ORACLE

Oracle ERP Cloud Period Close Procedures & Runbook Considerations

Release 22C

PURPOSE STATEMENT

This document provides an overview of recommended period close procedures for Oracle Cloud Releases post 22C in Section 1 and additionally elaborates on the significance and leading practices on maintaining an operational Runbook in Section 2.

DISCLAIMER

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INTRODUCTION

Oracle ERP Cloud customers have a need to close their books every period, quarter and/or year.   This paper provides guidance on the period-end close procedures for Oracle Cloud Application modules, across Financials, Procurement, Projects, Inventory, and Payroll. It also seeks to give an overview of the relative timings of these procedures, and relationships, across the various modules.

The steps included in this brief are intended to be generic and do not relate to a specific organization. Both mandatory and optional steps are included, and procedures related to year-end processing are also noted. You may have additional steps that pertain to your specific organization, industry, or geography, so you can choose to extract the steps from this paper that pertain to your organization and customize it by adding additional reports or procedures, for example. We have also included some guidance on 'best practice' in a number of areas but fully understand that any uptake of these items will be dependent on the individual customers' needs and business processes being supported.

Although this document refers to "Period Close Procedures", many of the processes can be performed regularly throughout the accounting period as required. Each subledger application provides control as to when and how frequently data is transferred from the subledger application to General Ledger.

In addition to 'Period Close Procedures' in Section 1, this document also looks to emphasize the importance of establishing a well-documented Runbook for smooth daily operations and consequently period close in Section 2.

Furthermore, if an organization has implemented multiple ledgers or multiple business units for a ledger, these procedures need to be performed for each ledger or business unit individually.

If you have not implemented all of the modules covered in this document, you can use only the relevant sections that pertain to your Oracle Cloud implementation. The first chapter describes the dependencies between the modules which are key to ensuring the most efficient close process is followed.

SECTION 1

CHAPTER 1 - PERIOD CLOSE DEPENDENCIES

Before you begin the period-end close process, you need to understand the dependencies between the Oracle ERP Cloud application modules. The relationships are displayed in this diagram.
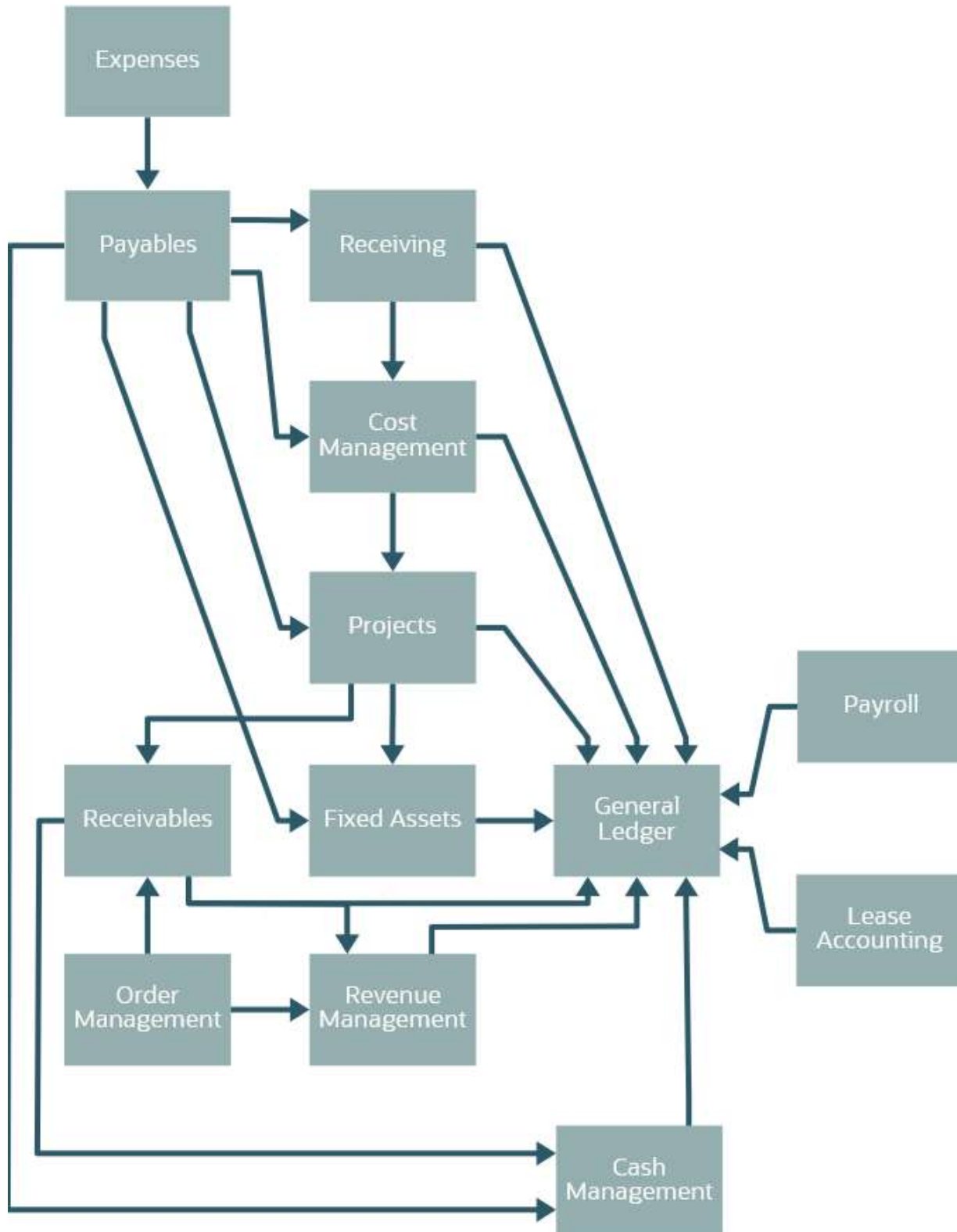
Dependencies

1. Firstly, as mentioned above this is intended to demonstrate the best practice for period end closing but individual customers may have business priorities that require alternative timings.
2. Complete as much Expenses Report processing, entering and approving expenses, as possible prior to the Payables close.
3. Close Payables before closing Cost Management to take into account the purchasing accruals at period end for receipts not invoiced.
4. Close Payables before closing Fixed Assets to ensure invoices are completed and capital invoice line distributions are transferred from Payables to Fixed Assets.
5. If creating leases in Fixed Assets, all leasing invoices must be interfaced to Payables and paid before closing Payables.
6. Close Payables before closing Projects to ensure invoices and expense report charges are completed and transferred to Projects.
7. Close Cost Management before closing Projects so that Project-related inventory transactions and project receipt accruals are completed & imported into Projects.
8. Transfer all relevant Project costs to Fixed Assets, for potential capitalization, before closing Fixed Assets.
9. Process all relevant Subledger Accounting transactions through Joint Venture to create joint venture-related Receivable invoices and Project Costing adjustments before closing Receivables and Projects.
10. Process all relevant General Ledger accounting transactions through Joint Venture to create joint venture-related Receivable invoices before closing Receivables (see JV Chapter for more detail and diagram)
11. Where Revenue Management (RMCS) is being used, close AR prior to RMCS.
12. Similarly, when Revenue Management is active Projects should be closed prior to RMCS to allow all transactions to be have processed through to Revenue Management.
13. All pending IC transactions must be transferred before closing the period.
14. Although Cash Management does not have a period close, as such, it is best practice to ensure all transactions are processed for the current period after AP & AR have been closed
15. Ensure all subledger applications are closed before closing General Ledger.

Note, as of 20A you can link the successful closure of your subledgers to the ability to close the corresponding General Ledger period.

This, optional, functionality allows customer to prevent the closure of the GL accounting period if specific subledgers are either still open or have transactions still requiring processing for example unprocessed or untransferred subledger transactions as well as unposted GL journals. By adding in this extra layer of control over the close process the intention is to reduce the chance of error during the period close and therefore to help provide more meaningful and accurate financial reporting.

