable Tax	USD	425.00		425.00		⌘
+ Show	4	01-000-2210-0000-000	Liability	USD		10,000.00		10,000.00	⌘
+ Show	5	01-000-2210-0000-000	Liability	USD		425.00		425.00	⌘
+ Show	6	01-000-2210-0000-000	Liability	USD		425.00		425.00	⌘

Accounted Amounts

Accounted DR (USD) **10,850.00**

Accounted CR (USD) **10,850.00**

Oracle Applications

File Edit View Folder Tools Window Help



Application Accounting Definitions

Application: **Payables**

Definition Code: **ACCRUAL**

Definition Name: **Accrual Basis**

Description: **Oracle Payable**

Chart of Accounts

Transaction:

Event Class and Event Type Assignments

Event Class	Event Type
Credit Memos	All
Debit Memos	All
Future Dated Payments	All
Invoices	All

Journal Lines Definition Assignments

Journal Lines Definition Name
Accrual, Invoices All

Journal Lines Definitions

Application: **Payables**

Event Class: **Invoices**

Definition Code: **ACCRUAL_INVOICES_ALL**

Definition Name: **Accrual, Invoices All**

Description: **Oracle Payables Accrual Accounting Definiti**

Event Type: **All**

Owner: **Oracle**

Enabled

Budgetary Control

Chart of Accounts

Transaction: Accounting:

Line Assignments

Journal Line Type	Owner	Inherit Description	Line Description	Owner	Active
Accrual	Oracle	<input type="checkbox"/>	Invoice Distribution Description	Oracle	<input checked="" type="checkbox"/>
Exchange Rate Variance	Oracle	<input type="checkbox"/>	Invoice Distribution Description	Oracle	<input checked="" type="checkbox"/>
Freight Expense	Oracle	<input type="checkbox"/>	Invoice Distribution Description	Oracle	<input checked="" type="checkbox"/>
Invoice Price Variance	Oracle	<input type="checkbox"/>	Invoice Distribution Description	Oracle	<input checked="" type="checkbox"/>
Item Expense	Oracle	<input type="checkbox"/>	Invoice Distribution Description	Oracle	<input checked="" type="checkbox"/>

Line Type | Line Description | Multiperiod Accounting | Copy Line Assignment

Account Derivation Rules | Supporting References

Segment	Inherit	Rule Name	Owner	Description	Side
All Segments	<input type="checkbox"/>	Invoice Distribution Accou	Oracle	Invoice distribution account	
	<input type="checkbox"/>				
	<input type="checkbox"/>				

Account Derivation Rule | Supporting References | Copy Definition

Post-Accounting Program
Open Account Balances

Case for SLA changes

- Why would you change the standard rules
 - The standard rules for AP seemed to be OK to take what you entered in the Distribution Line.
- But in some cases that may not be true
- As an example look at Assets
- There is a default that creates some accounts based on a combination of segments
Distribution Line, Category and Book
Level(Default)



Business Case for SLA changes

- Asset Accounting
 - Source Cost Center segment from non-standard source - per standard functionality in Fixed Asset



Business Case for SLA changes

- Assets Accounting
 - **Standard**
 - SLA will book all asset related journals with the following rules:
 - Balancing Segment Qualifier – from the Distribution_id (Assignments)
 - Natural Account Segment Qualifier – retrieved from one of three places Assignments, Books or Categories
 - All other segments – from the Default_CCID on the books form

Business Case for SLA changes

- Assets Accounting
 - **Business Case:**
 - It is required to book journals at another level in addition to Balancing and Natural Account. For example Cost Center.
 - Requirement to book all P&L accounts at the Cost Center level

SLA changes

- Assets Accounting
- Changes to make configuration changes to achieve the requirement
 - Account Derivation Rule (One for Cost Center Derivation is now standard)
 - Create Custom Journal Line Definition and assign the Account Derivation Rule
 - Link Custom Journal Line Definition to Application Accounting Definition
 - Link Application Accounting Definition to Subledger Accounting Method
 - Link Subledger Accounting Method to a Ledger

SLA changes

The image shows two side-by-side screenshots of the Oracle Journal Lines Definitions window, illustrating changes to Account Derivation Rules.

