

SUBLEDGER ACCOUNTING – A Complete Perspective

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Presented By

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What is Subledger accounting (SLA)

Main Features of SLA

Accounting Methods Builder

Overview of Ledger Setups for SLA

Multiple Representations

Upgrade Considerations



Definition:

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

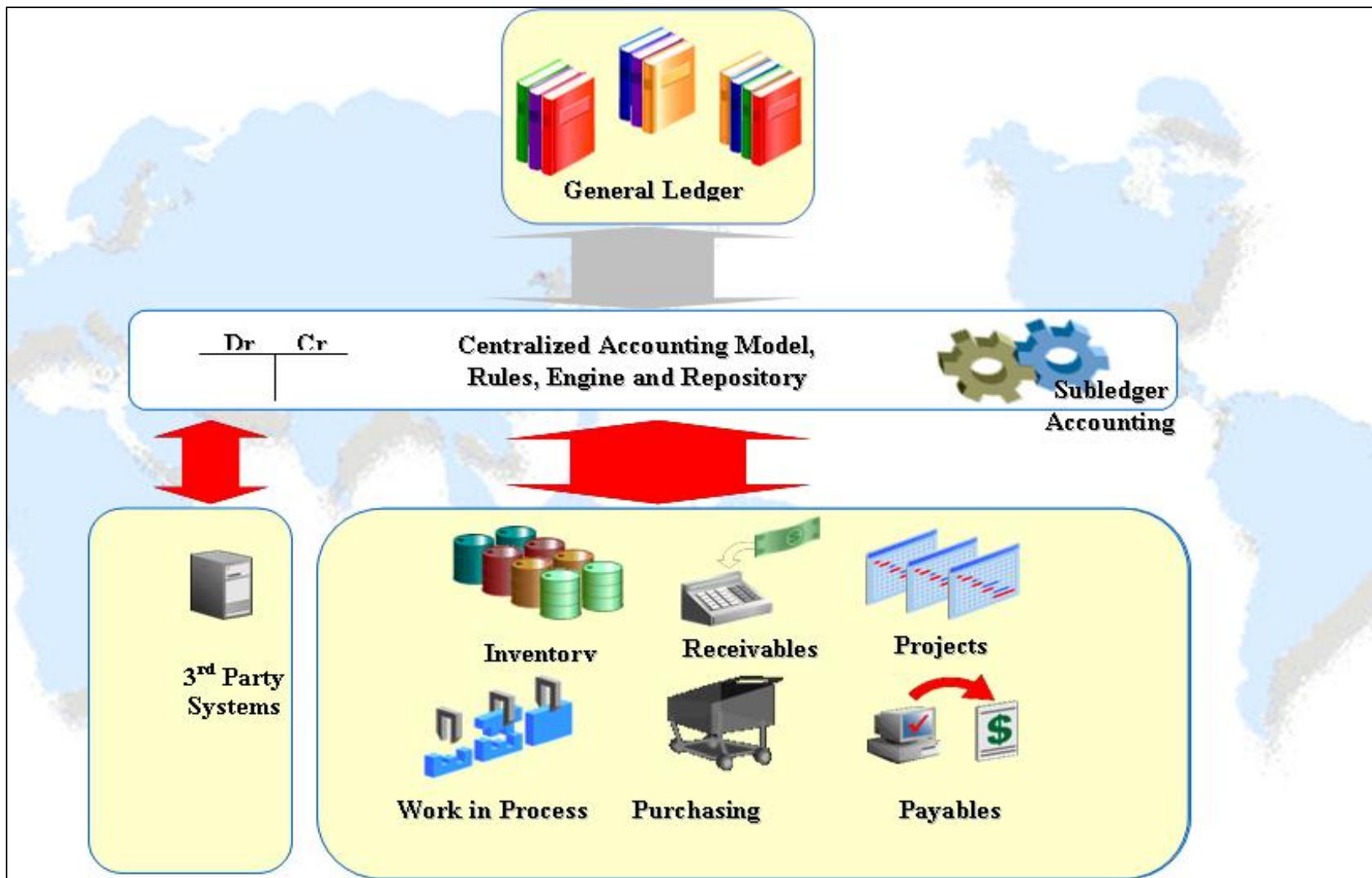


Subledger Accounting is a **Service**, not an **Application**

- ❖ Rule-based accounting engine, toolset & repository to support E-Biz modules
- ❖ There are no SLA responsibilities
- ❖ Users do not login to SLA
- ❖ SLA forms and programs are embedded within standard Oracle Application responsibilities (e.g. Payables Manager)
- ❖ SLA provides the following services to Oracle Applications:
 - **Generation and storage of detailed accounting entries**
 - **Storage of Subledger balances**
 - **Subledger accounting entries (with Bidirectional drilldown to /from transactions)**
 - **Subledger reporting**



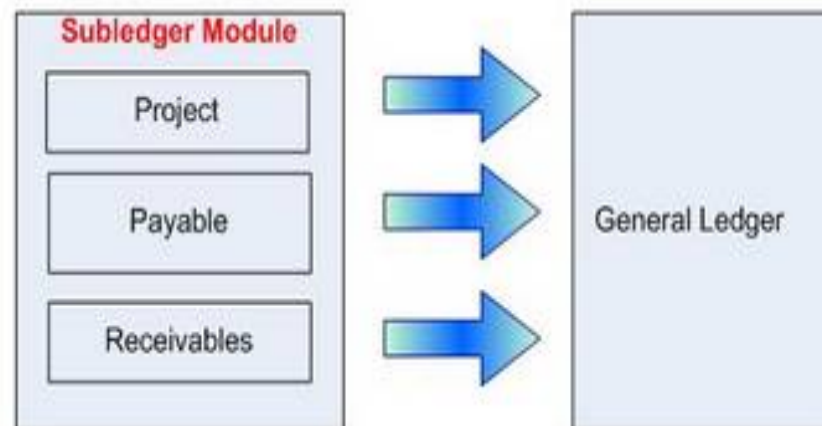
What is SLA?