CHAPTER 2 - SUBLEDGER ACCOUNTING OVERVIEW

Subledger Accounting (SLA) is a centralized accounting engine and a repository of accounting entries for all Oracle Cloud subledger applications. It consistently enforces accounting policies across all Oracle Cloud subledger applications with centralized control and detailed audit trails.

In the subsequent chapters, you will notice the period close procedures for each Oracle Cloud subledger application include a step to submit the Create Accounting process after transactions are complete. SLA creates accounting entries for subledger transactions and transfers and posts them to General Ledger. It provides a comprehensive view of all subledger accounting data and behaves like a detailed version of your General Ledger, providing a rich store of information for reporting and analysis. It allows your General Ledger to be free of extraneous data, so that you can maintain a simple chart of accounts and store only what is needed for General Ledger reporting and analysis. Drilldown from General Ledger to Subledger Accounting and subledger transactions is available.

Subledger transaction distributions usually store account combinations that are considered to be default accounts and should not be used to reconcile to General Ledger. SLA allows you to configure accounting rules to change the accounts on the transaction distributions to something different from the default accounting. Therefore, the accounting entries in SLA are the source of truth to be used in reconciliation to General Ledger.

Furthermore, when the accounting for a transaction is not balanced, SLA generates the balancing lines to create a balanced accounting entry for every subledger transaction.

When you are ready to close the period for a subledger application in Oracle Cloud, you are essentially declaring that transaction processing and subledger accounting is complete for that application and accounting entries can be transferred and posted to General Ledger to update the account balances.

Create Accounting and Transfer to General Ledger

- The Create Accounting process can be submitted from the Oracle Cloud subledger application work areas or the Scheduled Processes window.
- The Create Accounting process can be submitted in two modes: Draft or Final. If submitted in Draft mode, the accounting is not finalized and not transferred to General Ledger and can still be changed. If submitted in Final mode, the accounting cannot be changed subsequently.
- SLA accounting entries are automatically posted to General Ledger if you submit the Create Accounting process in Final mode with Post in General Ledger option set to Yes.
- If you submit the process in Final mode with Post in General Ledger option set to No, and Transfer to General Ledger option set to Yes, then you need to manually post the journals in General Ledger or schedule the AutoPost program.
- If you submit the process in Final mode with Transfer to General Ledger option set to No, then you need to submit the Post Subledger Journal Entries process later to transfer the generated accounting entries to General Ledger.

Create Accrual Reversal Accounting (Optional)

If you have implemented accrual reversal for a subledger application, run the Create Accrual Reversal Accounting process to complete and post any accrual reversal journal entries at period end.

Create Multiperiod Accounting (Optional)

If you have implemented multiperiod accounting for a subledger application, schedule the Create Multiperiod Accounting process to run after the Create Accounting process so that recognition journal entries are properly booked for the period. Note you need to do this separately for the primary ledger and each of its subledger level secondary ledgers that may need multiperiod accounting.

Review and Correct Accounting Exceptions

Review subledger accounting exceptions and recommended corrective actions in the Manage Accounting Errors page. Resolve any errors and rerun accounting processes (Create Accounting, Create Multiperiod Accounting or Post Subledger Journal Entries as needed).

Note: Use the Opt In UI to enable the *Review and Correct Accounting Exceptions for Subledgers* feature.

Update Subledger Accounting Balances (Optional)

If you have implemented supporting references with balances for a subledger application, use the Update Subledger Accounting Balances process to update subledger supporting reference balances and third-party control account balances at period end. This process is run automatically following the Create Accounting process but can also be submitted manually if the auto run fails for any reason.

Carry Forward Subledger Accounting Balances (Optional)

If you have implemented supporting references with balances for a subledger application, the Carry Forward Subledger Accounting Balances process will carry forward supporting reference balances and third-party control account balances to the current period. This process is run automatically when the accounting period is newly opened for a ledger but can also be submitted manually if the initial run failed.

CHAPTER 3 - CASH MANAGEMENT

Cash Management helps you effectively manage and control the cash cycle. It provides comprehensive bank reconciliation, cash positioning and forecasting alongside bank, bank branches & internal bank accounts setup.

The bank reconciliation process enables the verification of entries on the bank statement by reconciling that information with external cash transactions and also system generated transactions in Payables, Receivables, Payroll and General Ledger.

During the bank reconciliation process, external transactions can be created for bank-originated entries, such as bank charges and interest.

Although there is no formal 'period' for Cash Management it is important that as many transactions as possible are fully processed prior to the subledger & GL close to allow appropriate accounting representations to be reflected.

This following describes the procedures for performing this period-end processing in Cash Management.

1. Complete Daily Cash Management Activities

Complete bank account transfers for the day and send payment instructions to the bank. This step is generally performed outside of Cash Management though we also allow customers to initiate bank transfers within Cash Management.

2. Load Bank Statements

Detailed information from each bank statement, including bank account information, deposits received by the bank, and checks cleared needs to be entered into Cash Management. Bank statements can be either manually entered or loaded electronically from information received directly from your bank.

For organizations with high transaction volumes bank statements should be loaded and reconciled on a daily basis.

3. Reconcile Bank Statements

Once detailed bank statement information has been loaded into Cash Management, the information must be reconciled with the subledger transactions – Receivables cash receipts, Payables payments, Payroll payments, General Ledger cash journal entries and External cash transactions.

Cash Management provides two methods to perform reconciliation:

    a) Automatic

    Bank statement details are automatically matched and reconciled with subledger transactions.

    b) Manual

    This method requires a manual match of bank statement details with subledger transactions or GL journals. The manual reconciliation method can also be used to reconcile any bank statement details which could not be reconciled automatically.

4. Review Autoreconcile Bank Statements Results and Resolve Exceptions

Once the Autoreconcile Bank Statement process has been completed, review the reconciliation results in the Bank Statements and Reconciliation work area. The Bank Statement Reconciliation region displays the lines that are reconciled, un-reconciled, and any exceptions.

Resolve exceptions from the Autoreconcile Bank Statements process by manually reconciling the exceptions.

5. Create Bank Statement Transactions

The Bank Statement Transaction Creation process is used to create transactions from un-reconciled bank statement lines. This process is often used to create transactions and account for first notice items such as bank charges, fees, or interest. You must first submit the Autoreconcile Bank Statement process and perform any manual reconciliation on a bank statement before running the Bank Statement Transaction Creation process. This avoids creating external transaction from bank statement lines that already have transactions recorded in the application.

Once the bank statements are imported and reconciled, submit the Bank Statement Transaction Creation process. This process scans the bank statement for specific codes, as defined in the Bank Statement Transaction Creation Rules, and

creates external transactions, which can be reconciled and then accounted. External cash transactions created by this process are automatically reconciled against the bank statement and, therefore, only need to be accounted.

6. Resolve Un-reconciled Statement Lines

Resolve any un-reconciled statement lines by manually reconciling the statement lines to the available transactions.

7. Create Accounting and Transfer to General Ledger

Create journal entries for external transactions by submitting Create Accounting process. The process creates and optionally transfers and posts journal entries to General Ledger. If you do not transfer the journals to General Ledger immediately, you can later submit the Post Subledger Journal Entries process.

8. Review and Correct Accounting Exceptions

Review subledger accounting exceptions and recommended corrective actions in the Manage Accounting Errors page. Resolve any errors and rerun accounting processes.

9. Submit Cash to General Ledger Reconciliation Report

Use this report to reconcile the General Ledger cash account to a bank statement balance.

This report lists the bank account balance and the General Ledger cash account balance. It also lists the un-reconciled bank transactions and journals (from different sources) that help resolve the discrepancy between the balances.

