

How to Setup, Use and Balance Your A/P Accrual Accounts

(or How to Manage the Accounts from Hades)

April 17th, 2008

Douglas Volz Consulting, Inc.

Helping clients use Oracle Applications since 1990

www.volzconsulting.com

Introduction

- Learn about the Oracle inventory and expense accrual processes
- Find out why these accrual processes are so important
- How many of you have difficulties with your accrual processes?
- Solve current problems you may have

Agenda

- Why are these accrual processes so important?
- What are these accrual accounts?
- Periodic vs. perpetual accruals
- Basic accounting entries for the A/P accruals
- Setup steps for the accrual processes
- Using the Accrual Reconciliation Report

Agenda (continued)

- Using the expense accrual processes
- Typical problems and issues with accruals
- Implementation and conversion issues
- Common bug fixes
- Release 12 Enhancements
- Conclusions

Why Are These Accrual Processes so Important?

- Valuable integration control
- Monitors accuracy of receiving and payables processes
- Provides a vital barometer over these activities
- Helps to ensure accurate inventory counts
- Ultimately affects your profits

What Are These Accrual Accounts?

- Principle of accrual accounting
- Timing difference between receiving and invoicing
- Represents the accrued liability from your vendors or suppliers



Periodic Versus Perpetual Accruals

- Periodic accruals occurs at month-end
- With computers came perpetual accruals
- Perpetual accruals ensure that valued quantities equals accounting entries
- Don't accrue expenses upon receipt
(unless you are a governmental agency or heavily into Project Control)



Why Not Use Perpetual Accruals for Expenses?

- Receiving inspection then includes both assets and expenses
 - Have to reclass balances

- Double the accrual entries that you need to reconcile
 - Significantly more entries to review, research, and correct
 - Increased runtime for the Accrual Reconciliation Report programs

Background Information for A/P Accruals

- May have multiple lines per PO
- May have multiple PO releases per line
- May have multiple PO distributions per line
- Four stored accounts per PO distribution

More Background Information

- Charge Account
- Accrual Account
- Variance (IPV) Account
- Budget Account

Accrual Accounting Entries

- Releases 10 to 11.5.9
 - Purchase order receipt
 - A/P Invoice match
 - PO Return to vendor
 - A/P Invoice correction
 - PO Receipt delivery
 - Expense A/P accrual
- Release 11.5.10
 - Transfer to Regular (consignment)

Accounting Entries for a PO Receipt

- Receive one item @ \$100 PO unit price

<u>Account</u>	<u>Debit</u>	<u>Credit</u>
Receiving Account	100	
A/P Accrual Account		100

<u>Receiving Value Account</u>	<u>Inventory A/P Accrual Account</u>
100	100

Accounting Entries for an A/P Invoice Match

- Same item, \$80 invoice unit price, \$100 PO unit price

<u>Account</u>	<u>Debit</u>	<u>Credit</u>
A/P Accrual Account	100	
A/P Trade Payables		80
Invoice Price Variance		20

A/P Accrual Account	A/P Trade Payables
100	80
	Invoice Price Variance
	20

Accounting Entries for a PO Return to Vendor

- Same item, \$100 PO unit price

Account	Debit	Credit
A/P Accrual Account	100	
Receiving Account		100

A/P Accrual Account	Receiving Account
100	100

Accounting Entries for an A/P Invoice Correction

- Same item, \$80 invoice unit price

<u>Account</u>	<u>Debit</u>	<u>Credit</u>
New Charge Account	80	
Old Charge Account		80

New Charge Account	Old Charge Account
80	80

Accounting Entries for PO Receipt Deliveries

<u>Account</u>	<u>Debit</u>	<u>Credit</u>
----------------	--------------	---------------

Delivery to stock inventory (PO Receipt)

Material (Subinv.) Account	XXX	
----------------------------	-----	--

Receiving Account		XXX
-------------------	--	-----

Delivery to WIP inventory (Outside Processing Receipt)

Job OSP Account	XXX	
-----------------	-----	--

Receiving Account		XXX
-------------------	--	-----

If using standard costing you may have PPV entries as well

Purchase Order Accounting Accrual Summary by T Account

<u>Transaction</u>	<u>Receiving Value</u>	<u>Inventory A/P Accrual</u>
Receipt	100	100
Delivery to Stock	100	
Invoice Match		100
	<u>Material (Subinv.) Value</u>	<u>Invoice Price Variance</u>
Delivery to Stock	100	
Invoice Match		20
		<u>Trade Payables</u>
Invoice Match		80