Left Screenshot: Shows the 'Account Derivation Rules' section with a 'Segment Names' dialog box open. The dialog lists segments: All Segments, Balancing Segment, Cost Center Segment (highlighted), Intercompany Segment, Management Segment, and Natural Account Segment. The 'Cost Center Segment' is selected in the main window's table.

Right Screenshot: Shows the 'Account Derivation Rules' section after the change. The 'Cost Center Segment' is now highlighted in the table, and its 'Rule Name' is 'Assets Expense Account Cost'.

Journal Lines Definitions - Common Fields:

- Application: Assets
- Event Class: Retirements
- Definition Code: COPY RETIREMENTS
- Definition Name: FA_STANDARD_ACCOUNTING
- Event Type: Retirements
- Owner: User
- Enabled: Enabled
- Budgetary Control: Budgetary Control

Line Assignments Table (Left Screenshot):

Journal Line Type	Owner	Active
Assets Cost of Removal Clearing	Oracle	<input checked="" type="checkbox"/>
Assets Cost of Removal Gain	Oracle	<input checked="" type="checkbox"/>
Assets Cost of Removal Loss	Oracle	<input checked="" type="checkbox"/>
Assets Net Book Value Retirement Gain	Oracle	<input checked="" type="checkbox"/>
Assets Net Book Value Retirement Loss	Oracle	<input checked="" type="checkbox"/>

Account Derivation Rules Table (Left Screenshot):

Segment	Inherit	Rule Name	Owner	Description	Side
Balancing Segment	<input type="checkbox"/>	Assets Expense Account Segment	Oracle	Assets Expense Account Segment	
Natural Account Segment	<input type="checkbox"/>	Assets Cost of Removal Clearing	Oracle	Assets Cost of Removal Clearing	
Cost Center Segment	<input type="checkbox"/>	Assets Expense Account Cost	Oracle	Assets Expense Account Cost	

Line Assignments Table (Right Screenshot):

Journal Line Type	Owner	Inherit Description	Owner	Active
Assets Cost of Removal Clearing	Oracle	Assets Retirement Cost of Removal Clearing	Oracle	<input checked="" type="checkbox"/>
Assets Cost of Removal Gain	Oracle	Assets Retirement Cost of Removal Gain	Oracle	<input checked="" type="checkbox"/>
Assets Cost of Removal Loss	Oracle	Assets Retirement Cost of Removal Loss	Oracle	<input checked="" type="checkbox"/>
Assets Net Book Value Retirement Gain	Oracle	Assets NEV Retired	Oracle	<input checked="" type="checkbox"/>
Assets Net Book Value Retirement Loss	Oracle	Assets NEV Retired	Oracle	<input checked="" type="checkbox"/>

Account Derivation Rules Table (Right Screenshot):

Segment	Inherit	Rule Name	Owner	Description	Side
Balancing Segment	<input type="checkbox"/>	Assets Expense Account Segment	Oracle	Assets Expense Account Segment	
Natural Account Segment	<input type="checkbox"/>	Assets Cost of Removal Clearing	Oracle	Assets Cost of Removal Clearing	
Cost Center Segment	<input type="checkbox"/>	Assets Expense Account Cost	Oracle	Assets Expense Account Cost	

Accounting Touchpoints

- Receive Products and Services
 - Expenses
 - Receive: DR Receiving / CR Expense A/P Accrual
 - Deliver: DR Expense / CR Receiving
 - Project Expenses
 - Receive: DR Receiving / CR Expense A/P Accrual
 - Deliver: DR Project Expense / CR Receiving
 - Inventory & Outside Processing
 - Receive: DR Receiving / CR Inventory A/P Accrual
 - Deliver: DR Inventory or WIP / CR Receiving



Accounting Touchpoints

- Reverse Expense Accruals
 - Receive: DR Expense A/P Accrual / CR Expense

- Invoice Products and Services
 - Expenses
 - Match: DR Expense / CR AP Liability
 - Inventory & Outside Processing
 - Match: DR Inventory A/P Accrual / CR AP Liability

Accrual Accounting

- Accrual Accounting registers a liability on your balance sheet if you have material that has been received but not invoices
- There are two types of accruals
 - Hard Accruals – accruals for manufacturing items received into Inventory
 - Period-End Accruals – for expense items that have been received
- Period End Accruals differ from hard accruals due to the fact that they are reversed at the beginning of the next period
- Hard Accruals are automatically generated when receiving is done
- Period End Accruals need a process to be run as part of period-end processing