- Replaces various disparate 11i setups, providing single source of truth for financial and management analysis
 - ❖ Introduces a common data model and UI across subledgers
- Highly granular level of detail in the Subledger accounting model retained
- Accounting Model separate from Transactional Model
- Catering to custom requirements of accounting of transactions in Subledgers
- Allows multiple accounting representations for a single business event
 - ❖ Optionally Post subledger accounting entries to Secondary Ledgers
 - ❖ Resolves conflicts between Corporate and Local Accounting Requirements
- **Accounting created in Draft or Final mode**
 - ❖ Draft: Review Report, Correct errors
 - ❖ Final: Transfer to GL, Post in GL

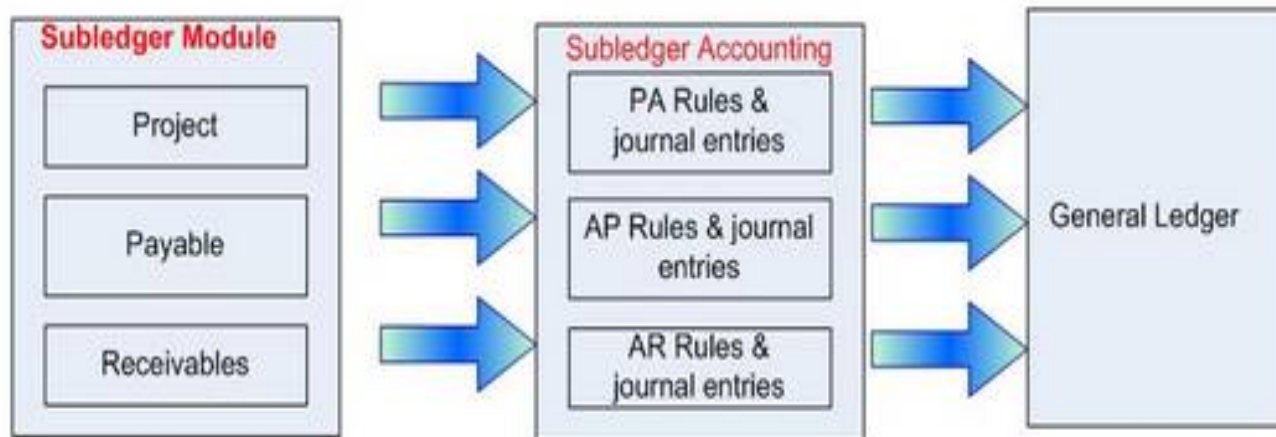
Features of SLA

Release 11i



Release 12.0

Accounting model is separated from the transaction model



Accounting Modes

Invoice Workbench (Payables, Vision Operations (USA))

Batch Control Total Batch Actual Total

aa

Operating Unit	Type	Trading Partner	Supplier Num	Supplier Site Name	Invoice Date	Invoice Num	Invoice	Invoice Amount	Tax
Vision Operations	Standard	Advantage Corp	1010	ADVANTAGE - US	01-AUG-2006	12854-3	USD	10,000.00	

1 General | 2 Lines | 3 Holds | 4 View Payments | 5 Scheduled Payments | 6 View Prepayment Applications

Total
Gross Retained Net

Num	Type	Amount	PO	Invoice Actions	Receipt Number	Receipt Line	Qu:
1	Item	5,000.00		<input type="checkbox"/> Validate <input type="checkbox"/> Validate Related Invoices <input type="checkbox"/> Cancel Invoices <input type="checkbox"/> Apply/Unapply Prepayment... <input type="checkbox"/> Pay in Full... <input checked="" type="checkbox"/> Create Accounting <ul style="list-style-type: none"> <input checked="" type="radio"/> Draft <input type="radio"/> Final <input type="radio"/> Final Post 			
2	Item	4,500.00					
3	Item	500.00					

Actions... 1

Features

- The transaction cannot be modified after creation in Final Mode
- Automatic Journal Import
- Journal Import failure - Data will be rolled back
- Journal Import and Correct forms not used
- Correction is always in the subledger.
- Reconciliation is simpler

