

From AutoAccounting/Account Generator to Subledger Accounting in Oracle Projects

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With the introduction of Subledger Accounting (SLA) in Release 12 of the Oracle Applications Suite, current and future Oracle Projects implementers and users will need to familiarize themselves with SLA and understand its impact on their current and future Projects implementations.

This paper will explain SLA and highlight specific functionality geared toward the Oracle Projects suite. It will compare and contrast SLA's functionality versus AutoAccounting and Account Generator. In addition, it will detail requirements for upgrading existing installations. Finally, it will outline planning for new installations.

Background of the Projects Suite

The Oracle Projects Suite, as we know it today, was first introduced in 1993 as Project Accounting. It consisted of Project Costing and Project Billing. It has evolved into the current suite of applications that include: Project Foundation; Project Costing; Project Billing; Project Management; Project Collaboration; Project Resource Management; and Project Portfolio Analysis. One other product, Project Contracts, is often considered a part of the Projects Suite. It is, however, a part of the Contracts Suite.

Release 12.0 of the Oracle E-Business Suite was release in February of 2007. The main enhancement of Oracle Projects in this release was the uptake of Subledger Accounting (SLA). This paper focuses on Subledger Accounting and its workings and integration with Oracle Projects, in particular Project Costing and Billing.

Evolution of Projects-based Accounting Engines

The original release of Project Accounting (PA) included the introduction of AutoAccounting (AA). AA was used by PA to derive accounting for cost, revenue, and billing transactions originating from within PA. AA has remained pretty much the same since its introduction. It has been enhanced by the addition of new transaction functions and parameters, to accommodate the growth and maturity of PA, but the core functionality has remained the same.

Along with AutoAccounting for transactions originating from within, PA used Flexbuilder to derive accounting for transactions originating from Oracle Purchasing and Payables. Both AutoAccounting and Flexbuilder were Oracle Forms-based applications.

In Oracle Applications Release 11, Flexbuilder was replaced by Account Generator. It retained most of the functions of Flexbuilder, but was Oracle Work-flow based.

Subledger Accounting was informally introduced into the Oracle E-Business Suite prior to Release 12. It was, however, formally introduced as the successor accounting engine with Release 12. As of Release 12, SLA is the standard accounting engine for all Subledger Accounting Applications. In Release 12 of the Oracle Projects Suite, it coexists with AutoAccounting and Account Generator. We expect it to replace both in Oracle's Fusion Applications.

AutoAccounting/Account Generator and Subledger Accounting share the following characteristics: 1) Project-related information is entered: Project; Task; Expenditure Type; and Expenditure Organization (aka P.O.E.T); 2) An Accounting Combination (aka Accounting Flexfield) is generated; and 3) Implementation-defined Rules derive Accounting Combinations. The major differences with SLA include: 1) All Subledger Applications post Journal Entries to SLA instead of directly to General Ledger; 2) SLA posts all Subledger Entries to General Ledger; and 3) SLA can create multiple representations of each Subledger Transaction.

What is Subledger Accounting ?

Subledger Accounting is an intermediate step between each of the Subledger applications and Oracle General Ledger (GL). It creates the final accounting for Subledger Journal Entries (JEs) and transfers the accounting to (GL). It stores a complete and balanced Subledger JE in a common model for each "business event" that requires accounting. SLA can create more than one accounting representation for each transaction.

Subledger Accounting Concepts and Definitions

Accounting Events represent transactions that have an accounting impact. Oracle Projects generates accounting events for the business events that it processes.

Event Entities allow SLA to handle the accounting for similar business events in a consistent manner. Oracle Projects uses three Event Entities: Expenditures; Revenue; and Budgets.

An **Event Class** represents a category of business event for a particular transaction type or document. Predefined Event Classes for the Event Entity Expenditures include Labor Cost; Usage Cost; and Supplier Cost. Event Classes group similar Event Types and enable the sharing of accounting definitions. They also provide the lowest level of detail for storing accounting definitions. As an example: The Event Class "Supplier Cost" is represented by Event Types of "Expense Report Cost Distribution" and "Supplier Cost Distribution". An **Event Type** represents a business operation that you can perform for an Event Class.

Process Categories are collections of one or more logically related event classes. They are used in the definition of Event Classes.

The Budgets Accounting Event Entity has one Event Class and Two Event Types predefined. Accounting Events are generated for the Budget Event Class when you enable either Top-Down or Bottom-Up budget integration for a project budget (See appendix for further discussion on Budget Integration and Subledger Accounting).

A **Subledger Accounting Method** is a group of common Application Accounting Definitions (AADs) that determines how SLA processes Accounting Events. It groups AADs from subledger applications such as Projects. AADs are assigned to Ledgers (formerly Sets of Books (SOBs)).