Accounting Entries for Inventory Consignment

Delivery to stock inventory (PO Receipt for "Transfer to Regular")

<u>Account</u>	<u>Debit</u>	<u>Credit</u>
Material (Staging) Account	XXX	
AP Accrual Account		XXX

Transfer to WIP inventory (Backflush from Subinventory above)

<u>Account</u>	<u>Debit</u>	<u>Credit</u>
WIP Material Account	XXX	
Material (Staging) Account		XXX

Available feature since Release 11.5.10

Month-End Period Accruals

- For expenses only

<u>Account</u>	<u>Debit</u>	<u>Credit</u>
Charge Account	XXX	
Expense A/P Accrual Account		XXX

- In Oracle General Ledger, reverse the accrual entry in the following month
 - Find the G/L Batch Header and click on Reverse Batch



Where You Setup the Accrual Processes

- Setup in Oracle Purchasing
- Setup in Oracle Inventory

Setup in Oracle Purchasing

- Use the Define Purchasing Options Form
 - Set Accrue Expense Items to **Period End**
 - Set the Expense A/P Accrual Account

The screenshot shows the 'Purchasing Options (Vision Operations)' window with the 'Accrual' tab selected. The form contains the following fields:

Field Name	Value
Accrue Expense Items	Period End
Accrue Inventory Items	At Receipt
Expense AP Accrual Account	01-000-2210-0000-000
Accrual Account Description	Operations-No Department-Accounts

Setup in Oracle Purchasing

- Use the Define Receiving Options form
- Set the Receiving Account for each inventory organization

Receiving Options (CM2)

Receipt Date

Days Early: 5

Days Late: 5

Action: Warning

Over Receipt Control

Tolerance: 5 %

Action: Warning

Receipt Number Options

Action	Type	Next Receipt Number
Automatic	Numeric	2036

Miscellaneous

Allow Substitute Receipts

Allow Unordered Receipts

Allow Express Transactions

Allow Cascade Transactions

Allow Blind Receiving

Receipt Routing: Direct Delivery

Enforce Ship-To: Warning

ASN Control Action: Warning

Receiving Inventory Account: 01-000-1410-000

Account Description: Vision Communications-No Department-Inventory Material Valu

When Defining Purchase Orders

- Never manually set the Accrue on Receipt Flag
- Inventory and Shop Floor Destinations: Checked

The screenshot shows the 'Shipments (Vision Operations) - 4174' window. It features a table with columns for 'Num', 'Receipt Close Tolerance (%)', 'Invoice Close Tolerance (%)', 'Match Approval Level', 'Invoice Match Option', and 'Accrue at Receipt'. The first row is selected, showing a '3-Way' match level and 'Receipt' match option, with the 'Accrue at Receipt' checkbox checked. Below the table, the 'Line Num' is 1, 'Item' is 75100001, and 'Printer Mechanism' is displayed. Buttons for 'Receiving Controls' and 'Distributions' are at the bottom.

Num	Receipt Close Tolerance (%)	Invoice Close Tolerance (%)	Match Approval Level	Invoice Match Option	Accrue at Receipt
1	0	0	3-Way	Receipt	<input checked="" type="checkbox"/>
					<input type="checkbox"/>
					<input type="checkbox"/>
					<input type="checkbox"/>
					<input type="checkbox"/>

Line Num: 1 Item: 75100001 Printer Mechanism

Buttons: Receiving Controls, Distributions

Setup in Oracle Inventory

Organization Parameters – Inventory AP Accrual Account

The screenshot shows the 'Organization Parameters (CM2)' window with the 'Other Accounts' tab selected. The window is divided into four sections for account configuration:

- Receiving Accounts:**
 - Purchase Price Variance: 01-520-5210-000
 - Invoice Price Variance: 01-520-5220-000
 - Inventory AP Accrual: 01-000-2220-000
 - Encumbrance: (empty)
- Profit and Loss Accounts:**
 - Sales: 01-520-4110-000
 - Cost of Goods Sold: 01-520-5110-000
- Project Clearance Account:**
 - Project Clearance Account: 01-000-1470-000
- Cost Variance Account:**
 - Cost Variance Account: (empty)

Caution

- Use separate accounts for each type of system account:
 - Expense A/P Accrual Account
 - Inventory A/P Accrual Account
 - Receiving Account(s)
 - Expense Purchase Order Charge Accounts
 - Other inventory, WIP and price variance accounts
- Teach your Payables staff to not use the A/P Accrual Account
 - This account should be always assigned automatically