 Warning: To ensure that this report is accurate, you must first perform these tasks:

- Reconcile all bank statements in Cash Management.
- Transfer accounting entries for transactions in Payables and Receivables to General Ledger, and post journals in General Ledger

10. Submit Bank Statement Report

This report shows statement and transaction information for a specific bank account statement, including bank statement header information, statement line detail, and reconciliation status.

11. Submit General Ledger and Subledger Account Analysis Report

Submit and review the General Ledger and Subledger Account Analysis Report for the General Ledger Cash Account. Review the General Ledger and Subledger Account Analysis Report to ensure that only bank account related transactions have been posted to the General Ledger Cash Account by checking the journal source of the transactions. Valid sources include Payables, Receivables, Payroll, external transactions from Cash Management, and perhaps transactions interfaced from non-Oracle Cloud applications (if applicable). Journals entered directly in General Ledger will have a journal source of Manual, AutoCopy, or Spreadsheet.

12. Correct any Invalid Entries to the General Ledger Cash Account (Optional)

Reverse any journals incorrectly posted to the General Ledger Cash Account, which were highlighted during the review of the General Ledger and Subledger Account Analysis Report.

To prevent invalid journal entries to the General Ledger Cash Account, review your Subledger Accounting rules or enable journal approval for spreadsheet or manually entered journals.

CHAPTER 4 - PAYROLL

There is no specific period close in payroll but the closing of the accounting period in GL impacts the costs transferred from payroll. This chapter describes the procedures for performing period-end processing in Payroll.

The below configuration parameters for the Payroll Process Configuration page control which accounting date to use when you transfer and post journal entries to General Ledger

PARAMETER NAME	PARAMETER DESCRIPTION	DEFAULT VALUE
Accounting Date for Transfer to General Ledger	Options for the Accounting Date: • Process Date of the Payroll Run (P) – note, this is also the date used to transfer and post journal entries for costing results to General Ledger • Date Earned (E) • EVE - for the Partial Period Accrual Reversal process accounting date, the Date Earned specified on the Time Periods tab of the Payroll Definition page is used. Note, if the Date Earned isn't defined then the payroll period end date is used. For the actual payroll run costs, the process date of the payroll run is used.	P
Reversal and Balance Adjustment Accounting Date	Options for the Accounting Date: • Process Date of a reversal or balance adjustment (P) • Process end date of the Transfer to Subledger Accounting Task (T) Note, this is also the date used to transfer journal entries for costing results to General ledger.	T

1. Cost Run Results

Submit the Transfer to Subledger Accounting process to transfer the run costs that are created by payroll processes, such as Calculate Payroll, Quickpay, Balance Adjustment Costing, Partial Period Accruals, and Adjust Cost for a Person. The debit and credit entries are created based on the element classification, such as debit the cost account and credit the offset account for earnings or credit the cost account and debit the offset account for deductions.

2. Cost Uncleared Payments

Uncleared payments are the payments made with a payment method when the cash clearing account is not setup. Submit the Transfer to Subledger Accounting process to cost the uncleared payments. The process creates cost results for prepayments that debit the payroll liability account and credit the cash account.

3. Cost Cleared Payments

Cleared payments are the payments made with a payment method when cash clearing account is setup. Submit the Transfer to Subledger Accounting process to cost the cleared payments. The process creates cost results for prepayments that debit the payroll liability account and credit the cash clearing account.

4. Transfer Payment Information to Cash Management

Submit the Transfer Payments Information to Cash Management process using the start and end date parameters to transfer all payments that fall within these dates.

Cash manager can reconcile payments in Cash Management automatically or manually when the bank statement file is received from the bank

5. Cost Cleared Payments after Reconciliation

Submit the Calculate Costing of Payments process again to calculate costs for the reconciled payments when the bank reconciliation file shows the payment cleared. This process debits the cash clearing account and credits the cash account.

6. Create Accounting and Transfer to General Ledger

Submit the Create Accounting processes to transfer and post the journal entries to General Ledger.

Create accounting and transfer payroll transactions to the general ledger.

• Submit the Create Accounting process with the Transfer to General Ledger option set to 'Yes' to account and transfer any unaccounted transactions to General Ledger.

• Submit the Post Journal Entries to General Ledger process to transfer to General Ledger any transactions that were accounted in final mode, but were not previously transferred.

• Review the output reports generated by the Create Accounting and Post Journal Entries to General Ledger process to view the subledger journal entries created and any errors that may have occurred.

7. Review and Correct Accounting Exceptions

Review subledger accounting exceptions and recommended corrective actions in the Manage Accounting Errors page. Resolve any errors and rerun accounting processes.

CHAPTER 5 - INTERCOMPANY

This chapter describes the procedures for performing period-end processing in Intercompany module.

1. Complete Intercompany Transactions

Submit intercompany transactions for approval and follow up with receivers to approve transactions. If you enable the feature "Prevent a General Ledger Period from Closing When Subledger Periods Exist" for a ledger, any open intercompany transactions for that ledger will prevent you from closing the General Ledger Period. You cannot close the General Ledger period for that ledger until you close out intercompany transactions.

2. Submit Intercompany Allocations

Submit intercompany allocations if you use this process to allocate expenses across multiple companies within the same ledger or across ledgers.

3. Transfer Intercompany Transactions to General Ledger, Receivables and Payables

Submit the Transfer to General Ledger, Transfer to Receivables, and/or Transfer to Payables processes to transfer intercompany transactions for both the providers and receivers. Post journals in General Ledger.

4. Reconcile Intercompany Activity

Submit the Prepare Intercompany Reconciliation Reporting Information process and review the report output for reconciliation differences. Address the differences.

5. Close Intercompany Period (Optional)

If you are using an Intercompany Calendar, close the intercompany period. It is best practice to close out intercompany transactions and close the intercompany period before closing the period for Payables, Receivables, and General Ledger. If the Intercompany period is not closed or if there are open intercompany transactions when you try to close the period for Payables, Receivables, or General Ledger, you will receive a warning message.

6. Open the Next Intercompany Period

Open the next intercompany period to allow recording business as usual.

CHAPTER 6 – EXPENSES

Oracle Cloud Expenses does not have a Period open/close function, rather it relies on the Expense transactions being transferred and processed within the Accounts Payable module for its accounting entries.

However, there are a number of process and activities which are recommended to be run prior to the end of the period to ensure that your accounting entries are reflected with the proper accounting period:

1. Ensure all Corporate Card Files are uploaded and validated (Optional)

Customers importing credit card transactions from card providers (Amex, Visa, Mastercard, etc.) should ensure that all files for the period have been processed successfully in order to allow employees to create expense reports based on their individual spend transactions

2. Complete and Submit Expense Reports

Employees should, where ever possible, complete and submit their Expenses Reports as close to the relevant period for which they were incurred as possible. This will allow the accounting to be reflected in an appropriate manner and also help to ensure the timely reimbursement of the employee, where required.

3. Approve Expense Reports

After employees have submitted their expense reports, managerial approval is normally required before they can be processed for payment. After managerial approval, reports are verified to ensure that required receipts are attached and that the reports are in compliance with your company's policies.

In most circumstances expenses are being claimed retrospectively so it is good practice for Expense Reports to be approved in a timely manner in order to reflect the correct accounting entries as soon as possible.

4. Audit Expense Reports (Optional)

You can examine, verify, and adjust the contents of expense reports as needed.

Auditing expense reports ensures that employees comply with your company's policies without having to audit all submissions. Similar to the entry of expense reports, it is good practice to process as many of the required audits as possible prior to month-end to ensure accurate accounting entries are being recorded.

5. Transfer entries to Accounts Payable

Run the 'Process Expense Reimbursement Program' to process the expense reports and create payment requests in Payables.

CHAPTER 7 - PAYABLES

Accounts payable activity must be reconciled for the accounting period that is to be closed.   This chapter describes the procedures for performing period-end processing in Payables.

1. Complete and Approve All Transactions and Payment Files

Ensure that all transactions are completed for the period you are closing.