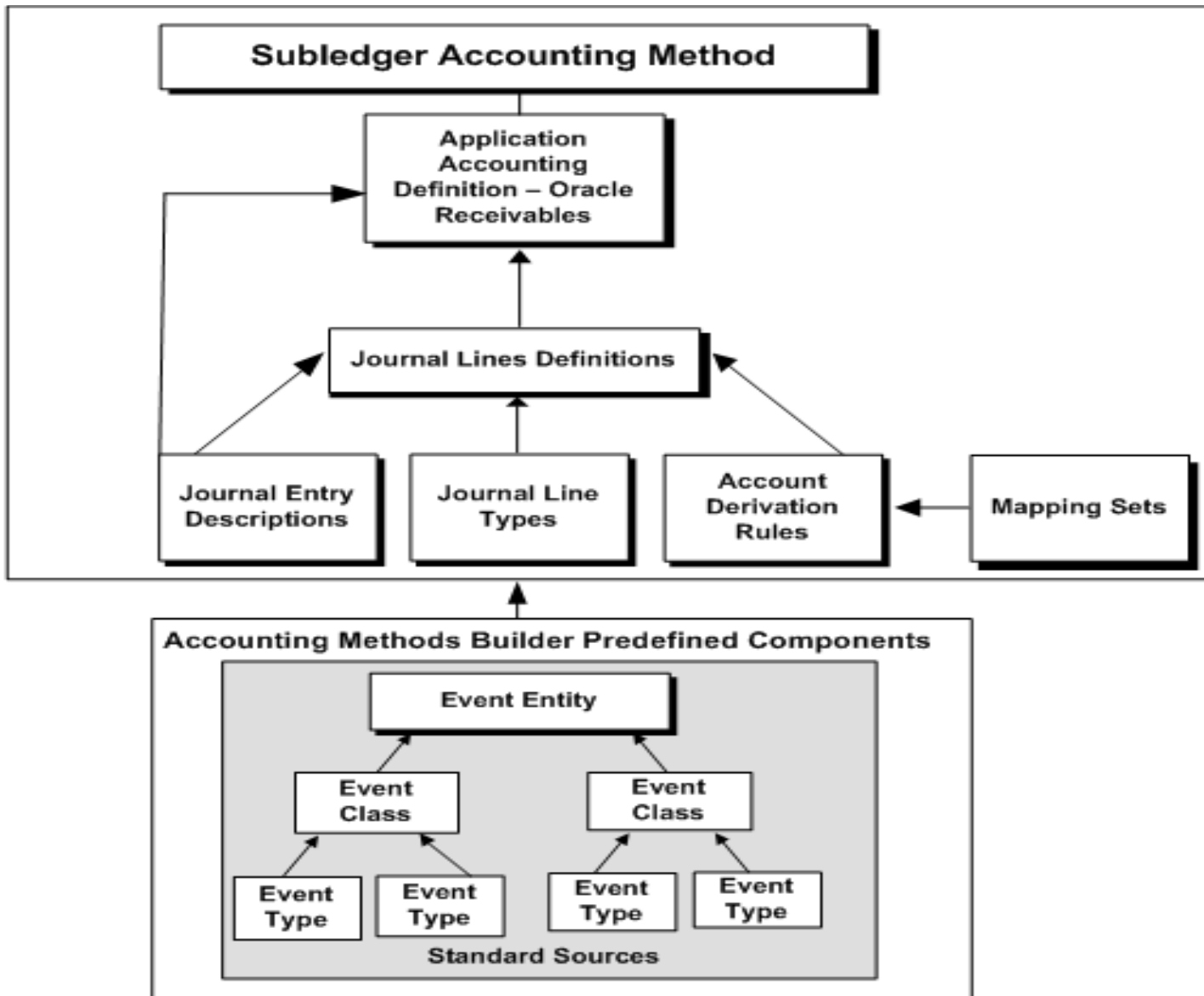
Steps

- Creates the SLA journals in Final mode
- Transfers the data to GL_INTERFACE
- Runs Journal Import
- Optionally Triggers the General Ledger Posting program

- **AMB : Acronym for Accounting Methods Builder**
- **Enables an organization to meet specific fiscal, regulatory and analytical requirements**
- **Compromises of two models**
 - ❖ Event Model
 - ❖ Accounting Model

- Define the way subledger transactions are accounted.
- Accounting options determine characteristics of JE
- Default setup provides startup Application Accounting Definitions
 - Startup definitions based on standard accounting rules in 11i
 - Startup definitions satisfy most needs
- Customization of account rules possible
 - Flexfield wise or Segment wise
 - Conditional

AMB Components



Event Model :

- **Definition of the Subledger transaction types and lifecycle**
- **Predefined Components- new components cannot be defined**
- **3 Levels**
 - ❖ Event Entity: Highest level, often 1 per Subledger
 - ❖ Event Class: classifies transaction types for accounting rule purposes
 - ❖ Event Type: for each transaction type, defines possible actions with accounting significance