Standard Tools for A/P Accruals

- Inventory A/P Accruals
 - Accrual Reconciliation Report – For Inventory A/P Accruals
 - Detailed comparison for how payables is matched to purchase order receipts, by item and by purchase order line
 - Write-Off Accrual Screen/Form
 - On a line by line basis, you can “mark” lines as being written-off and run a report to list the write-offs
 - Accrual Write-Off Report
 - Use this report to show the write-offs from the Write-Off Accrual Screen; used as supporting detail for the manual JEs

Standard Tools for A/P Accruals

- Expense A/P Accruals
 - Uninvoiced Receipts Report
 - Is the supporting backup for your month-end expense accruals
 - Run this report BEFORE running the Receipts Accrual – Period End program
 - Receipts Accrual – Period End program
 - This program creates your month-end expense accruals
 - Payables has to be closed BEFORE you run this month-end Purchasing program

Purpose for the Accrual Reconciliation Report

- Report all perpetual accrual account transactions
- Provide a subsidiary ledger for the general ledger balances
- Provide a tool to manage the perpetual accrual account(s)

Background Information – Up to Release 11.5.9

- Two ways to run the report:
 - With rebuilding the temporary table (Accrual Rebuild Reconciliation Report)
 - Reporting existing information in the temporary table (Accrual Reconciliation Report)
- Need perpetual accruals to run it
- All amounts reported in base and entered currency
- Multiple organizations reported
- This report uses 180 columns (landwide)
- Run with cumulative dates
 - With latest bug patches an incremental build is available



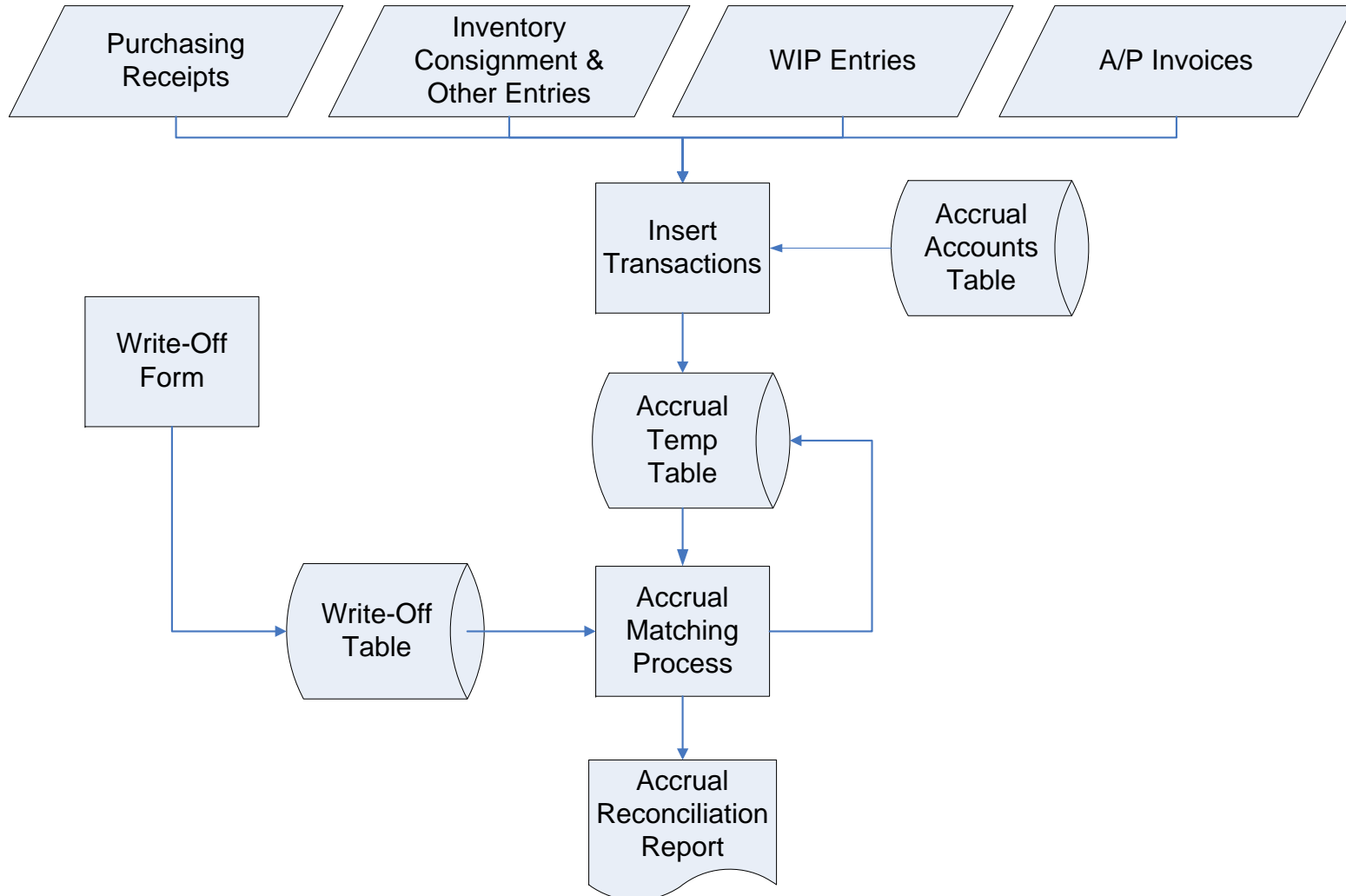
Background Information – Release 11.5.10