- Complete all expense reports and import them to Payables using the Process Expense Reimbursements and Cash Advance process.
- Complete all invoices, credits, and prepayments.
- Submit Import Payables Invoices process to import all interface records.
- If the import process rejects any records, review the import corrections spreadsheet and resubmit the import.
- If invoice approval is enabled, approve all unapproved invoices. Depending on how your invoice options are set, validation or accounting may be required before you can approve invoices.
- Resolve holds on invoices.
- Validate invoices.
- Complete all payment files and payment process requests.
- Submit the Payables Invoice Register and the Payables Payment Register reports to obtain details about invoices and payments.
- Submit the Update Matured Bills Payable Status process to update the status of matured bills payable from issued to negotiable.
- Submit the Apply Missing Conversion Rates process to apply missing rates to foreign currency invoices.
- If creating leases in Fixed Assets, interface all leasing invoices to Payables and pay them.

2. Reconcile Payments to Bank Statement Activity

Refer to the Cash Management chapter. Ensure that payments are cleared if you account for payments at clearing.

3. Create Accounting and Transfer to General Ledger

Create accounting and transfer approved invoices and payments to the General Ledger.

- Submit the Create Accounting process with the Transfer to General Ledger option set to Yes to account and transfer any unaccounted transactions to General Ledger.
- Submit the Post Journal Entries to General Ledger process to transfer to General Ledger any transactions that were accounted in final mode, but that were not transferred.
- Review the output reports generated by the Create Accounting and Post Journal Entries to General Ledger processes to view the subledger journal entries created and any errors that may have occurred.

4. Create Multiperiod Accounting Entries and Transfer to General Ledger

Create Multiperiod accounting and transfer the multiperiod accounting entries to the General Ledger.

- Submit the Create Multiperiod Accounting process with the Transfer to General Ledger option set to Yes to account and transfer multiperiod accounting entries to General Ledger.
- Submit the Post Journal Entries to General Ledger process to transfer to General Ledger any transactions that were accounted in final mode but not transferred.
- Review the output reports generated by the Create Multiperiod Accounting and Post Journal Entries to General Ledger processes to view the subledger journal entries created and any errors that may have occurred.

5. Review and Correct Accounting Exceptions

Review subledger accounting exceptions and recommended corrective actions in the Manage Accounting Errors page.

Resolve any errors and rerun accounting processes.

6. Submit the Unaccounted Transactions Sweep Process

Submit the Payables Unaccounted Transactions Sweep process to transfer unaccounted transactions from one accounting period to another. If your accounting practices permit it, use this process to change the accounting date of the transactions to the next open period.

For example, if you have invoices which you cannot resolve holds before the close, and your accounting practices allow you to change invoice distribution accounting dates, you can submit this process to change invoice distribution accounting dates to the first day of the next open period so you can close the current period.

The Unaccounted Transactions Sweep process does not roll forward accounted transactions, or accounted transactions with errors. To create successful accounting entries for accounted transactions with errors, correct any accounting errors and resubmit the Create Accounting process. The process transfers unaccounted transactions to the period you specify by updating the accounting dates to the first day of the new period. You can then close the current accounting period in Payables.

7. Close the Current Payables Period

Close the current Payables period and review the Payables Period Close Exceptions report to view accounting events and journal entries that fail period close validation. It is automatically submitted when closing a Payables period if there are unprocessed accounting events or un-transferred journal entries. The period can be re-opened if needed.

8. Open the Next Payables Period

Open the next period in Payables using the Manage Accounting Periods task in the Invoices work area to allow recording business as usual.

9. Reconcile Payables Activity for the Period

Reconcile Payables activity using the following reports. With the exception of the first one, these reports are submitted in the Scheduled Processes window. The Payables to Ledger Reconciliation report is described in more detail below.

- Payables to Ledger Reconciliation report - Lists the transactions and journals posted to the General Ledger for open payables balances to facilitate the reconciliation of accounting and transactional data recorded in Payables, Subledger Accounting, and General Ledger.
- Payables Trial Balance report - Lists and subtotals by supplier and liability account all unpaid and partially paid invoices.
- Payables Posted Invoice Register - Lists accounting lines for invoices that have been transferred to the general ledger.
- Payables Posted Payment Register - Lists accounting lines for payments that have been transferred to the general ledger.
- Journal Entries Report - Lists detailed information about subledger and general ledger journal entries, including transactions that have been accounted with error or not transferred to General Ledger.
- Payables Open Items Revaluation report - Lists changes in the value of open items, such as unpaid invoices and credit memos, due to conversion rate fluctuations.

Payables to Ledger Reconciliation Report

The Payables to Ledger Reconciliation report reconciles the open liability balance in Payables to the accounts payable balance in General Ledger, and highlights any discrepancies. Note other activity and account balances such as expense, discounts, freight, tax, etc. are not covered by this report.

Use this report after you have submitted the Create Accounting process in Payables and have resolved any accounting issues or items noted in the Payables Period Close Exceptions Report.

Note: When you drilldown from the summary report, you see the Real-Time details that make up balances from the summary report. In order to guarantee that the summary balance for each type of activity agrees with the drill down detail, the payables period status should be set to Closed before submitting the Prepare Payables to General Ledger Reconciliation process for the period.

Note: Payables transactions have accounts on the distributions. SLA uses these distributions as a source for generating the journal entries, which are ultimately transferred to General Ledger. Distributions are the source of SLA accounting when using the delivered accounting rules. Custom rules do not have to source these distributions. When reconciling the Payables

balances to General Ledger, rely on the accounts in the SLA accounting entries, not the accounts on the Payables distributions.

Description of Payables to Ledger Reconciliation Report:

- Automates the labor-intensive process of manually matching sub-ledger transactions to accounting entries and identifying the discrepancies.
- Presents the beginning and ending payables balances and all activity for the period.
- Increases visibility to information by drilling down to supporting journal and transaction details, rather than navigating to multiple windows or generating printed reports.
- Identifies reconciling exceptions and suggests the action to take, decreasing time normally taken to investigate.
- Allows companies to include or exclude Intercompany transactions or Bills Payable.
- Parameters for balancing segment and business unit allow you to reconcile by business unit if setup has been performed for this type of reconciling.
- Ad hoc parameters allow you to specify business units and account balancing segments, thereby instantly modifying the display of data.
- If additional analysis it needed, the summary and drill down detail report output can be exported to a spreadsheet, where all Excel functions such as sum, find, filter, etc. are available.

How to use the Payables to Ledger Reconciliation Report:

The reconciliation report is comprised of two parts - the Prepare Payables to General Ledger Reconciliation process and the report.

The extract process, **Prepare Payables to General Ledger Reconciliation**, is used to select data for the Summary section of the Reconciliation Report. This must be submitted in the Schedule Processes window prior to viewing the report. Required parameters:

- Request Name - Free-form parameter to enter a name that is descriptive. Consider using a name that indicates Period, date, time, especially if you anticipate the need to create multiple extracts.
- Ledger – Identifies the ledger you are trying to reconcile.
- Accounting Period - The Accounting Period you select can be opened or closed.

Optional parameters to limit your data set:

- Business Unit - Entering the Business Unit can assist with reconciling by a specific organization rather than the whole ledger. Use only if there is an implicit mapping between business unit and balancing segment value. Results may be inaccurate if using cross business unit payments.
- Intercompany Option - Choose to include, exclude or reconcile only Intercompany activity.
- Bills Payable Option – Choose to include or exclude Bills Payable activity.
- Account Filter - If you have multiple accounts payable General Ledger accounts, or a lot of activity, you may want to limit data to specific General Ledger accounts. You can also use the Account Filter to limit data to specific balancing segment values, but only if there is an implicit mapping between business unit and balancing segment value. If you are only reconciling Intercompany activity, limit the accounts to Intercompany. If you are excluding Intercompany, exclude the intercompany accounts. If you exclude Bills Payables, also exclude the associated accounts. These accounts should not be used to post other activity, as excluding these accounts during the preparation process could impact accounting for the other activity causing an erroneous reconciling difference on the report.