Event Classes

■ Payables

- ❖ Invoice
- ❖ Debit Memo
- ❖ Prepayment
- ❖ Payments
- ❖ Refunds

■ Receivables

- ❖ Invoice
- ❖ Deposit
- ❖ Receipt
- ❖ Bill Receivable

■ Assets

- ❖ Additions
- ❖ Adjustments
- ❖ Capitalization
- ❖ Depreciation

■ Purchasing

- ❖ Requisition
- ❖ Purchase Order

Event Types

■ AP Invoice Events

- ❖ Validated
- ❖ Adjusted
- ❖ Cancelled

■ AR Receipt Events

- ❖ Created
- ❖ Applied
- ❖ Unapplied
- ❖ Updated
- ❖ Reversed

■ FA Depreciation Events

- ❖ Depreciation
- ❖ Rollback depreciation

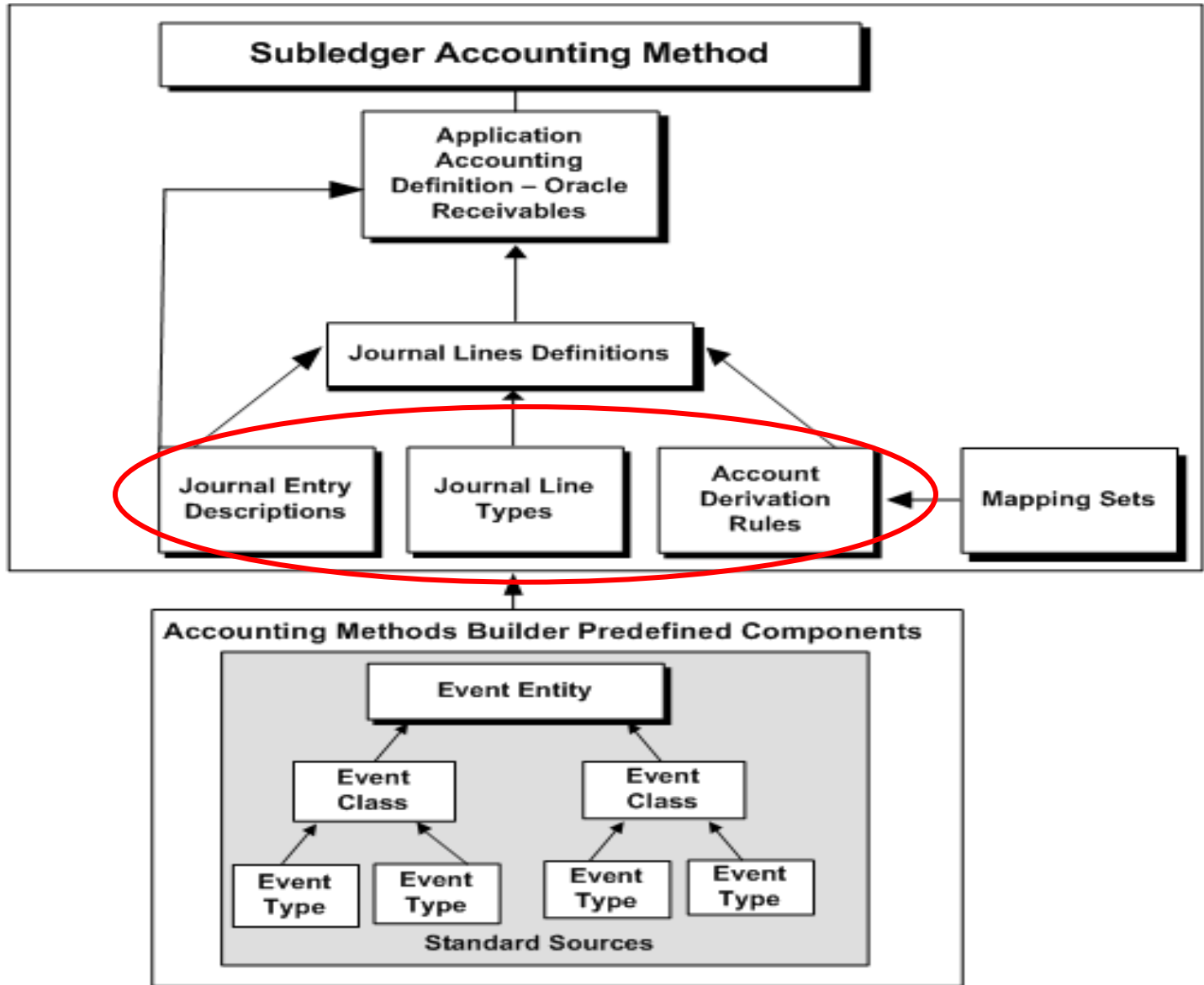
■ Purchase Order Events

- ❖ Created
- ❖ Distributed
- ❖ Cancelled
- ❖ Rejected
- ❖ Finally completed

etc

- **Events:**
 - ❖ Represent transactions that have a financial accounting impact
 - ❖ Captured when transactions are committed in the subledgers i.e. when a particular action is completed

- **Financial accounting information can be recorded for events**



Accounting Definition Model

- ❖ Startup data seeded by Oracle
- ❖ Modify these definitions or create new ones
- ❖ Copy and Modify Functionality provided
- ❖ Comprises of following components
 - **Subledger accounting methods**
 - **Application accounting definitions**
 - **Journal lines definitions**
 - **Journal line types**
 - **Account derivation rules**
 - **Journal entry descriptions**

Accounting Definition Model

- **Journal Line Types:** Control journal entry line options such as balance type, side and summarization
- **Journal Entry Descriptions:** Control the description for the journal entry headers and lines and provide additional information about the journal entry
- **Account Derivation Rules:** Control the derivation of Accounting Flexfield combinations for the journal entry lines to construct the accounts

Highest Level : Accounting Method

Subledger Accounting Methods

Method Code: Owner:

Method Name: Enabled

Description:

Chart of Accounts

Transaction: Accounting:

Application Accounting Definition Assignments

Application	Name	Owner	Start Date	End Date
Assets	Assets Standard Accounting	Oracle	01-AUG-1980	
Cash Management	Cash Management Standard Ac	Oracle	01-DEC-2005	
Cost Management	Cost Management	Oracle	01-JUN-2001	
Loans	Loans Standard Accrual	Oracle	01-JAN-1990	
Payables	Accrual Basis	Oracle	01-JAN-1951	
Process Manufacturing Fin	Process Manufacturing Financia	Oracle	19-SEP-2004	

Description:

Accounting Setups Application Accounting Definition Copy

Journal Line Types

- ❖ Control journal entry line options such as balance type, side and summarization
- ❖ Defined for a particular event class
- ❖ Determines the characteristics of the subledger journal entry lines.
- ❖ Define conditions for the use of the journal line type

Application	Payables	Owner	Oracle
Event Class	Invoices	Accounting Class	Accrual
Line Type Code	AP_ACCRUAL_INV	Rounding Class	Accrual
Name	Accrual	<input checked="" type="checkbox"/> Enabled	
Description	Accrual		

Options

Balance Type

- Actual
 Budget
 Encumbrance

Side

- Debit
 Credit
 Gain/Loss

Switch Debit/Credit Merge Matching Lines Subledger Gain/Loss

Chart of Accounts

Transaction

Business Flow

Method Class

Multiperiod

- None
 Accrual
 Recognition

Transfer to GL

- Summary
 Detail (J)

Condition

Copy

Conditions (K)

Accounting Attribute Assignments

Journal Line Types

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** Supplier Site Name **ADVANTAGE - US**
 Invoice Number **12854-3** Invoice Date **01-AUG-2006 00:00:00**
 Invoice Type **STANDARD** 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	

Line Type

Accounted Amounts

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

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

Journal Entry Descriptions

- ❖ Provide additional information about the journal entry
- ❖ Ability to control the description for the journal entry headers and lines
- ❖ Can be defined for both Subledger Header and Line
- ❖ Define the elements/contents of a description that appear on the subledger journal
- ❖ Can define the sequence in which the elements appear
- ❖ Build using any of the available sources for the application. For example, an individual segment of an Accounting Flexfield can be included in the description.

Application	<input type="text" value="Payables"/>	Owner	<input type="text" value="Oracle"/>
Journal Description Code	<input type="text" value="JE_INV_HEADER_DESC"/>	<input checked="" type="checkbox"/> Enabled	
Journal Description Name	<input type="text" value="Invoice Header Description"/>		
Transaction Chart of Accounts	<input type="text"/>		
Description	<input type="text" value="Journal entry header description"/>		

Priorities

Priority	Journal Entry Description
1	Accounting Event Type Name,Invoice Number:Invoice Number,Date:Invoice Date,Document Sequence
2	Accounting Event Type Name,Invoice Number:Invoice Number,Invoice Date:Invoice Date,Invoice Descri

Condition

Journal Entry Descriptions

Subledger Journal Entry

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		Description
Supplier Name Advantage Corp	Supplier Site Name ADVANTAGE - US	
Invoice Number 12854-3	Invoice Date 01-AUG-2006 00:00:00	
Invoice Type STANDARD	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		Line Type
Accounted DR (USD)	10,000.00	Accounted CR (USD) 10,000.00

Account Derivation Rules

- ❖ Define user specified rules to determine how a journal entry account is derived or built
- ❖ Define Accounting Options that determine different characteristics of the journal entry
- ❖ Define conditions that determine when subledger journal entry accounts and lines are created
- ❖ Control the derivation of Accounting Flexfield combinations for the journal entry lines
- ❖ Define a rule by Accounting Flexfield, segment, or value set.
- ❖ Can use both segment-based and flexfield-based rules to derive a single account.
- ❖ Uses segment-specific rules where they are defined and takes the remaining values from a flexfield-based rule

Application
 Rule Code
 Rule Name
 Description

Owner
 Enabled

Chart of Accounts

Transaction
 Accounting

Output Type

- Flexfield
- Segment
- Value Set

Priorities

Priority	Value Type	Value	Input Source	Segment
1	Source	System Discount Account		Natural Account Segme