- Latest version allows you to incrementally rebuild the temp table month-by-month (available to 11.5.9 as well!)
- Rebuild the temporary table, incrementally
(Accrual Reconciliation Rebuild – No Report)
- Then report existing information from the temporary table
(Accrual Reconciliation Report)
- The Accrual Reconciliation Report sets the net PO line amount and aging date (first activity date) information in the table
- This version of the Accrual Reconciliation Report uses 240 columns (Landwide240)

How the Accrual Rebuild Works

- Determines the install status
- Select valid accrual accounts
- Finds all accrual entries and inserts into a temporary table
- Matches invoices to receipts
- Determines the “write-off” condition
- Calculates PO line control totals
(in Release 11.5.10 only done by the report submission)
- Calculates “IPV” for A/P entries not matched to POs
- Prints the report (separate report request in 11.5.10)

How the Accrual Rebuild Works



Sample Accrual Reconciliation Report

SAMPLE_SOB
Sort By Item+

Accrual Reconciliation Report
From 01-NOV-07 To 01-Jan-08 (USD)

Report Date: 02-JAN-2008 08:34
Page:101

Account: 010-00-2220-000-00-30-00

PO Number	Vendor	Accrual Transaction	Src Org	Document Date	Document Number	Line Unit	Transaction Quantity	Unit Price	Transaction Amount	Invoice Price Variance	Net Accrual Balance
Item: BBBB Description: Test item number for sample report											
103	GRANGER	Receive	PO*	A01 17-NOV-07	117	1 Metr	-500	5.4175	-2,708.75		-2,708.75
	GRANGER	Receive	PO*	A01 17-NOV-07	118	1 Metr	-500	5.4175	-2,708.75		-2,708.75
	GRANGER	Receive	PO*	A01 17-NOV-07	125	1 Metr	-500	5.4175	-2,708.75		-2,708.75
	GRANGER	Receive	PO*	A01 17-NOV-07	126	1 Metr	-500	5.4175	-2,708.75		-2,708.75
	GRANGER	AP Line Match	AP*	A01 20-NOV-07	394039-01	1 Metr	2,000	5.4175	10,835.00		10,835.00
PO Line Subtotal:							0		0.00	0.00	0.00
150	IBM	Receive	PO*	A01 16-NOV-07	68	1 Metr	-20	1.00	-20.00		-20.00
	IBM	Receive	PO*	A01 16-NOV-07	69	1 Metr	-15	1.00	-15.00		-15.00
PO Line Subtotal:							-35		-35.00	0.00	-35.00
153	IBM	Receive	PO*	A01 16-NOV-07	70	1 Metr	-1	1.00	-1.00		-1.00
PO Line Subtotal:							-1		-1.00	0.00	-1.00
156	IBM	Receive	PO*	A01 17-NOV-07	71	1 Metr	-1	1.00	-1.00		-1.00
PO Line Subtotal:							-1		-1.00	0.00	-1.00
157	IBM	Receive	PO*	A01 17-NOV-07	73	1 Metr	-15	1.00	-15.00		-15.00
PO Line Subtotal:							-15		-15.00	0.00	-15.00
160	IBM	Receive	PO*	A01 17-NOV-07	76	1 Metr	-4	1.00	-4.00		-4.00
PO Line Subtotal:							-4		-4.00	0.00	-4.00
Item+ Subtotal:									-56.00	0.00	-56.00
Report Total:									-121,140.20	0.00	-121,140.20

Report Summary By Source and Accrual Transaction

Source	Accrual Transaction	Report Total	Write-Off Total	Total
Purchasing	Receive	-124,015.20	0.00	-124,015.20
Accounts Payable	A/P Receipt Match	2,875.00	0.00	2,875.00
Total :		-121,140.20	0.00	-121,140.20