Application Accounting Definitions (AADs) are collections of setup components for a Subledger application, i.e. Projects, that determine how the SLA program processes Accounting Events to create Subledger and General Ledger entries. AADs assign Journal Line Definitions to Event Class and Event Type combinations. Projects predefines the *Project Standard Accounting* Application Accounting Definition.

Journal Line Definitions group Journal Line Types, Account Derivations Rules, and Journal Entry Descriptions into a complete set of Journal Line Types within an Event Class or Event Type.

Journal Line Types determine the characteristics of Subledger Journal Entries for an Event Class. The characteristics are: whether the JE is an Actual, Budget, or Encumbrance entry; whether the JE is a debit or a credit; whether matching lines are merged; and whether the data is transferred to GL in summary or detail form.

Accounting Derivation Rules determine the Accounting Flexfield (AFF) values for Subledger Journal Entries. These rules are determined in SLA (as opposed to the subledger application) and can generate either a value for a single AFF segment or the entire AFF.

Journal Entry Descriptions (JEDs) determine both the content and sequence in which elements of the description appear. JEDs are assigned to headers and lines in the Application Accounting Definition. SLA assigns these descriptions to the journal header and lines when it creates the draft of final accounting (There are no predefined JEDs for Projects).

Sources are pieces of information SLA uses to determine how to create accounting for an Accounting Event. Source examples for Projects include: Agreement Number; Class Category; and Expenditure Type. Sources are “assigned” to either an Event Entity or an Event Class to make them available for the creation of Subledger Journal Entries.

Custom Sources are optionally defined sources used to extend the list of sources available to application accounting definitions. They are PL/SQL-based and use predefined sources and constant values as parameters. SLA does not support the definition of Account Derivation Rules based on SQL select statements. Custom Sources are created to meet complex rule definition requirements.

Accounting Attributes are values that the Create Accounting process needs to successfully create Subledger Journal Entries. Sources, as described above, are assigned to Accounting Attributes. By example: Event Class = Labor Cost; Source = Raw Cost; Attribute = Entered Amount. The Raw Cost Amount from the transaction or transactions is assigned to the Entered Amount field in the SLA Journal Entry.

Putting It All Together

The steps to configure AutoAccounting are:

- 1) Define Lookup Sets
- 2) Define AutoAccounting Rules, e.g. Constant-; Parameter-; or SQL Select-based
- 3) Assign Rules to Functions

The steps to configure Subledger Accounting are:

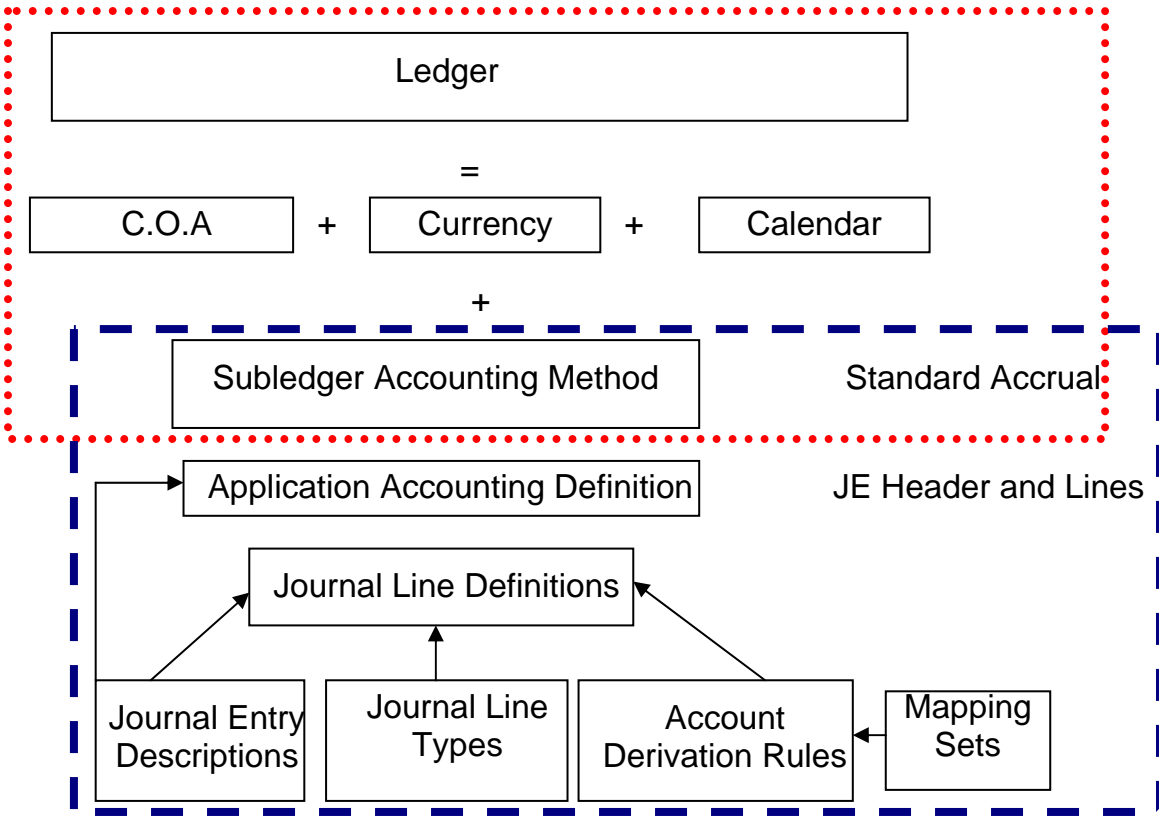
- 1) Define Journal Line Types **
- 2) Define Journal Entry Descriptions **
- 3) Define Mapping Sets*
- 4) Define Accounting Derivations Rules **
- 5) Define Journal Line Definitions **
- 6) Define Application Accounting Definitions **
- 7) Define Subledger Accounting Methods **
- 8) Assign Subledger Accounting Methods to Ledger(s)