Accruals in R12

- Accruals in R12 are accounted as part of the Cost Management accounting events
- The processes and reports are owned by Cost Management and Source is Cost Management
- The period-end process for Expense Accruals now creates two journal batches
 - One for the current period accrual
 - Another for the next period reversal
- There have been issues with the reversal in earlier release of R12 – prior to 12.0.6

Reporting using SLA data tables

- Many reports now are generated from the SLA tables, given below are a few
 - Account Analysis (all modules)
 - Accounts Payable Trial Balance
 - Accounting Report while running Create Accounting
- All account query capability is now drill-down through the SLA

SLA - Reporting from the SLA layer

ORACLE® Navigator Favorites Preferences Help Personalize Page Close Window

View Journal Entry Lines
 Ledger LEDGER NAME for Display GL Batch Name **Receivables A 16027 549588**
 Period **FEB-11** GL Journal Entry Name **FEB-11 Sales Invoices USD**
 Currency **USD** Accounted DR **8038676.04**
 Account **132.104.000.121010.0000.000000.0000.000** Accounted CR

Views
View Go Personalize Search

Select Subledger Journal Entry Line: View Transaction View Journal Entry Export Previous 1-10 Next 10

Select	Ledger	Account	AccountDescription	GL Date	Accounting Class	Accounted DR	Accounted CR	Supporting References
<input checked="" type="radio"/>	KLedger Name	132.104.000.121010.0000.000000.0000.000	Intentionally blanked out	02.28.2011	Receivable	10,756.68		∞∞
<input type="radio"/>	KLedger Name	132.104.000.121010.0000.000000.0000.000	1 Berth 233.Not Required.AR - Trade.Not Required	02.28.2011	Receivable	11,688.00		∞∞
<input type="radio"/>	KLedger Name	132.104.000.121010.0000.000000.0000.000	1 Berth 233.Not Required.AR - Trade.Not Required	02.28.2011	Receivable	4,496.00		∞∞
<input type="radio"/>	KLedger Name	132.104.000.121010.0000.000000.0000.000	1 Berth 233.Not Required.AR - Trade.Not Required	02.28.2011	Receivable	53,465.39		∞∞
<input type="radio"/>	KLedger Name	132.104.000.121010.0000.000000.0000.000	1 Berth 233.Not Required.AR - Trade.Not Required	02.28.2011	Receivable	724,968.35		∞∞

ORACLE® Navigator Favorites Preferences Help Personalize Page Close Window

View Journal Entry Lines
 Ledger LEDGER NAME for Display GL Batch Name **Receivables A 16027 549588**
 Period **FEB-11** GL Journal Entry Name **FEB-11 Sales Invoices USD**
 Currency **USD** Accounted DR **8038676.04**
 Account **132.104.000.121010.0000.000000.0000.000** Accounted CR

Views
View MI View Go Personalize Search

Select Subledger Journal Entry Line: View Transaction View Journal Entry Export Previous 1-10 Next 10

Select	Transaction Number	GL Date	Account	Accounting Class	Accounted DR	Accounted CR	Supporting References	Customer Name	Customer Site Name	Supplier Name	Supplier Site Name	Line Description
<input checked="" type="radio"/>	S11020251	02.28.2011	132.104.000.121010.0000.000000.0000.000	Receivable	10,756.68		∞∞	SEASIDE TRANSPORTATION	3688			
<input type="radio"/>	S11030002	02.28.2011	132.104.000.121010.0000.000000.0000.000	Receivable	11,688.00		∞∞	SEASIDE TRANSPORTATION	3688			
<input type="radio"/>	S11020250	02.28.2011	132.104.000.121010.0000.000000.0000.000	Receivable	4,496.00		∞∞	SEASIDE TRANSPORTATION	3688			
<input type="radio"/>	S11030028	02.28.2011	132.104.000.121010.0000.000000.0000.000	Receivable	53,465.39		∞∞	SEASIDE TRANSPORTATION	3688			
<input type="radio"/>	S11010297	02.28.2011	132.104.000.121010.0000.000000.0000.000	Receivable	724,968.35		∞∞	SEASIDE TRANSPORTATION	3688			
<input type="radio"/>	S11020200	02.28.2011	132.104.000.121010.0000.000000.0000.000	Receivable	75,698.28		∞∞	SEASIDE TRANSPORTATION	3688			