***** End of Report *****



Major Accrual Reconciliation Report Columns

- Accrual Transaction Column
- Transaction Amount Column
- Invoice Price Variance
- Net Accrual Balance

Purchasing Accrual Transactions

- Oracle Purchasing transactions
 - Receive
 - Deliver
 - Match
 - Return to Vendor

Payables Accrual Transactions

- A/P Line Match – A/P matched to a PO line where a PO receipt exists on the same line
- A/P PO Match – A/P matched to the PO but the receipt is on a different line
- A/P Item Match – A/P matched to a PO but the receipt went to a different PO and PO line – means the invoice may be matched incorrectly
- A/P No Match – A/P invoice matched correct, but there are no PO receipts



Payables Accrual Transactions (Continued)

- A/P No Item – A/P invoice matched to a PO that has an invalid item number (usually a data conversion issue)
- A/P No PO – A/P not matched to a PO (should be expensed or re-matched)
- A/P Receipt Match - the A/P invoice matches to a PO line which has receipts. You only see this simplified Accrual Transaction when you choose **No** for the Full AP Classification option.
- Invoice Price Variance
- Exchange Rate Variance

Other Accrual Transactions

- Oracle Inventory transactions
 - Any other transaction to the A/P Accrual Account
 - Starting in Release 11.5.10 – Inventory Consignment entries called “Transfer to Regular”
 - Shop Floor Move backflushes from “staging” Subinventory
 - Material consumption transactions transfers ownership while performing a PO receipt into the “staging” subinventory”

- Oracle Work in Process transactions
 - Any other transaction to the A/P Accrual Account



Transaction Amount Column

- The debit or credit from the subledger
- If no entries are screened out, the report total equals your subledgers
- However, you usually use the “Report Summary by Source and Accrual Transaction” section to tie back to your subledgers

Invoice Price Variance Column

- Used to report incorrect transactions, such as:
 - A/P No PO
 - A/P No Item
 - Invoice Price Variance coded to the A/P Accrual Account
 - Exchange Rate Variance coded to the A/P Accrual Account

Net Accrual Balance Column

- Equals the Transaction Amount less the Invoice Price Variance column
- Represents the net amount you should have in your A/P Accrual Account

Accrual Reconciliation Report Parameters

- Report parameters
 - Include All Transactions
 - Transaction Amount Tolerance
 - Transaction Quantity Tolerance

- Other screening parameters
 - Include Written Off Transactions, Aging Number of Days
 - Item, Vendor and G/L Date ranges

Background Information – Up to Release 11.5.9

- Parameters Screen for both the rebuild and running the report

Parameters

Set of Books Currency **USD** Vision Operations (USA)

Title **Report from the Rebuild Request in 11.5.9**

Sort By **Item+**

GL Dates From **01-JAN-2007**

To **31-OCT-2007**

Items From

To

Vendors From

To

Include All Transactions **No**

Transaction Amount Tolerance **0**

Transaction Quantity Tolerance **0**

Include Written Off Transactions **No**

Aging Number of Days

OK Cancel Clear Help

Transaction Amount and Quantity Tolerance Parameters

- Used to limit reported information
- Used to screen out small PO line differences
- Both parameters have to be met
- Specify absolute amount and quantity tolerances

Include All Transactions

- **Yes** disables the Transaction Amount and Transaction Quantity parameters
- **No** enables the Transaction Amount and Transaction Quantity parameters

Rel. 11.5.9/11.5.10 Accrual Reconciliation Report Parameters

- Rebuild Program Changes (Note: you will need bug patches for this)
 - Incremental Build (from patches on MetaLink Note: 427771.1)
 - The Accrual Reconciliation Rebuild uses transaction date range for deleting prior entries in the temp table
 - This gives you the ability to incrementally add transactions to your A/P Accrual Temp table.
 - New Parameter – Full AP Classification (MetaLink Note: 427771.1)
 - Yes – uses the same A/P Accrual Code classifications as before
 - No – simplifies the A/P Accrual Code classifications to:
 - A/P PO Match - The invoice is created by matching to a PO
 - A/P Receipt Match - The invoice is created by matching to a receipt
 - A/P No PO - The invoice is not matched.
 - New Parameter – Accrual Account (MetaLink Note: 427771.1)

Process Problems for Receiving

- Why receipts do not equal invoices
 - Wrong receipt quantities
 - Receiving goods to the wrong PO line or PO
 - Trying to receive or return goods using miscellaneous inventory transactions
 - Routine over receipts with correct invoice quantities

