

Introduction to the Subledger Accounting Engine on Oracle R12

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Agenda

- Introduction
- Subledger Accounting
- Standard Payables Accounting vs. The Business Need
- Configuring Subledger Account in Payables
- Conclusion
- Q & A

Introduction

- Thomas Simkiss, Jr., J.D., CPA
 - 11 years Oracle Experience as an end user and implementation consultant
 - Financials, Supply Chain, Discoverer, DBI
 - Vice-President of Operations and Managing Partner with BizTech
 - CPA in NJ, Member PA and NJ Bar Association
- BizTech
 - Certified Advantage Partner
 - Offices in King of Prussia, PA, Alexandria, VA, and Bridgewater, NJ
 - Clients in CT, NH, NJ, NC, NY, DE, MD, and VA
 - Applications Implementations
 - Custom Development

Subledger Accounting

- 3 C's have been replaced by the 4 C's
 - **C**hart of Accounts
 - **C**alendar
 - **C**urrency
 - **C**onvention
 - **A**ccounting **C**onvention

Subledger Accounting (Con't)

- Accounting Convention
 - Accrual Basis
 - Cash Basis
 - Encumbrance Accounting
 - IFRS

Subledger Accounting (Con't)

- Accounting Methods Builder (AMB)
 - Journal Line Types
 - Journal Line Description
 - Mapping Sets
 - Account Derivation Rules
 - Journal Line Definition
 - Multiperiod Accounting
 - Application Accounting Definition
 - Subledger Accounting Method

Subledger Accounting (Con't)

- Assets
- Cost Management
- Payables
- Projects
- Purchasing
- Receivables

Standard Oracle Payables Accounting vs. The Business Need

Standard Payables Accounting

- What accounting can Payables create?
 - Liability Account
 - Default from Payables Options or Supplier Site
 - Automatic Offset
 - None
 - Balancing
 - Account

Automatic Offset

Chart of Accounts	Balancing Segment	Cost Center	Natural Account	Future1
Liability Account from Financial Options	100	000	2210	000
Liability Account from Supplier Site	100	000	2210	000

	Account	Amount
Invoice Distribution 1	100.200.5010.000	\$100
Invoice Distribution 2	200.300.5010.000	\$100
Automatic Offset Method		
None	100.000.2210.000	<\$200>
Balancing	100.000.2210.000	<\$100>
	200.000.2210.000	<\$100>
Account	100.200.2210.000	<\$100>
	200.300.2210.000	<\$100>

The Business Need

- Multiple Legal Entities
 - 10 Legal Entities
 - Each with its own balancing segment
- 3 'Invoice Owning' Legal Entities
 - Each pays the invoices for other entities
- Requirement:
 - One liability account for each invoice, BUT, the account can change depending on the Invoice Owning Legal Entity

The Business Need (Con't)

Standard Functionality

Invoice Owning Legal Entity	500	
	Account	Amount
Invoice Distribution 1	100.200.5010.000	\$100
Invoice Distribution 2	200.300.5010.000	\$100
Invoice Distribution 3	500.100.5010.000	\$100
Automatic Offset Method		
None	100.000.2210.000	<\$300>
Balancing	100.000.2210.000	<\$100>
	200.000.2210.000	<\$100>
	500.000.2210.000	<\$100>
Account	100.200.2210.000	<\$100>
	200.300.2210.000	<\$100>
	500.100.2210.000	<\$100>

Desired Functionality

Invoice Owning Legal Entity	500	
	Account	Amount
Invoice Distribution 1	100.200.5010.000	\$100
Invoice Distribution 2	200.300.5010.000	\$100
Invoice Distribution 3	500.100.5010.000	\$100
Automatic Offset Method		
ANY	500.000.2210.000	<\$300>

The Solution

- Oracle Subledger Accounting
 - Identify Each ‘Invoice Owning’ Legal Entity
 - Descriptive Flexfield on Invoice Header
 - Configure Subledger Accounting to create the desired accounting based on the Invoice Owning Legal Entity