SLA - Reporting from the SLA layer

General Properties

* View Name:

Number of Rows Displayed: Set as Default

Description:

Column Properties

Update the appropriate column attributes as desired. [Rename Columns](#)

Columns Shown and Column Order

Available Columns	Move	Columns Displayed
AccountDescription	<input type="button" value="Move"/> <input type="button" value="Move All"/> <input type="button" value="Remove"/>	Transaction Number
Accounting Sequence Name		GL Date
Accounting Sequence Number		Account
Accounting Sequence Version		Accounting Class
Application Accounting Definition		Accounted DR
Application Accounting Definition Owner		Accounted CR
Application Accounting Definition Version		Supporting References
Balance Type		Customer Name
Batch		Customer Site Name
Budget		Supplier Name
Category	Supplier Site Name	
Completion Date	Line Description	
Conversion Date		
Conversion Rate		
Conversion Type		

Account Balances >

Journal Lines: 132.109.000.121010.0000.000000.0000.000, MAR-11 [Create View](#)

Ledger: **Ports America - HMI** Account Description: **Ports America - MTC CONTAINERS.WBCT LA.Not Required.AR - Trade.Not Required.Not Required.Not Required.Not Required**

Ledger Currency: **USD** Balance Type: **Actual**

Search

[Personalize Advanced Search: \(AdvancedSearch\)](#)

Specify parameters and values to filter the data that is displayed in your results set.

Show table data when all conditions are met.

Show table data when any condition is met.

Batch:

Journal:

Line:

Source:

✓ TIP For explanation of currency codes used in this page, see the [currency key](#).

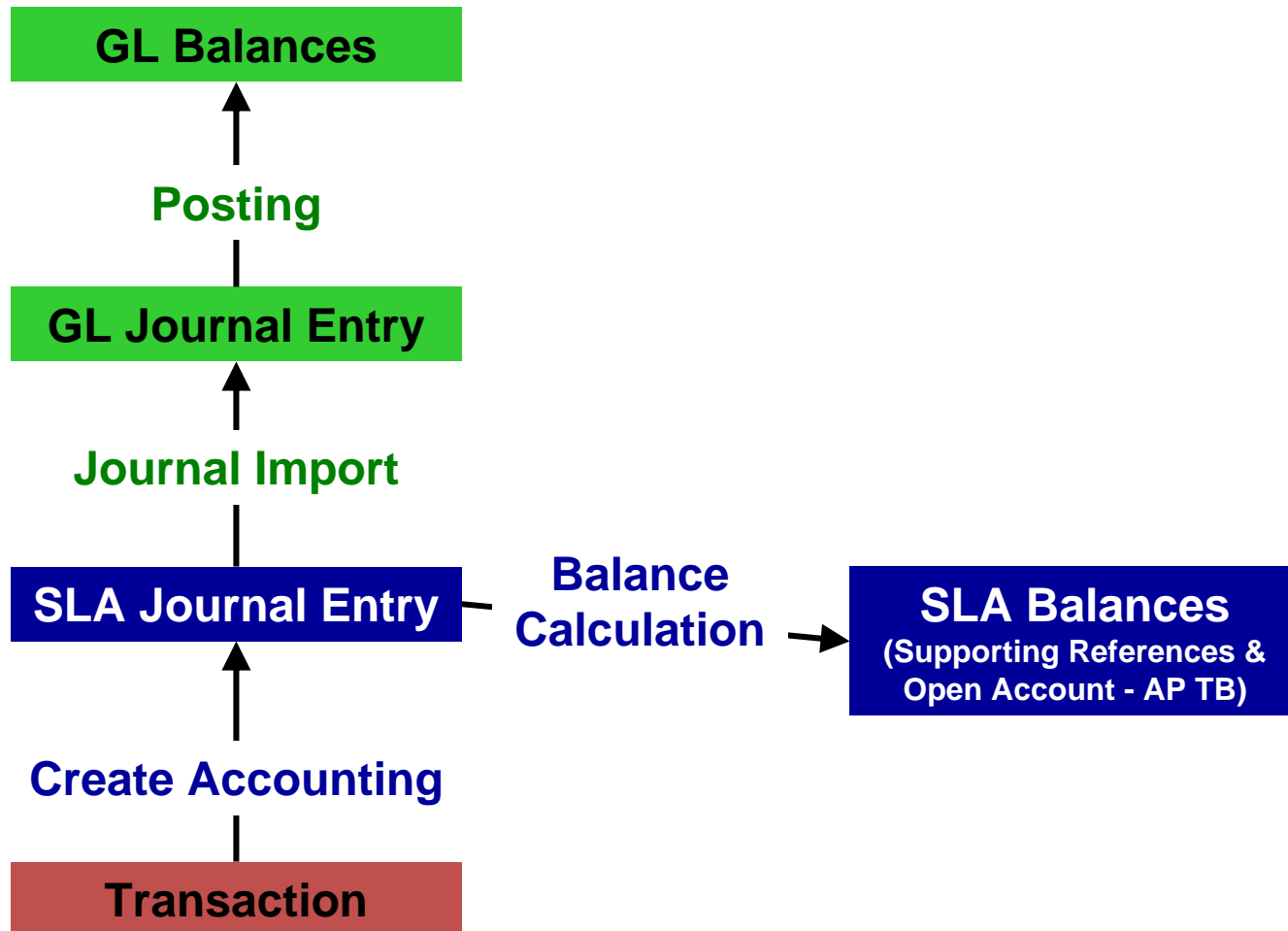
Batch	Journal	Line Source	Category	Currency	Entered		Accounted	
					Debit	Credit	Debit	Credit
Receivables A 19024 558910	MAR-11 Sales Invoices USD	1 Receivables	Sales Invoices	USD	1,952,924.77		1,952,924.77	