Condition

Account Derivation Rules

Subledger Journal Entry

[View T-Account](#)

Ledger	Vision Operations (USA)	Category	Purchase Invoices
Journal Entry Status	Final	Completion Date	02-Aug-2006 15:02:53
Balance Type	Actual	Journal Entry Type	Standard
GL Date	01-Aug-2006	Description	Invoice Validated , Invoice Number: 12854-3 , Invoice Date: 01-AUG-06 , Invoice Description:

Transaction Information

Supplier Name	Advantage Corp	Supplier Site Name	ADVANTAGE - US
Invoice Number	12854-3	Invoice Date	01-AUG-2006 00:00:00
Invoice Type	STANDARD	Document Sequence Name	
		Document Sequence Number	

[Show Additional Information](#)

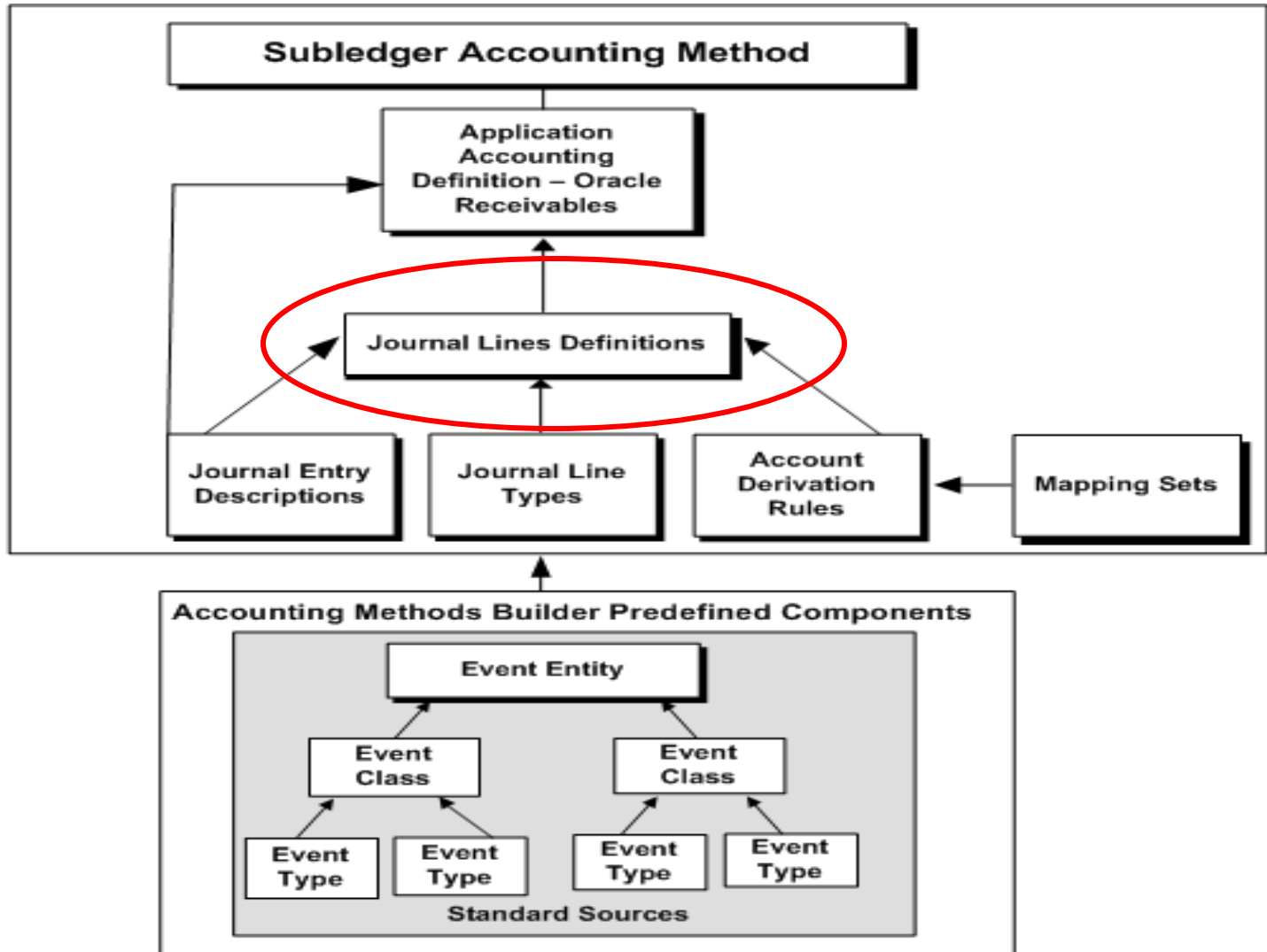
Account Derivation Rule

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	

Line Type

Accounted Amounts	
Accounted DR (USD)	10,000.00
Accounted CR (USD)	10,000.00

Journal Line Definitions



Journal Lines Definition

- ❖ Use journal lines definitions enable to create sets of line assignments for an event class or event type.
- ❖ These sets can be shared across application accounting definitions.
- ❖ Link Journal Types, Descriptions and Derivation rules by assigning account derivation rules and descriptions to journal line types
- ❖ Define multiperiod accounting rules for a journal line type

Application	<input type="text" value="Payables"/>	Event Type	<input type="text" value="All"/>
Event Class	<input type="text" value="Invoices"/>	Owner	<input type="text" value="Oracle"/>
Definition Code	<input type="text" value="ACCRUAL_INVOICES_ALL"/>	<input checked="" type="checkbox"/> Enabled	
Definition Name	<input type="text" value="Accrual, Invoices All"/>	<input type="checkbox"/> Budgetary Control	
Description	<input type="text" value="Oracle Payables Accrual Accounting Definition (A)"/>		

Chart of Accounts

Transaction	<input type="text"/>	Accounting	<input type="text"/>
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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"/>