Configure the Descriptive Flexfield

The image shows a series of overlapping configuration windows in Oracle EBS:

- Legal Entities** (Background): Main configuration window for legal entities.
- Descriptive Flexfield Segments** (Middle): Window for defining segments.
- Value Sets** (Foreground): Configuration for the value set 'PRM_AP_LEGAL_ENTITIES'.
 - Value Set Name: PRM_AP_LEGAL_ENTITIES
 - Description: PRM_AP_LEGAL_ENTITIES
 - List Type: List of Values
 - Security Type: No Security
- Validation Table Information** (Foreground): Configuration for the validation table 'GL_LEDGER_LE_V'.
 - Table Application: (Empty)
 - Table Name: GL_LEDGER_LE_V
 - Allow Parent Values:
 - Table Columns:

Name	Type	Size
Value	LEGAL_ENTITY_NAME	Char
Meaning		
ID	LEGAL_ENTITY_NAME	Char
 - Where/Order By: WHERE ledger_id IN 2025

Create the Mapping Set

Navigation

- Payables> Set Up> Accounting Setups> Subledger Accounting Setup: Transaction Accounting Builder Setup> Mapping Sets> New (B)

Value Type	Input Value	Output Value	Start Date	End Date	Enabled
Input		901	01-JAN-1999		<input checked="" type="checkbox"/>
Input		902	01-JAN-1999		<input checked="" type="checkbox"/>
Input		903	01-JAN-1999		<input checked="" type="checkbox"/>
Input		500	01-JAN-1999		<input checked="" type="checkbox"/>
Input		200	01-JAN-1999		<input checked="" type="checkbox"/>

Create the Account Derivation Rules

Navigation

- Payables > Set Up > Accounting Setups > Subledger Accounting Setup: Transaction Accounting Builder Setup > Account Derivation Rules > New (B)

The screenshot shows the 'Account Derivation Rules' configuration window. The fields are as follows:

- Application: Payables
- Rule Code: PRM_LE
- Owner: User
- Rule Name: Prime LE to Balancing Segm
- Enabled:
- Description: (empty)
- Chart of Accounts: Transaction (empty), Accounting (Accounting Flexfield)
- Output Type: Flexfield, Segment (selected), Value Set
- PRM COMPANY (selected)
- Priorities table:

Priority	Value Type	Value	Input Source	Segment
1	Mapping Set	Prime Legal Entity	Invoice Flexfield Segment 1	

Condition: (empty)

Buttons: Mapping Set, Conditions

Create a New Journal Line Definition

Unmodified Journal Lines – Account Automatic OffSet

Navigation

- Payables> Set Up> Accounting Setups> Subledger Accounting Setup> Accounting Methods Builder> Methods and Definitions> Journal Lines Definitions

Journal Lines Definitions

Application: Payables
 Event Class: Invoices
 Definition Code: ACCRUAL_INVOICES_ALL
 Definition Name: Accrual, Invoices All
 Description: Oracle Payables Accrual Accounting Definition (A)

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
Item Expense	Oracle	<input type="checkbox"/>	Invoice Distribution Description	Oracle	<input checked="" type="checkbox"/>
Liability with Automatic Offsets Account Segme	Oracle	<input type="checkbox"/>	Invoice Distribution Description	Oracle	<input checked="" type="checkbox"/>
Liability with Automatic Offsets Balancing Segm	Oracle	<input type="checkbox"/>	Invoice Distribution Description	Oracle	<input checked="" type="checkbox"/>
Liability, Basic	Oracle	<input type="checkbox"/>	Invoice Distribution Description	Oracle	<input checked="" type="checkbox"/>
Miscellaneous 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 checked="" type="checkbox"/>				
Natural Account Segm	<input type="checkbox"/>	Liability Natural Account Seg	Oracle	Natural account segment of the	
	<input type="checkbox"/>				