Other capabilities of SLA

- SLA Transactions and Balances
 - SLA maintains its own Journal Entries and Balances as a middle level to maintain these data sets before they flow to GL
 - Third Party Control Account Balances
 - Track balances by account and Customer/Supplier
 - Statutory reporting requirement in certain countries
 - Supporting Reference Balances
 - Store an unlimited number of sources as supporting references on the accounting entries
 - Optionally track balances by account and supporting reference
 - Open Account Balances
 - Track balances by originating transactions and downstream applied transactions
 - Balances calculated and stored AFTER Accounting Program Completes



Other capabilities of SLA



SLA Supporting References

- Supporting references may be used as follows
 - Provide additional business information for balances on transactions
 - To establish a subledger balance for a particular source value or combination of source values
 - For financial and managerial analysis
- Balances can be maintained
 - Never – no balances maintained only used for tracking purposes
 - Based on Account – based on the account that is source of this supporting reference
 - Always – continuously maintains the balance for this source

SLA Supporting References

Microsoft Internet Explorer - Create Supporting Reference

Address: http://la4002.oracleads.com/OA_HTML/OA.jsp?page=/oracle/apps/xla/analyticalcriteria/webui/AnaCriPG&_ti=251753927&retainAM=Y&addBreadcrumb=Y&oaopc=12

ORACLE Journal Entry Setups

Home Logout Preferences Help Diagnostics

Open Account Balances Listing Definitions **Supporting References** Transaction Account Builder Inquiries

Supporting References >
Create Supporting Reference

Cancel Apply

* Indicates required field

Owner **User**

Code **BATCH_DETAILS**

* Name BATCH_DETAILS

Description BATCH DETAILS

Year End Carry Forward

Enabled

Maintain Balances

Based on account

Always
Based on account
Never

Supporting Reference Details

Please enter up to five supporting reference details and assign sources to each of them.

Select	*Detail Code	*Detail Name	Description	Delete
<input checked="" type="radio"/>	BATCH_CODE	BATCH_CODE	BATCH CODE	

Add detail

Source Assignments:

TIP You cannot assign more than one Source for each Event Class.

Assign Sources (4)

Application	Event Class Name	Source Name	Description	Unassign
No results found.				

Cancel Apply

Done.

Start 2 Volum... Local_inb... D:\audio\... Windows... Supporti... 3 Inter... Desktop 5:19 PM

Gotchas

- **Making the update to every Event / Event Type combination**
- **Copying the seeded definition prior to making changes**
- **Coordinating all SLA changes in the Subledger Accounting Methods**
- **For product line changes you usually have to change over 20 events or journal line assignments – very time-consuming and error-prone**
- **Test, test, test**