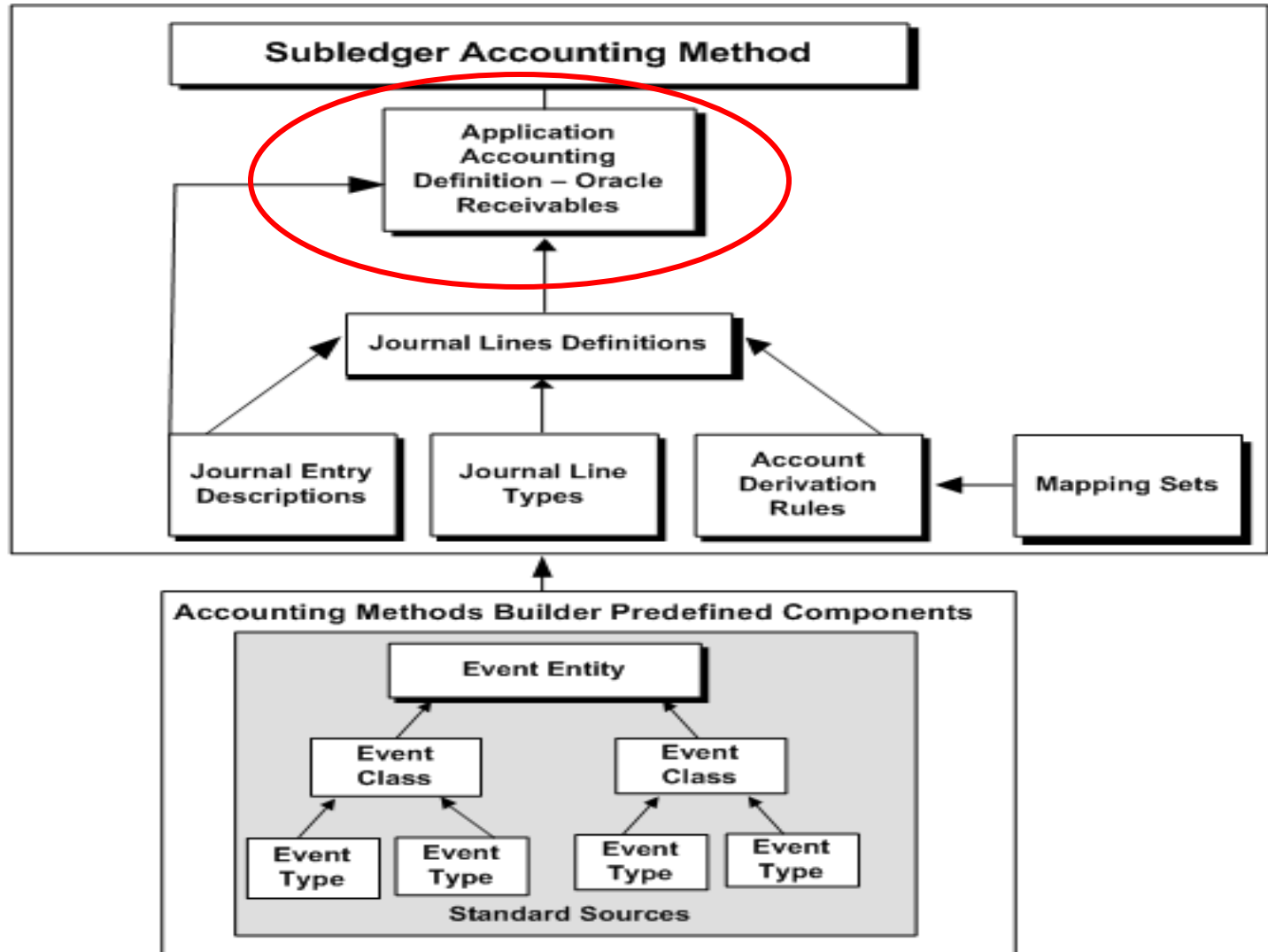
<input type="button" value="Line Type"/>	<input type="button" value="Line Description"/>	<input type="button" value="Multiperiod Accounting"/>	<input type="button" value="Copy Line Assignment"/>
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Account Derivation Rules Supporting References

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

<input type="button" value="Account Derivation Rule"/>	<input type="button" value="Supporting References"/>	<input type="button" value="Copy Definition"/>
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Application Accounting Definitions



- **Application Accounting Definitions**
 - ❖ Use application accounting definitions to group journal lines definitions and header assignments for event classes and event types.
 - ❖ Indicate whether to create accounting for a particular event class or event type e.g., when using cash basis accounting, you would not create a journal entry to record the accrual of an invoice.

Application	<input type="text" value="Payables"/>	Owner	<input type="text" value="Oracle"/>
Definition Code	<input type="text" value="ACCRUAL"/>	Version	<input type="text"/>
Definition Name	<input type="text" value="Accrual Basis"/>	<input checked="" type="checkbox"/> Enabled	
Description	<input type="text" value="Oracle Payables Accrual Basis Accounting Defin"/>		

Chart of Accounts

Transaction	<input type="text"/>	Accounting	<input type="text"/>
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Event Class and Event Type Assignments

Event Class	Event Type	Validation Status	Create Accounting	Locked
<input checked="" type="checkbox"/> Credit Memos	All	Valid	<input checked="" type="checkbox"/>	<input type="checkbox"/>
<input type="checkbox"/> Debit Memos	All	Valid	<input checked="" type="checkbox"/>	<input type="checkbox"/>
<input type="checkbox"/> Future Dated Payments	All	Valid	<input checked="" type="checkbox"/>	<input type="checkbox"/>
<input type="checkbox"/> Invoices	All	Valid	<input checked="" type="checkbox"/>	<input type="checkbox"/>

[Header Assignments](#)

Journal Lines Definition Assignments

Journal Lines Definition Name	Owner	Description
<input checked="" type="checkbox"/> Accrual, Credit Memos All	Oracle	Oracle Payables Credit Memos (All) Accrual Definition
<input type="checkbox"/>		
<input type="checkbox"/>		
<input type="checkbox"/>		

[Journal Line Definition](#)
[Validate](#)
[Copy](#)

- **Extend the list of sources available to application accounting definitions.**
- **Using standard and system source values as parameters, write PL/SQL functions that create custom sources.**
- **Define custom sources using seeded sources and constant values when sources required for the definition of accounting rules are not provided as seeded sources.**
- **Use the custom source defined in Account Derivation Rules.**