Process Problems for Payables

- Why invoices do not equal receipts
 - Incorrect invoice quantities (UOM is wrong, etc.)
 - Payables not processing debit memos correctly
 - Expenses, invoice price or exchange rate variances miscoded
 - Payables matching the invoice to the wrong PO, PO line or PO Release
 - Not matching invoices to POs at all



Process Problems for Purchasing

- Why invoices may not be processed correctly
 - Purchase orders prematurely closed or “final closed”
 - Purged purchase orders
- Incorrect purchase order unit prices
- Late or no purchase orders created for the receipt

How to Balance the Accrual Reconciliation Report

- Only picks up transactions available to the general ledger
- Use the “Report Summary by Source and Accrual Transaction” to balance to the general ledger
- The Report Summary Total column must agree to your subledgers
 - **Caution:** the “Report Summary by Source and Accrual Transaction” section does not list accounts. If you use separate accounts for your inventory organizations you may require a custom summary report to break out this information by account.

Subledger Reports for Balancing

- Receiving Account Distribution Report
- Account Analysis Report with Payables Detail (Payables Account Analysis Report)
- Material Distribution Summary Report
- WIP Account Summary Report
- Or, use a custom *G/L Summary by Journal Source and Category Report* (www.volzconsulting.com) and compare directly to the Accrual Reconciliation Report



What to Check If the Perpetual Accruals do Not Balance

- Latest version for the A/P and PO subledger reports
- Latest version for the Accrual Reconciliation Report
- Check for any conversion issues
- Check for manual G/L journal entries
- With IT assistance, review your Purchase Order Distribution Accounts and “Accrue on Receipt” settings

How to Run the Expense Accrual Programs and Reports

- Run the Uninvoiced Receipts Report by specifying
 - Accrued Receipts:
 - **No** (before running the month-end process),
 - **Yes** (after running the month-end process),
 - Include On-line accruals: **No**
 - The desired **Period Name**
 - And the desired sort selection (purchasing **Category** or **Vendor**)

How to Run the Expense Accrual Programs and Reports

- Run the Receipt Accruals – Period-End program after A/P is closed
 - Enter the Minimum Accrual Amount
 - Leave Supplier and Item Category information blank
 - Select the accounting period (A/P has to be closed)
 - When Purchasing is closed the expense receipts are unmarked

How to Balance the Receipt Accrual - Period End Process

- Use careful cut-off controls for receipt and invoice transactions
- Close purchase orders and lines **after** you have reconciled the Expense A/P Accrual Account
- Uninvoiced Receipts Report should agree to your Receipt Accruals - Period-End journals
 - Goes directly into your General Ledger Interface table
 - Journal source is “Purchasing”
 - Journal category is “Accruals”

Make sure you match your expense A/P invoices to your expense PO receipts

If the Accrual Reconciliation Rebuild Takes Too Long to Run

- Check for identical system accounts
- Ask your database administrator if there is enough shared memory (or SGA)
- Make sure you have the latest version for the Accrual Reconciliation Report (POXACREC.rdf)

If the Accrual Reconciliation Report Is Too Large

- Check for identical system accounts
- You may have too many cumulative accrual transactions
 - Use the amount and quantity parameters
 - Use the G/L Date From and To parameters to reduce the report
 - **Caution:** non-cumulative G/L Dates ranges may leave out needed transactions
 - Latest Cumulative Patch - Note:427771.1

New Feature for Releases 11.5.9 and 11.5.10 – Run the Rebuild Monthly not Cumulatively



If the Accrual Reconciliation Report Is Too Large

Use the Write-Off Form – 11.5.9

The screenshot shows a window titled "Find Write-Off Transactions (Vision Operations)". The form is organized into two columns of input fields. The left column includes fields for Source (highlighted in yellow), Item, PO Number, Document Number, Destination Type, Quantity, and From Date. The right column includes fields for Account, Description, Document Order Line, Document Line, To Date, and two checked checkboxes: "Include Write-Offs" and "Matched to Purchase Order". A "Find" button is located at the bottom right of the form area.