The **Payables to Ledger Reconciliation Report** interactive reporting capability of the reconciliation report provides summarized and detailed reconciling data. The Summary report allows you to see payables and accounting beginning and ending balances, plus summarized activity for the period and how it was accounted. Submit this report from the Tasks pane of the Payables Invoices work area or Payments work area after the Prepare Payables to General Ledger Reconciliation process is complete.

The Summary Report has three columns:

- Payables Amount column represents Payables activity. Drill down reports represent the individual Registers for transactional activity by type of activity

- Accounting Amount column represents the accounting journals. Drill down reports represent the individual Journal Reports for accounting activity by type of activity
- Difference column represents the differences between activity recorded in payables and the accounting generated for that activity. Drill down reports represent differences between transactional data and accounting data by specific activity, such as, invoices, payments and prepayments.

From the summary report:

- You can analyze a smaller subset of data by modifying the ad hoc parameter values of the report. The table data will change accordingly.
- Accounting Begin/End Balance - You can drill down on these balances to view the General Ledger begin or end balance by account combination.
- Non-Payables Begin Balance - You can drill down on this balance to view journals posted to the payables accounts from a journal source other than Payables in prior periods, but the drill down page only displays account activity for the current fiscal year.
- Payables Begin/End Balance - You cannot drill down on these balances in the Payables Amount column as they are calculated amounts. Payables End Balance is the new balance for the period after adding or subtracting current period activity. However, you can drill down on these balances in the Accounting Amount column; they reconcile to the Payables Trial Balance report.
- Transaction Balances - You can drill down from any of the summarized Payables and Accounting amounts to see the detailed activity that makes up those totals.
- Difference - You can drill down on the Difference amounts to see specific reconciling items and the potential cause of the out-of-balance condition between the Payables Amount and the Accounting Amount.
- Other Accounting – This is activity that only has an accounting impact (no impact to Payables), such as, manual journals created in SLA with source of Payables, balancing journals for Intercompany accounting, journals generated by the SLA Account Override feature, and incorrect accounting setup affecting the payable account. Values will only display in the Accounting Amount and Difference columns.
- Payables Variance - It is displayed above the Payables End Balance line if there is data corruption to activity in Payables. Click the Payables Variance amount to drilldown to details. The Payables Variance Details report lists all the transactions and transaction amounts that affect the Payables Variance. The report displays the validation status of each transaction and the component causing the variance. Use this information to correct the transactions and eliminate the reconciliation variance for the related accounting period.
- Non-Payables Journals – You can drill down to view journal entries posted to accounts payable in General Ledger that were not initiated from the Payables module for the period of the report.
- Not Transferred to General Ledger and Not Posted in General Ledger - You can drill down to view details of what still needs to be transferred and posted to the General Ledger.
- Accounting Variance - You can drill down on this balance; two different reports will display, one for Journals in SLA missing from General Ledger, and one for Journals in General Ledger missing in SLA. Accounting Variances usually only occur when there is data corruption that requires the assistance of IT or Development.

The Difference column of the Reconciliation Summary report provides suggestions for the cause of out-of-balance conditions:

- Final accounting is not available for this transaction - Requires you to create final accounting. This includes items that have never been accounted and those that are accounted in Draft mode. .
- Account is outside report range – Applies to Payables transactions with SLA journal entries on accounts excluded in the Account Filter report parameter. Check if the transaction is recorded to the correct account. This error might also occur if the financial category attribute has not been assigned to the natural account segment value.
- Business Unit is outside report range – Applies to Payables transactions with SLA journal entries on accounts within the report range but business unit not matching the report business unit. (If you filter the reconciliation report for specific business units or specific balancing segment values, be sure your Oracle ERP Cloud implementation has an implicit mapping between business unit and balancing segment value. If not, you should not be using these filters. Doing so could result in erroneous data in your reconciliation report.) Check if the transaction is recorded to the correct business unit and correct account. Also check the parameters selected when submitting the Reconciliation report or Prepare Payables to General Ledger Reconciliation process to ensure the proper business units, balancing segment values, and accounts are included.

10. Review Payables Invoice Aging Report

After Payables is reconciled to your satisfaction, submit the Payables Invoice Aging Report in the Scheduled Processes window. This report shows the current total outstanding accounts payable balance by aging buckets as of the date and time the report was executed. You cannot submit this report for a date in the past, so save a copy of the report at the end of every period for historical reporting purposes.

11. Submit Payables Invoice Register and the Payables Payment Register

If you haven't already, submit the Payables Invoice Register and the Payables Payment Register reports for the period to save a record of invoices and payments.

12. Accrue Un-invoiced Receipts

Refer to the Supply Chain Management chapter, Managing Period End in Receipt Accounting section.

13. Submit Mass Additions Transfer to Fixed Assets

After you have completed all Payables transaction entries, and confirmed all invoice holds, and carry forwards, submit the Create Mass Additions process to transfer capital invoice line distributions from Payables to Fixed Assets.

For foreign currency assets, Payables sends the invoice distribution amount in the converted functional currency. The mass addition line appears in Fixed Assets with the functional currency amount.

After you create mass additions, you can review them in the Pending Source Lines region in the Additions work area or Assets Accounting Dashboard.

It is recommended to execute a final Create Mass Additions process after the period close to ensure that all Payables invoices are:

- Included in the correct period and
- Any additional invoicing will become part of the next periods invoice and asset processing period.

 Suggestion: If the volume of transactions in Payables requiring Fixed Assets update is large, you should consider running the Create Mass Additions process on a more regular basis.

14. Submit Transfer Cost Information to Cost Management

Transfers cost information from Payables to Cost Management.

15. Review Third Party Balances Report (Optional)

Submit and review the Third Party Balances report from the Scheduled Processes window.

This report is only available if you use third party control accounts. This report is used to display balance and account activity information for Suppliers and Customers. It retrieves the following information:

- Third party balances for third party control accounts
- Subledger journal entry lines that add up to the total period activity for each control account, third party, and third party site
- Third party and third party site information
- User transaction identifiers for the associated event

The balances in this report can be compared with the General Ledger balances for the same control accounts to reconcile.

16. Submit General Ledger and Subledger Account Analysis Report

Submit and review the General Ledger and Subledger Account Analysis Report for any account that you are trying to reconcile (i.e. expense, freight, discounts, tax, etc.) to ensure that only appropriate transactions have been posted to the General Ledger account by checking the journal source of the transactions.

Note: To avoid duplication with subledger journal entries, General Ledger journal entries imported from SLA are not included in the report.

17. Review Reports for Tax Reporting Purposes (Optional)

Submit and review the following Withholding Tax and Key Indicator Reports, as applicable to your country. Withholding tax reports are normally executed at the end of the fiscal year:

- Withholding Tax reports - Lists withholdings for a supplier. The invoice view is used to review detailed withholding tax information by invoice. The supplier view is used to review the withholding information for a range of suppliers.
- Withholding Tax by Tax Authority report - Lists withholdings for tax codes assigned to a tax authority.
- Withholding Tax Letter - Creates a withholding tax letter to mail to a supplier on a periodic basis. The letter contains a list of withholdings made for a supplier, summarized either by tax type and tax rate, or by supplier site.
- Payables Key Indicators report - Generates reports with transaction activity and the current number of suppliers, invoices, payments, and matching holds.
- US 1099 Withholding reports
- Refer to ERP Global Catalog for country specific withholding tax reports.

CHAPTER 8 – JOINT VENTURES

Joint Venture Management enables a managing partner of a single joint venture or thousands of joint ventures to manage the distribution of costs and revenue among joint venture partners. It enables you to manage amounts to invoice to partners, both external partners to the managing partner's organization and any internal partners that operate as a separate business entity within the organization.