** Predefined by Oracle Projects

* Optional

In Oracle E-Business Suite Release 12, the concept of Sets of Books (SOBs) is obsolete. SOBs are replaced with the concept of Ledgers. Similar to SOBs, Ledgers include Currency, Chart of Accounts, and Calendar. In addition, Ledgers include Subledger Accounting Methods. The combination of Subledger Accounting Method and Ledger is called an Accounting Representation. A Subledger Accounting Method plus a new/different Ledger equals an additional Accounting Representation.

The following chart shows the relationship of these components.



Functionality Equivalents

The chart below shows the functionality equivalents between Flexbuilder/Account Generator, AutoAccounting, and Subledger Accounting.

FlexBuilder/Account Generator	AutoAccounting	Subledger Accounting
Value Sets/Lookup Sets	Lookup Sets	Mapping Sets
Input Value	Intermediate Value	Input Value
User Defined Parameters	AutoAccounting Rules	Account Derivation Rules
Predefined Parameters/Attribute	Parameter	Source
Assignments to Functions	AutoAccounting Function Transactions	Conditions on Account Derivation Rules
Functions/Item Type	AutoAccounting Functions	Journal Line Types
Parameter Assignments/Process	AutoAccounting Rule Assignment	Journal Lines Definitions: Assign Account Derivation Rules to Journal Line Types

Processing Changes

With the uptake of SLA in Oracle Projects Release 12, there are a number of changes to some of the familiar concurrent process. Principally, the process of interface and tie back of Cost and Revenue transactions to General Ledger are gone. They are replaced by two new processes: PRC: Generate Cost or Revenue Accounting Events; and PRC: Create Accounting. The former creates the balancing entry: Credit for Cost, Debit for Revenue. The latter posts the entries in SLA and optionally posts and imports into Oracle General Ledger

Upgrading Existing Installations

There are three options for upgrading existing Projects installations to use SLA, they are:

- 1) Continue to use the existing AutoAccounting/Account Generator(AA/AG) as is – SLA uses the default Accounting Flexfield values generated by AA/AG;
- 2) Define alternative accounting rules in SLA – minimal AA/AG still required; SLA overwrites default values provided by AA/AG;

3) Use a hybrid of 1 and 2 – Use existing AA/Ag at point of upgrade; Evaluate benefits of SLA; Migrate to SLA when and if beneficial

Planning New Implementations

When planning to deploy SLA in a new implementation, the same general rules and cautions apply that applied to AA/AG implementations. They are:

- 1) Allocate a significant amount of time and resources to this part of the implementation
- 2) Design SLA in parallel with Projects' implementation – Don't wait until the end!
- 3) Understand the inputs, business rules, and desired results
- 4) Understand all accounting transactions
- 5) Test all possible scenarios – automate if possible
- 6) Document for current and future users

Suggested Resources

The following sources should be consulted to assist in the implementation of SLA:

- 1) Oracle Projects Implementation Guide – MetaLink Document Number B25623-02
- 2) Oracle Projects Fundamental Guide – MetaLink Document Number B25617-02
- 3) Subledger Accounting Implementation Guide – MetaLink Document Number B13984-02

Conclusion

Subledger Accounting concepts are very similar to AutoAccounting/Account Generator concepts. The SLA concepts used by Oracle Projects are applicable to all Subledger applications. There are minimal requirements for straightforward upgrade from pre-Release 12 to Release 12. Careful planning and resource dedication is essential to the successful deployment of SLA during a new implementation. AutoAccounting/Account Generator will eventually be phased out and replaced by SLA. SLA will be the accounting engine in Fusion applications

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