If the Accrual Reconciliation Report Is Too Large

Use the Write-Off Form – 11.5.10.x

- Three new features
 - Auto-Select Results for Write-Off – no more manual checkbox clicking to write-off all selected transactions
 - You can select AP and PO at the same time for write-off
 - More selection criterion: shipment number, PO distribution number, transaction id

If the Accrual Reconciliation Report Is Too Large

Use the Write-Off Form – 11.5.10.x

The screenshot shows the 'Find Write-Off Transactions (Vision Operations)' window. It contains two columns of input fields: Source (Source, Item, PO Number, PO Shipment, Invoice Number, Receipt Number, From Date, Destination Type, Quantity, Matched to PO) and Account (Account, Description, PO Line, PO Distribution, Invoice Line, Transaction ID, To Date). There are two checkboxes: 'Include Write-Offs' and 'Auto-Select Results for Write-Off', both of which are circled in red. A 'Find' button is located at the bottom right of the main window. An inset dialog box titled 'Write-Off Source' is open, showing a 'Find %' field and a list of source options: AP, AP and PO (highlighted in blue and circled in red), All, INV, PO, and WIP. The dialog box also has 'Find', 'OK', and 'Cancel' buttons.

If You Need to See PO Release Information Before R12

- Use a custom Accrual Reconciliation Report from www.volzconsulting.com
 - Inventory A/P Accruals by PO and PO Release
 - Freeware. Please acknowledge the author in your documentation.

- Upgrade to Release 11.5.10.2
 - The Release 11.5.10 Accrual Reconciliation Report Shows PO Release information, see MetaLink Note: 427771.1

Implementation Issues (Mistakes You Don't Want to Make)

- Sharing system accounts
- Badly defined receiving and payables processes
- Little or no system testing for your accrual processes
- After “go live”, late review for the first Accrual Reconciliation Report

If your company has badly defined and/or badly executed PO Receipt and A/P Invoice Match processes you will have a mess!



Conversion Issues (More Mistakes You Don't Want)

- Not setting the receipt on accrual flag correctly for the PO Distribution (PO_DISTRIBUTIONS_ALL)
 - Inventory and Shop Floor destination types always set to “Y”
 - Expense destination types set to “Y” only if you accrue expenses at time of receipt
- Not correctly matching invoices to receipts
 - Need a valid PO_DISTRIBUTION_ID in AP_INVOICE_DISTRIBUTIONS_ALL
 - REFERENCE3 in RCV_RECEIVING_SUB_LEDGER must join to PO_DISTRIBUTION_ID column in PO_DISTRIBUTIONS_ALL

Common Technical Issues for Accrual and Related Processes

- Any 11i Release
 - Running out of Extents
 - MSG-00111: ORA-01654: unable to extend index
 - Get your DBAs to look at tablespace for Purchasing / PO_ACCRUAL_RECONCILE_TEMP_ALL
 - THE ACCRUAL WRITE-OFF REPORT (POXACWRO.RDF) HAS ADDITIONAL LINES BETWEEN THE ROWS
 - Get the patch from bug number 5943445



Common Technical Issues for Accrual and Related Processes

- Release 11.5.10 and 11.5.10.2
(Note:433950.1, always check MetaLink)
- Wrong Printer Setup – Needs Landscape240
 - APP-FND-00314: Invalid printer and print style combination
 - REP-1212: Object 'Body' is not fully enclosed by its enclosing object 'P_title'.
 - Accrual Reconciliation Rebuild Errors with REP-1212 Even After Applying Latest Patches (Note:433950.1)



Common Technical Issues for Accrual and Related Processes

- Release 11.5.10 and 11.5.10.2
(Note:456406.1 , always check MetaLink)
- “Transfer To Regular” Inventory Consignment Entries Not Showing Supplier PO Information on the Accrual Reconciliation Report
- Steps to Replicate:
 - Enter and approve a blanket purchase agreement
 - Do a WIP Component Issue (backflush or manual)
 - Run Create Consumption Advice (creates a blanket release)
 - Run transfer to GL from inventory
 - Run Accrual Reconciliation Rebuild – No Report
 - Run Accrual Reconciliation Report
 - The report has no supplier name and no PO numbers for these transactions



Common Technical Issues for Accrual and Related Processes

- Release 11.5.9, 11.5.10 and 11.5.10.2 (always check MetaLink)
- Latest Cumulative Patch - Note:427771.1 (Fixes as of January 9, 2008)
 - Apply [Patch 5109317](#) ("CONSOLIDATED FIXES FOR THE ACCRUAL RECONCILIATION REPORT").
 - Apply [Patch 5161329](#) ("CST:POXACRCR ACCRUAL REBUILD RECONCIL RPT ERRORS FOR A LARGE PERIOD").
 - Apply [Patch 5200436](#) ("Consigned Inv consolidated bugfix patch -- CORRUPT CONSUMPTION ADVICE RELEASES CREATED").
 - Apply [Patch 5715136](#) ("ACCRUAL RECON REPORT (POXACREC) DOES NOT DISPLAY THE BLANKET RELEASE NUMBER").
 - Apply [Patch 6618320](#) ("POXACREC GENERATES OLD DATA WITH NLG CURRENCY")