Joint Venture Management automatically:

- Identifies joint venture transactions from Oracle Financials into Joint Venture
- Generates distribution records that contain each partner's percentage share in the transaction
- Creates Receivable invoices for each partner using the distributions for costs
- Sends the external partners' share of costs as reimbursements to Projects

Joint Venture Process Flow
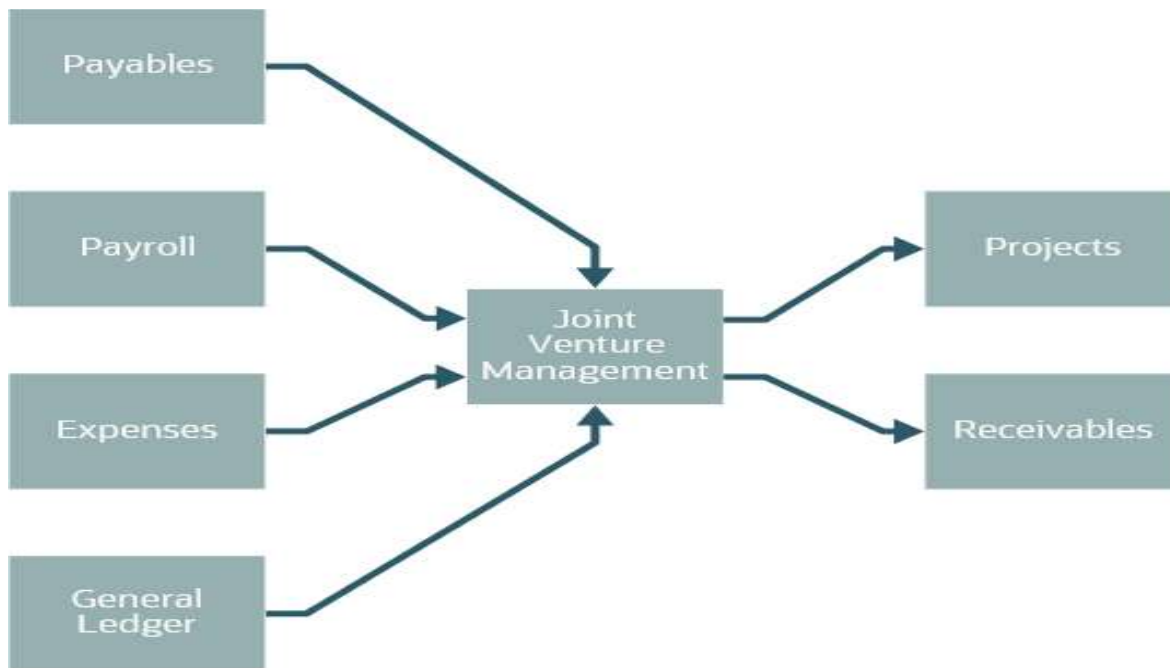
Joint Venture processing can be run at any point during the accounting period to generate the charges required to redistribute the allocated JV costs to the assigned partners.

However, where users wish to calculate the distribution at the period end all costs need to be processed into JV prior to distributions being calculated. This means that the subledgers driving cost (Expenses, Payroll and Payables) need to be closed to ensure all transactions are processed, similarly any impacting General Ledger entries need to be complete. This allows the creation of the JV entries to be processed by the Receivables & Project modules prior to the period close.

Note, JV distribution can be rerun after the period close to pick up any late entries though the new transactions will be generated in the current open period.

This following describes the procedures for performing period-end processing in Joint Venture Management.

1. Close Feeder Systems

Process transactions and close the period for the systems from where the transactions will be brought into Joint Venture, for example, Payables, Cost Accounting, etc.

2. Bring transactions into Joint Venture

Automatically bring in joint venture-related transactions from Subledger Accounting and General Ledger for the period you are closing.

3. Create partner distributions

Based on transactions, automatically create partner distributions representing each partner's share of the transaction.

4. Determine the distributed costs covered by partner contributions

For each distribution, automatically draw from partner contributions (prepayments from each partner for joint venture costs) and indicate if it is covered by one or more partner contributions.

5. Create invoices in Receivables for the distributed costs

Based on the joint venture distributions, automatically create Receivables invoices for each partner in a joint venture. Each invoice in Receivables includes the distributed costs for a partner for a joint venture as well as a credit related to costs covered by partner contributions. The Receivables offset will represent all costs on the invoice. The credit related to the partner contributions will automatically write down the partner contribution liability based on your account mapping settings.

6. Process cost transactions in Project Costing

Process cost transactions in Project Costing for all the costs that will be processed by Joint Venture Management.

7. Send Receivables project-related offset transactions to Projects

Automatically send project-related Receivables offset transactions from Receivables to Projects to account for any project costing adjustments that will be created due to retroactive changes in ownership percentages that need to be rebilled.

CHAPTER 9 - PROJECTS

Oracle Project Portfolio Management allows capture, tracking and accounting of project related revenue and costs, including transfer pricing between organizations and legal entities. The project costing subledger utilizes subledger accounting to account for project costs and revenues.

Projects supports two period definitions - Accounting period and Project Accounting Period. Defining project accounting period allows for organizations to control their project related processes at a more granular level than they report from a general accounting perspective, for example weekly. If there are no requirements to maintain this level of granularity for reporting or control purposes, then it is possible to simply maintain a 'Common' definition of both types of periods based on the accounting calendar. In this case, the period close process is managed for accounting periods only.

Accounting dates and periods for new project transactions are typically derived using the transaction date (i.e. project cost transaction date). If the period in which the transaction date falls into is in an 'Open' or Future Enterable' status, then the accounting date is set to the transaction date. If the period in which the transaction date falls into is not in an open or future enterable status, then the accounting date is set to the first day of the next open or future enterable period. For adjustments to existing transactions, the accounting date of that transaction is used as the basis and the accounting date and period for the adjusting transactions are derived as described above.

This chapter describes the procedures for performing period-end processing in Project Portfolio Management.

1. Close Feeder Systems

Process transactions and close period for systems sending transactions to projects; i.e. Payables, Cost Accounting, etc.

2. Import transactions into Projects

Import transactions from all feeder systems.

3. Set Period Status in Projects to Close Pending

After the last day of the period, set the accounting and project accounting period status to 'Close Pending' for all business units in the 'Manage Accounting Periods' or 'Manage Project Accounting Periods' page. This will prevent cost transactions from being accounted and reported in the period, but rather accounted and reported in the next period. You can still process revenue and transfer pricing transactions while the period is 'Close Pending'.

4. Ensure Next Period is Open or Future Enterable

The subsequent period should be set to Open or Future Enterable so that transactions will continue to be processed in that period.

5. Process Cost Transactions

Ensure that all cost transactions in the now 'Close Pending' period are fully processed. The project costs overview page provides visibility into the unprocessed transactions, adjustments, and burden transactions that are pending processing or require additional attention.

You may need to submit one of the following processes – Import Costs, Import Commitments, Generate Borrowed and Lent Amounts, Generate Burden Costs. Note that the generation of borrowed and lent amounts are dependent upon the cost transactions being accounted.

Enable the 'Import accounted cost when project periods are closed' in the 'Manage Project Transaction Sources' task to avoid project period close related validation errors, when processing accounted transactions from sources like Fusion Payables, Cost Management or Third Party. If the general ledger accounting period is closed, then applicable burden cost and accrued revenue for such transactions will be accounted in the next open period.

6. Create Accounting for Cost Transactions

Submit Create Accounting with a Process Mode of Final and ensure that all cost transactions have been accounted successfully.

7. Generate Asset Lines and Interface to Fixed Assets.

Submit the following processes to ensure that capital costs are accurately reflected and interfaced to Fixed Assets:

Create Periodic Capital Events, Generate Asset Lines, Transfer Assets to Oracle Fusion Assets, and Update Asset Information from Oracle Fusion Assets.