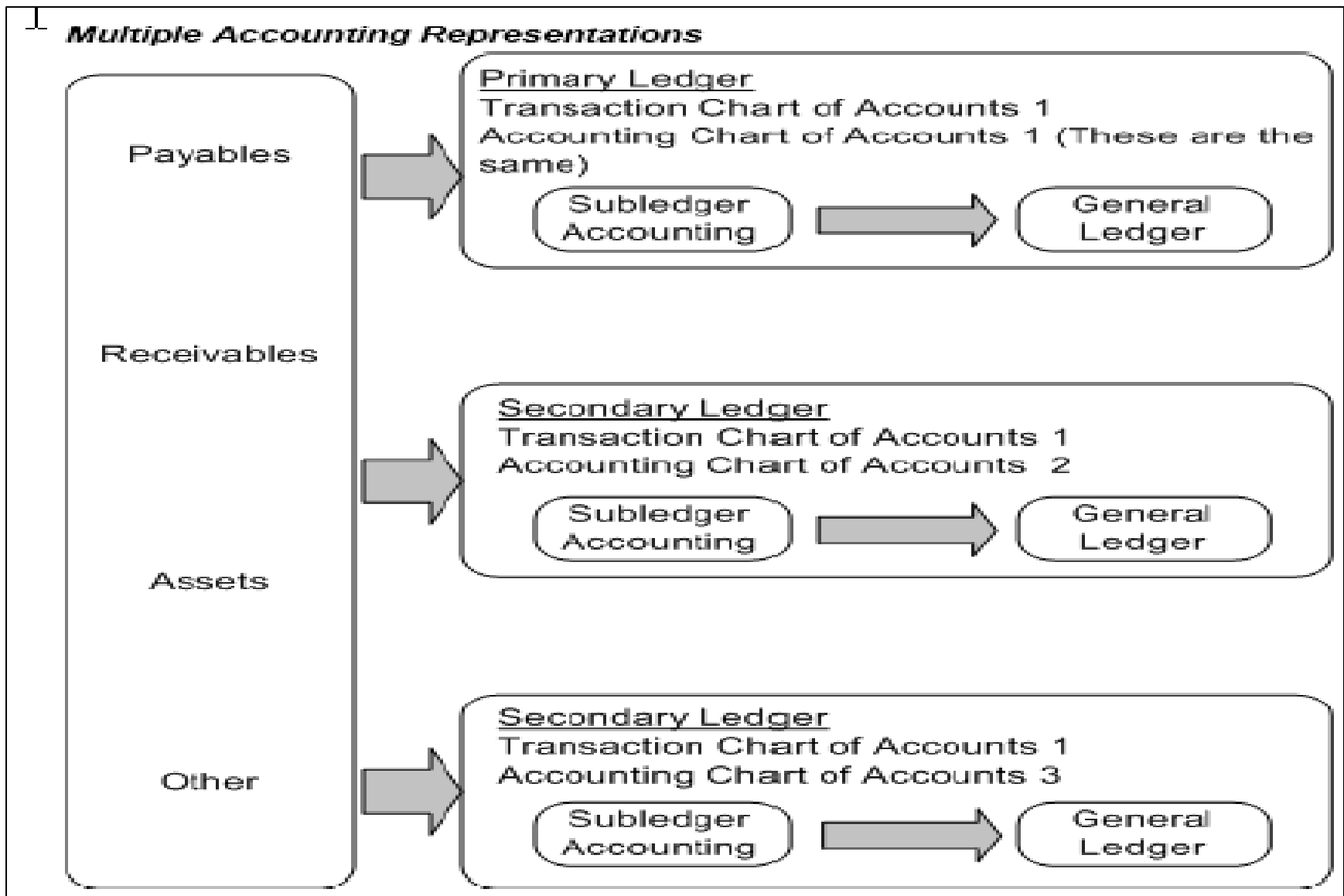
Terminologies:

- **What are Primary and Secondary Ledgers?**

- **What is an Accounting Representation?**
Combination of a Subledger Accounting Method and Ledger

- **What is a Transaction Chart of Accounts?**

- **What is a Accounting Chart of Accounts?**



Ledger > System Options

Accounting Setups > Legal Entities > Accounting Options: Vision Operations (USA) >

Subledger Applications

[Return to Accounting Options](#)

Ledger: **Vision Operations (USA)** Currency: **USD**
 Chart of Accounts: **Operations Accounting Flex** Subledger Accounting Method: **Standard Accrual**
 Calendar: **Accounting**

Application ▲	Update Accounting Options	Update System Options
Assets		
Cash Management		
Contract Commitment		
Cost Management		
Federal Financials		
Financials Common Modules		
Loans		
Payables		
Payroll		
Process Manufacturing Financials		

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[Return to Accounting Options](#)

Ledger > Accounting Options (Primary Ledger)

Update Accounting Options: Assets

* General Ledger Journal Entry Summarization

* Reversal Method

* Rounding Rule

* Third Party Merge Accounting Option

Accounting Program Defaults

Set defaults for the accounting program and determine whether they may be overridden when submitting requests.

* Accounting Program Mode

* Accounting Report Level

* Allow Mode Override

* Allow Report Override

* Transfer to GL

* Stop at Error Limit

* Allow Transfer Override

Error Limit

* Post in GL

* Allow Post Override

Event Class Options

You may override the default journal category for the event class.

Event Class	*Category	
Deferred Depreciation	<input type="text" value="Deferred Depreciation"/>	
Depreciation	<input type="text" value="Depreciation"/>	
CIP Source Line Transfers	<input type="text" value="CIP Adjustment"/>	
Reserve Transfers	<input type="text" value="Adjustment"/>	
Source Line Transfers	<input type="text" value="Adjustment"/>	
...	<input type="text"/>	

Ledger > Accounting Options (Secondary Ledger)

Accounting Setups | **Legal Entities**

Accounting Setups > Add Secondary Ledgers > Accounting Options: Vision Operations (USA) > Subledger Applications >

Update Accounting Options: Assets

* Subledger Accounting Enabled

* General Ledger Journal Entry Summarization

* Reversal Method

* Use Primary Ledger Amounts

* Rounding Rule

* Third Party Merge Accounting Option

Event Class Options

You may override the default journal category for the event class.