Release 12 Enhancements - Major Rewrite for A/P Accruals

- Each month's accrual entries are loaded incrementally
 - No more cumulative loading each month for the Accrual Temp table (no longer temporary)
 - PO and A/P entries which balance to zero are matched and removed
 - Much better performance and less tablespace too
- Separately define what are valid A/P Accrual Accounts
 - Easier to exclude invalid PO and A/P entries
- Matching is done at the PO distribution level (effectively at the PO Release level when using PO Releases)

Release 12 Enhancements - Major Rewrite for A/P Accruals

- Summary and Detail Accrual Reconciliation Reports
 - Summary reporting by account
 - Detail reporting with separate headings from report detail
 - Uses XML Publisher – reports can be downloaded into Excel
 - Separate reports for matching vs. non-matching miscellaneous entries (A/P, Inventory entries)
- Ability to do mass A/P Accrual Write-Offs
 - Write-offs use SLA (sub-ledger architecture) and now create journal entries
 - Can do write-offs at the PO distribution level
 - With better write-off reporting

Conclusions

- These accrual processes are very important in ensuring your margins are accurate
- Proper implementation and data conversion is essential
- Requires accurate receiving and A/P matching processes
- Release 12 has major enhancements to consider

Where to get more information

- www.volzconsulting.com
 - *How to Setup, Use and Balance Your A/P Accrual Accounts* MS word document
 - SQL Report Examples for Your Use
(SQL scripts are free to use providing you acknowledge the author)
 - Inventory A/P Accruals by PO and PO Release
 - G/L Summary by Journal Source and Category
- OAUG Discrete MFG Cost Sub-SIG: <http://discretedig.oaug.org/CostManagement.htm>
- Oracle Corporation
 - Metalink: FAQ For On Line Accruals And Accrual Reconciliation Reports
Note: 433683.1
 - Oracle Purchasing User Guide
 - Oracle Cost EBS Public Forum: <http://forums.oracle.com/forums/forum.jspa?forumID=414>



Acknowledgements of kind assistance:

People who have contributed to or influenced these materials:

Sharon Widmer, Manager, Hitachi Consulting

Espen Ingvaldstad, Cost Controller, Onninen AS

Corporate Accounting Staff at Beckman Coulter

Michel Bazinet, Director Product Costing Strategy, Oracle Corporation

Solution Beacon, Alicia Hoekstra, Public Vision Databases:
http://www.solutionbeacon.com/tools_vision.htm



Thank You for Your Attendance and Participation

Douglas A. Volz

Douglas Volz Consulting, Inc.

Helping clients use Oracle Applications since 1990

US Cell: +1 510 755-7050

davolz@comcast.net

www.volzconsulting.com

Appendix

- Professional Background for Douglas Volz

Douglas Volz

Professional Background

Doug Volz is a Senior Architect and Advisor for Oracle Application projects, with a particular interest in Project and Cost Management. He has 27 years accumulated experience, including 5 years in Oracle Development (co-designing Oracle Cost Management) and 12 years in industry in Cost and Accounting Management positions. His Manufacturing and Cost systems experience covers project management, software design/development, delivery and consulting services, for both Oracle Corporation, and multiple international consulting firms. Prior to his systems career, Mr. Volz also held numerous management accounting positions for telecommunications, defense, and electronics companies.

In his consulting roles, Doug has served over 100 clients. Many of these were multi-org, multi-currency with global footprints. Countries include US, Mexico, UK, Netherlands, Belgium, Taiwan, P.R.O.C., Norway, Japan and Germany.

Doug leads the Cost Sub-Committee, for the Oracle Applications User Group for Discrete Manufacturing. He also advises and participates on the Oracle Customer Advisory Board for Fusion Costing (Post Release 12).

Core Expertise

- Multi-organization, Multi-currency ERP Implementations
- Project Management and Senior Project Advisor
- Core manufacturing processes
 - ▶ Cost Management
 - ▶ Inventory
 - ▶ Bills of Material
 - ▶ WIP
- Systems Integration and Systems Selection
- Data Conversions

Experience

Sample of clients served:

- Beckman Coulter (US)
- Onninen AS (Norway)
- Matsushita (UK, Mexico)
- NTL (now Virgin Media)
- Idec Izumi (Japan)
- Motorola (UK, US)
- Logitech (US, Taiwan, P.R.C.)

End of Presentation