8. Generate Revenue

Generate revenue for all rate-based contract lines, and any fixed price contract lines that need to be accounted in the current period. This should include all external, intercompany, and interproject contracts.

9. Generate Invoices and Interface to Receivables

Generate invoices as required for external contracts. Generate invoices for all intercompany and interproject invoices to ensure that the intercompany payable/receivable balances are reported in the same period. All invoices should be Released and Accepted in Receivables by submitting the Update Invoice Details from Receivables process.

10. Review and Resolve Billing Transaction Exceptions

Resolve any billing transaction exceptions by viewing them in the Revenue and Invoices work areas and taking the appropriate corrective actions.

11. Reclassify Billing Offset Balances

If you are maintaining distinct accounts for deferred revenue and unbilled receivables, then create the appropriate billing offset balances by submitting the Reclassify Billing Offset Balances process.

12. Create Accounting for Revenue and Billing Offsets

Submit the Create Accounting process to ensure that all revenue and billing offset transactions are Final accounted.

13. Submit and Review the Period Close Exceptions Reports

Depending on which period you are closing, Accounting or Project Accounting, submit either the Accounting Period Close Exception Report or the Project Accounting Period Close Exception Report. Submit the report for each Business Unit and with a Report Style of Summary initially.   Review and resolve exceptions. If more detail is needed, run again with a Report Style of Detail.

You can also use the Oracle Project Portfolio Management OTBI subject area, 'Projects – Period Close Exceptions' to analyze any period close exceptions associated to unprocessed costs, expenditures and revenue. The subject area allows analysis of the root cause for an exception and building of analyses using the Root Cause Message Details dimension that can offer additional visibility into all pending transactions and their related exceptions. After the period is closed, all transactions for a given period are erased from this subject area. Rerun the Project Accounting Period Close Exceptions report or the Accounting Period Close Exceptions report to refresh the data in Projects-Period Close Exceptions subject area. A sample accounting period close exceptions dashboard based on the above subject area is also available to review any accounting period close exceptions.

14. Verify that all Transactions are Accounted

Submit the 'Sweep Transaction Accounting Events' process in review mode and verify that the transactions displayed can be deferred and accounted in the next period. If not, then resolve the exceptions that are preventing them from being accounted. Once the review list displays only those transactions to be deferred, submit the process again in the update mode.

15. Close Period

In the 'Manage Accounting Periods' or 'Manage Project Accounting Periods' page, change the accounting or project accounting period status from 'Close Pending' to 'Closed'. If the next period status is 'Future Enterable', change it to 'Open'.

CHAPTER 10 - RECEIVABLES

Receivables activity must be reconciled for the accounting period that is to be closed. This chapter describes the procedures for performing period-end processing in Receivables.

1. Complete All Transactions for the Period Being Closed

Ensure that all transactions have been entered for the period being closed:

- Complete Invoicing, Credits and Adjustments
- Complete Receipts and Reversals
- Complete Invoice and Customer Import
- Complete Lock Box Processing
- Complete processing of Refunds and Deductions
- Generate Late Charges (Optional)
- Complete Customer and Supplier Balance Netting (Optional)
- Submit the revenue recognition process (Optional)
- If you import transactions from an external system or Projects, ensure that you have imported all transactions and reviewed all audit trails for completeness.

2. Recognize Revenue

Revenue can be processed in Receivables (AR) or in Revenue Management (RM), depending on your business needs.

AR: If Receivables is generating the revenue accounting then submit the Recognize Revenue process. Note, revenue recognition is automatically run by the Create Receivable Accounting process (see step 4 below).

RM: If Receivables is integrated with Revenue Management, Receivables will post to a revenue clearing account as revenue is processed in RM.

3. Reconcile Receipts to Bank Statement Activity for the Period

Refer to the Cash Management chapter.

4. Create Accounting and Transfer to General Ledger

Create accounting for invoices and receipts and transfer to General Ledger.

- Submit the Create Accounting process with the Transfer to General Ledger option set to 'Yes' to account and transfer any unaccounted transactions to General Ledger.
- Submit the Post Journal Entries to General Ledger process to transfer to General Ledger any transactions that were accounted in final mode, but that were not transferred.
- Review the output reports generated by the Create Accounting and Post Journal Entries to General Ledger processes to view the subledger journal entries created and any errors that may have occurred.

5. Review and Correct Accounting Exceptions

Review subledger accounting exceptions and recommended corrective actions in the Manage Accounting Errors page.

Resolve any errors and rerun accounting processes.

6. Pending Close the Current Receivables Period

Change the status of the Receivables period you are trying to close to Close Pending using the Manage Accounting Periods task in the Receivables Balances work area. This prevents new transactions from being entered during the reconciliation process. When the period is in Close Pending status, existing activity can be accounted and transferred to the General Ledger. The period can be re-opened if needed.

7. Open the Next Receivables Period

Open the next period in Receivables using the Manage Accounting Periods task in the Receivables Balances work area to allow recording business as usual.

8. Review Subledger Period Close Exception Report

Submit and review the Subledger Period Close Exceptions report to view accounting events and journal entries that failed period close validation.

9. Review Potential Reconciling Items Report (Optional)

The Potential Reconciling Items report suggests journal items that might potentially post to General Ledger accounts with unexpected account types, thus creating reconciliation issues in General Ledger.   If the Receivables setup has not been performed correctly, activity may post to the incorrect General Ledger account causing improper accounting, such as posting to an asset when it should post to revenue. If these journals are found, the Subledger Accounting (SLA) Account Override feature can be used to make modifications, and the setup should be modified appropriately.

This report is usually used during new implementations or when there are changes to setup, such as adding or updating Transaction Types. But if updates or new setup are performed frequently, consider reviewing it during period close processing.

10. Reconcile Receivables Balances to General Ledger

The Receivables to Ledger Reconciliation report reconciles the open receivables balance in Receivables to the accounts receivable balance in General Ledger, and highlights any discrepancies. For customers using Multifund Accounting, you will be able to view detailed distributions for transaction lines. Note other activity and account balances such as revenue, discounts, freight, tax, etc. are not covered by this report. Use this report after you have submitted the Create Accounting process in Receivables and have resolved any accounting issues or items noted in the Subledger Period Close Exceptions report.

Note: When you drilldown from the summary report, you see the real-time details that make up balances from the summary report. In order to guarantee that the summary balance for each type of activity agrees with the drill down detail, the Receivables period status should be set to Closed or Close Pending before submitting the Prepare Receivables to General Ledger Reconciliation process for the period.

Note: Receivables generates distributions. These are the accounting flexfield values (accounts) for the activity in Receivables, including billing, payments, bank remittance, gain or loss on foreign currency transactions, freight and tax calculation. SLA uses these distributions as a source for generating the journal entries, which are ultimately transferred to General Ledger. Distributions are the source of SLA accounting when using the delivered accounting rules. Custom rules do not have to source these distributions. When reconciling Receivables balances to General Ledger, rely on the accounts in the SLA accounting entries, not the accounts on the Receivables distributions.

Description of Receivables to Ledger Reconciliation Report:

- Automates the labor-intensive process of manually matching sub-ledger transactions to accounting entries and identifying the discrepancies.
- Presents the beginning and ending receivables balances and all activity for the period, matching the receivables aging.
- Increases visibility to information by drilling down to supporting journal and transaction details, rather than navigating to multiple windows or generating printed reports.
- Identifies reconciling exceptions and suggests the action to take, decreasing time normally taken to investigate.
- Allows companies to exclude on-account items and unapplied/unidentified receipts, which is especially helpful when these items do not post to the receivables account.
- Can automatically compare open intercompany balances between intercompany trading partners and report on any differences.
- Parameters for balancing segment and business unit allow you to reconcile by business unit if setup has been performed for this type of reconciling.
- Ad hoc parameters allow you to specify business units and account balancing segments, thereby instantly modifying the display of data.
- If additional analysis it needed, the summary and drill down detail report output can be exported to a spreadsheet, where all Excel functions such as sum, find, filter, etc. are available.