Event Class	*Category
Deferred Depreciation	<input type="text" value="Deferred Depreciation"/>
Depreciation	<input type="text" value="Depreciation"/>
CIP Source Line Transfers	<input type="text" value="CIP Adjustment"/>
Reserve Transfers	<input type="text" value="Adjustment"/>
Source Line Transfers	<input type="text" value="Adjustment"/>
Manual	<input type="text" value="Other"/>

Primary and Secondary Ledger Mapping

Accounting Setups > Legal Entities > Accounting Setups > Update Reporting Currencies > Accounting Options: Vision Operations (USA) >

Update Primary to Secondary Ledger Mapping

Primary Ledger Vision Operations (USA) Chart of Accounts Operations Accounting Flex Accounting Calendar Accounting Currency USD Subledger Accounting Method Standard Accrual	Secondary Ledger IAS Reporting Vision Ops Chart of Accounts Operations Accounting Flex Accounting Calendar Accounting Currency USD Subledger Accounting Method Standard Accrual Data Conversion Level Subledger Status Active
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* Indicates required field

Journal Conversion Rules

* Post Journals Automatically from Source Ledger ▾

* Retain Journal Creator from Primary Ledger ▾

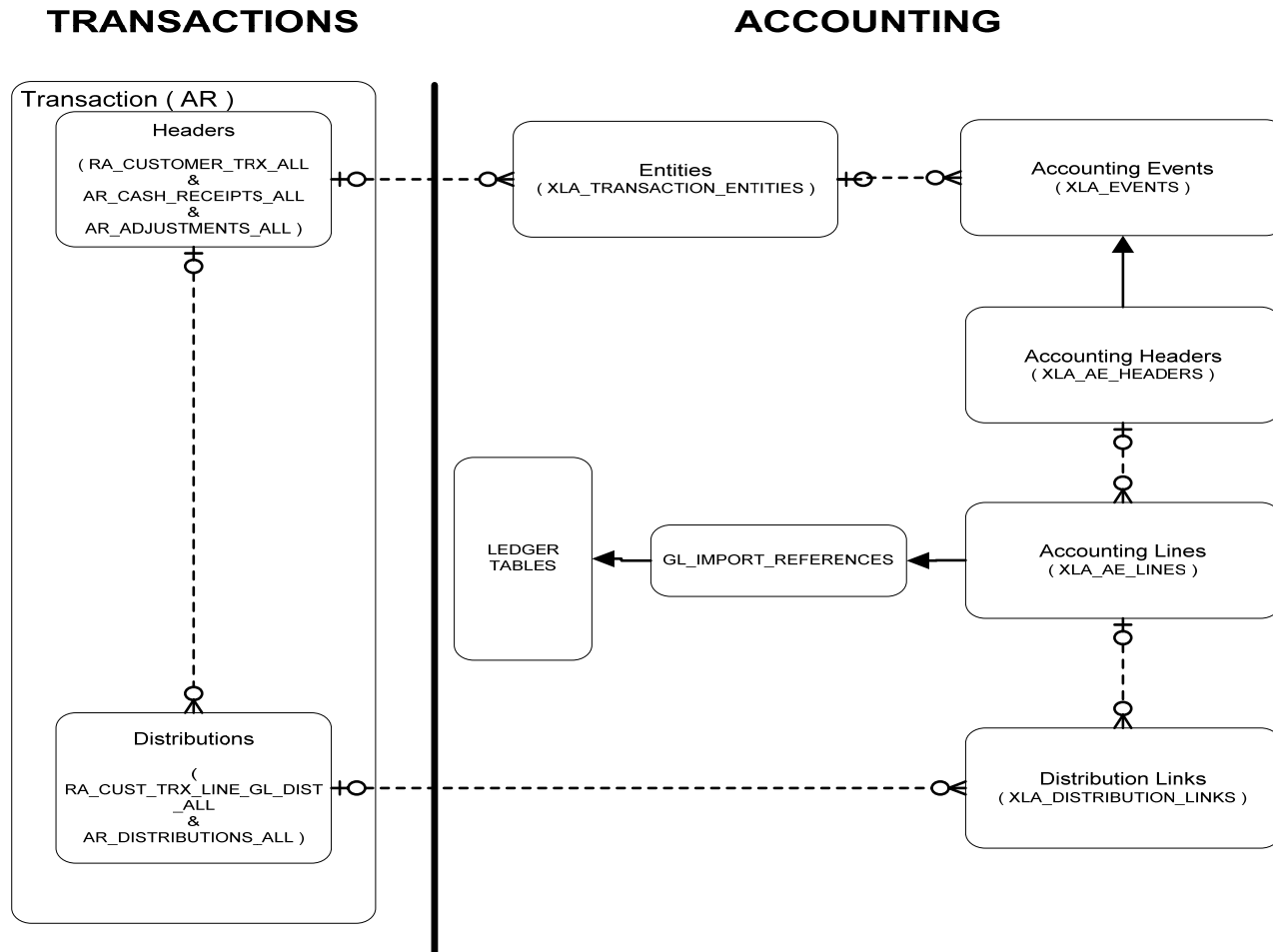
Journal Source and Category Conversion

TIP Specify the journal source and category combinations that you want automatically transferred to this ledger by General Ledger Posting. "Other" represents all other journal sources and categories.

▾

*Source	*Category	*Transfer Journals to this Secondary Ledger	Remove
Assets	Other	<input type="button" value="No"/> ▾	
Budget Execution	Other	<input type="button" value="No"/> ▾	

SLA Tables Structure



SLA Upgrade Considerations

- **By default, the R12 upgrade migrates 6 months' of accounting entries from each application to the SLA data model.**
- **You can modify this if desired**
- **For prior periods, the historical data is preserved. You can drill from General Ledger to the historical transactions using standard GL drilldown**
- **You can upgrade prior periods by request during uptime**

- **Default SLA rules preserve the accounting rules used in 11i**
 - ❖ All seeded rules are generic – not chart of accounts specific
 - ❖ In most cases, accounts are passed from Oracle Applications into SLA as sources
- **Users can optionally copy and then modify the seeded SLA rules**
- **No need to modify any seeded responsibilities**
 - ❖ If using custom menus or responsibilities, you may need to add SLA forms/reports/programs to the custom responsibilities

Questions and Open Discussions



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