Unmodified Journal Lines – Balance Automatic OffSet

Line Assignments

Journal Line Type	Owner	Inherit Description	Line Description	Owner	Active
Item Expense	Oracle	<input type="checkbox"/>	Invoice Distribution Description	Oracle	<input checked="" type="checkbox"/>
Liability with Automatic Offsets Account Segme	Oracle	<input type="checkbox"/>	Invoice Distribution Description	Oracle	<input checked="" type="checkbox"/>
Liability with Automatic Offsets Balancing Segm	Oracle	<input type="checkbox"/>	Invoice Distribution Description	Oracle	<input checked="" type="checkbox"/>
Liability, Basic	Oracle	<input type="checkbox"/>	Invoice Distribution Description	Oracle	<input checked="" type="checkbox"/>
Miscellaneous 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"/>	Liability Account	Oracle	Liability account from the invoic	
Balancing Segment	<input checked="" type="checkbox"/>				
	<input type="checkbox"/>				

Unmodified Journal Lines – No OffSet

Line Assignments

Journal Line Type	Owner	Inherit Description	Line Description	Owner	Active
Item Expense	Oracle	<input type="checkbox"/>	Invoice Distribution Description	Oracle	<input checked="" type="checkbox"/>
Liability with Automatic Offsets Account Segme	Oracle	<input type="checkbox"/>	Invoice Distribution Description	Oracle	<input checked="" type="checkbox"/>
Liability with Automatic Offsets Balancing Segm	Oracle	<input type="checkbox"/>	Invoice Distribution Description	Oracle	<input checked="" type="checkbox"/>
Liability, Basic	Oracle	<input type="checkbox"/>	Invoice Distribution Description	Oracle	<input checked="" type="checkbox"/>
Miscellaneous 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"/>	Liability Account	Oracle	Liability account from the invoic	
	<input type="checkbox"/>				
	<input type="checkbox"/>				

Modified Journal Line Definition

Definition Code: [REDACTED]_ACCRUAL_INVOIC Owner: User

Definition Name: [REDACTED] Accrual, Invoices All Enabled

Description: [REDACTED] Budgetary Control

Chart of Accounts

Transaction: [REDACTED] Accounting: [REDACTED] Accounting Flexfield

Line Assignments

Journal Line Type	Owner	Inherit Description	Line Description	Owner	Active
Item Expense	Oracle	<input type="checkbox"/>	Invoice Distribution Description	Oracle	<input checked="" type="checkbox"/>
Liability with Automatic Offsets Account Segme	Oracle	<input type="checkbox"/>	Invoice Distribution Description	Oracle	<input checked="" type="checkbox"/>
Liability with Automatic Offsets Balancing Segm	Oracle	<input type="checkbox"/>	Invoice Distribution Description	Oracle	<input checked="" type="checkbox"/>
Liability, Basic	Oracle	<input type="checkbox"/>	Invoice Distribution Description	Oracle	<input checked="" type="checkbox"/>
Miscellaneous 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
All Segments	<input type="checkbox"/>	Liability Account	Oracle
PRM COMPANY	<input type="checkbox"/>	[REDACTED] to Balancing Segr	User

Account Derivation Rule Supporting References Copy Definition

Liability, Basic journal line type modified to derive All Segments from the default liability account, and the PRM Company Segment from the Prime to Balancing Segment Rule.

Create the Application Accounting Definition

Unmodified Accounting Definition

Navigation

- Payables>Set Up>Accounting Setups>Subledger Accounting Setup>Accounting Methods Builder>Methods and Definitions>Application Accounting Definitions

Application Accounting Definitions

Application: Payables
 Definition Code: ACCRUAL
 Definition Name: Accrual Basis
 Description: Oracle Payables Accrual Basis Accounting Defn
 Owner: Oracle
 Version:
 Enabled

Chart of Accounts
 Transaction:
 Accounting:

Event Class and Event Type Assignments

Event Class	Event Type	Validation Status	Create Accounting	Locked
Credit Memos	All	Valid	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Debit Memos	All	Valid	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Future Dated Payments	All	Valid	<input checked="" 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
Accrual, Credit Memos All	Oracle	Oracle Payables Credit Memos (All) Accrual Definition

Journal Line Definition Validate Copy

Modified Application Accounting Definition

Application Accounting Definitions

Application: **Payables**
 Definition Code: **_ACCRUAL**
 Definition Name: **Accrual Basis**
 Description: **Payables Accrual Basis Definition with cl**
 Owner: **User**
 Version:
 Enabled

Chart of Accounts
 Transaction:
 Accounting: **Accounting Flexfield**

Event Class and Event Type Assignments

Event Class	Event Type	Validation Status	Create Accounting	Locked
Credit Memos	All	Valid	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Debit Memos	All	Valid	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Future Dated Payments	All	Valid	<input checked="" 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
Accrual, Credit Memos All	User	Payables Credit Memos (All) Accrual Definition

Note: we are using the user defined journal lines, not the standard Oracle journal lines

Journal Line Definition Validate Copy

Create the Subledger Accounting Method

Navigation

- Payables> Set Up> Accounting Setups> Subledger Accounting Setup> Accounting Methods Builder> Methods and Definitions> Subledger Accounting Methods

Unmodified SLA

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

Configured SLA

Subledger Accounting Methods

Method Code: [REDACTED]_ACCRUAL Owner: User

Method Name: [REDACTED] Accrual Enabled

Description: Custom Invoice Liability Account

Chart of Accounts

Transaction: [REDACTED] Accounting: [REDACTED] Accounting Flexfield

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		
Payables	[REDACTED] Accrual Basis	Oracle		
Process Manufacturing Fin	Process Manufacturing Financia	Oracle	10-SEP-2004	

Note the custom Payables Accounting Definition

Description: [REDACTED] Payables Accrual Basis Definition with custom invoice accounting

Accounting Setups Application Accounting Definition Copy

Modify the Accounting Method

Payables > Set Up > Accounting Setups > Ledger Setups > Define > Accounting Setups > Find the Ledger to Modify > Update Accounting Options > Update Primary Ledger

Standard Information

* Ledger
Ledger name must be unique

* Short Name
Ledger short name must be unique

Description

Currency **USD**

Chart of Accounts

Accounting Calendar

Accounting Calendar **PRM_MONTHLY**

Period Type **Monthly**

First Ever Opened Period **JAN-99**

* Number of Future Enterable Periods

Subledger Accounting

TIP These fields are only required if using Oracle Subledger Accounting.

* Subledger Accounting Method

Subledger Accounting Method Owner **User**

* Journal Entry Language

Entered Currency Balancing Account

COMPANY,COST_CENTER,NATURAL_ACCOUNT,INTERCOMPANY,MIS
 REPORTING,COUNTERPARTY,PRODUCT_CODE,FUTURE1,FUTURE2

Use Cash Basis Accounting

Validate the Subledger Accounting Method

- Submit the Validation Program

The screenshot displays the 'Request Detail - 305052' window with a 'Parameters' dialog box open. The main window shows the following details:

- Name: Validate Application Accounting Definitions
- Operating Unit: [Empty]
- Parameters: PGL Primary Ledger:Yes:Payables::User
- Phase: Completed
- Status: Normal

The 'Parameters' dialog box contains the following fields:

- Ledger: **PGL Primary Ledger**
- Uncompiled Status Only: **Yes**
- Application: **Payables**
- Application Accounting Definition: [Empty]
- Application Accounting Definition Owner: **User**

Buttons in the dialog include OK, Cancel, Clear, and Help. The main window also has buttons for Help, OK, Cancel, and Options...

Conclusion

- Subledger Accounting (SLA)
 - Powerful, flexible tool for modifying and creating accounting definitions
 - Oracle SLA Modules
 - Assets
 - Cost Management
 - Payables
 - Projects
 - Purchasing
 - Receivables

Q & A