How to use the Receivables to Ledger Reconciliation Report:

The reconciliation report is comprised of two parts - the Prepare Receivables to General Ledger Reconciliation process and the Report.

Prepare Receivables to General Ledger Reconciliation Process

The extract process, Prepare Receivables to General Ledger Reconciliation, is used to select data for the Summary section of the Reconciliation Report. This must be submitted in the Schedule Processes window prior to viewing the report. Required parameters:

- Request Name - Free-form parameter to enter a name that is descriptive. Consider using a name that indicates Period, date, time, especially if you anticipate the need to create multiple extracts.
- Ledger – Identifies the ledger you are trying to reconcile.
- Accounting Period - The Accounting Period you select can be opened or closed.

Optional parameters to limit your data set:

- Business Unit - Entering the Business Unit can assist with reconciling by a specific organization rather than the whole ledger. Use only if there is an implicit mapping between business unit and balancing segment value.
- Intercompany Option - Choose to include, exclude or reconcile only Intercompany activity.
- On-account, Unapplied and Unidentified Options - If on-account items or unapplied and unidentified receipts post to non-receivable accounts, you may wish to exclude them from reconciliation.
- Account Filter - If you have multiple accounts receivable General Ledger accounts, or a lot of activity, you may want to limit data to specific General Ledger accounts. You can also use the Account Filter to limit data to specific balancing segment values, but only if there is an implicit mapping between business unit and balancing segment value. If you are only reconciling Intercompany activity, limit the accounts to Intercompany.   If you are excluding Intercompany, exclude the intercompany accounts.   If you exclude On-account activity or Unapplied and Unidentified receipts, also exclude the associated accounts.   These accounts should not be used to post other activity, such as invoice receivables, as excluding these accounts during the preparation process could impact accounting for the other activity causing an erroneous reconciling difference on the report.

Receivables to Ledger Reconciliation Report

The interactive reporting capability of the reconciliation report provides summarized and detailed reconciling data. The Summary report allows you to see receivables and accounting beginning and ending balances, plus summarized activity for the period and how it was accounted. Submit this report from the Tasks pane of the Receivables Balances work area after the Prepare Receivables to General Ledger Reconciliation process is complete.

The Summary Report has three columns:

- Receivables Amount column represents Receivables activity. Drill down reports represent the individual Registers for transactional activity by type of activity
- Accounting Amount column represents the accounting journals. Drill down reports represent the individual Journal Reports for accounting activity by type of activity
- Difference column represents the differences between activity recorded in receivables and the accounting generated for that activity. Drill down reports represent differences between transactional data and accounting data by specific activity, such as, invoices, adjustments and receipts.

From the summary report:

- You can analyze a smaller subset of data by modifying the ad hoc parameter values of the report. The table data will change accordingly.
- Accounting Begin/End Balance - You can drill down on these balances to view the General Ledger begin or end balance by account combination.
- Non-Receivables Begin Balance - You can drill down on this balance to view journals posted to the receivables accounts from a journal source other than Receivables in prior periods, but the drill down page only displays account activity for the current fiscal year.

- Receivables Begin/End Balance - You cannot drill down on these balances as they are calculated amounts. Receivables End Balance is the new balance for the period after adding or subtracting current period activity.
- Transaction Balances - You can drill down from any of the summarized Receivables and Accounting amounts to see the detailed activity that makes up those totals. The Receivables Amount column reconciles the receivables with the Aging and compares the balances to the Accounting Amounts.
- Differences - You can drill down on the Differences amounts to see specific reconciling items and the potential cause of the out-of-balance condition between the Receivables Amount and the Accounting Amount.
- Other Accounting – This is activity that only has an accounting impact (no impact to Receivables), such as, manual journals created in SLA with source of Receivables, balancing journals for Intercompany accounting, journals generated by the SLA Account Override feature, and incorrect accounting setup affecting the receivable account.. If your company uses Bills Receivable, the journals that indicate the movement between General Ledger accounts that occur over the lifecycle of a Bill Receivable will also display in Other Accounting. Values will only display in the Accounting Amount and Difference columns.
- Receivables Variance - You cannot drill down on this balance. It is displayed above the Receivables End Balance line if there is data corruption to activity in Receivables. IT or Development should be involved when data corruption occurs. You may optionally submit other Receivables reports to validate the Receivables begin balance, period transaction activity and end balances are correct.
- Non-Receivables Journals – You can drill down to view journal entries posted to accounts receivable in General Ledger that were not initiated from the Receivables module for the period of the report.
- Not Transferred to General Ledger and Not Posted in General Ledger - You can drill down to view details of what still needs to be transferred and posted to the General Ledger.
- Accounting Variance - You can drill down on this balance; two different reports will display, one for Journals in SLA missing from General Ledger, and one for Journals in General Ledger missing in SLA. Accounting Variances usually only occur when there is data corruption that requires the assistance of IT or Development.

The Difference column of the Reconciliation Summary report provides suggestions for the cause of out-of-balance conditions:

- Final accounting is not available for this transaction - Requires you to create final accounting. This includes items that have never been accounted and those that are accounted in Draft mode.
- Account is outside report range – Applies to Receivables transactions with SLA journal entries with accounts that are excluded from Reconciliation report's account range. Check if the transaction is recorded to the correct account. This error might also occur if the financial category attribute has not been assigned to the natural account segment value.
- Business Unit is outside report range – Applies to Receivables transactions with SLA journal entries with accounts that match the Reconciliation report's account range, but the business unit of the transaction does not match the business unit of the Reconciliation report. (If you filter the reconciliation report for specific business units or specific balancing segment values, be sure your Oracle ERP Cloud implementation has an implicit mapping between business unit and balancing segment value. If not, you should not be using these filters. Doing so could result in erroneous data in your reconciliation report.) Check if the transaction is recorded to the correct business unit and correct account. Also check the parameters selected when submitting the Reconciliation report or Prepare Receivables to General Ledger Reconciliation process to ensure the proper business units, balancing segment values, and accounts are included.

11. Review Receivables Aging By General Ledger Account Report

The Receivables Aging By General Ledger Account report shows the total customer outstanding balance by aging buckets to group invoices by the number of days an item is overdue, such as Current, 1-30 days late, 31-60 days late, 61-90 days late, etc.

This information is important because it gives a complete picture of the customer debt and potential ability to collect the outstanding amounts. Typically, the older the invoice – the longer is it outstanding – the less likely it will be collected. For customers using Multifund Accounting, use the report Receivables Aging by General Ledger Account for Multifund Accounting to generate the aging details for ledgers and business units enabled for Multifund Accounting.

- The Aging report total should be reconciled to the Receivable End Balance in the Receivables to Ledger Reconciliation Report. Aging and accounting are two different ways to represent the same data, so their totals should agree. If they don't agree, consider these causes:
- The Aging report is run by As of Date, while the Reconciliation report is run by accounting period. The As of Date of the Aging report must coincide with the period-end date of the Reconciliation report to compare like data.
- The Aging report only displays items that have been accounted. Transactions that do not have final accounting may be missing from the Aging Report.
- The accounting may have posted to accounts not included in the Reconciliation report.
- There may be activity that has only an accounting impact, which is not represented on the Aging because it does not affect the customer outstanding balance. This could include a manual journal or intercompany accounting.
- There was a discrepancy in a prior period. The beginning balances on the Reconciliation report should always agree with the prior period Aging report total. If it is not the same, you may have to go back several periods to identify the original out-of-balance condition.
- The setup can determine if a transaction amount will update the customer balance, and if accounting will be generated for that activity. Some invoices are imported into Receivables for tracking purposes and do not generate accounting.
- There was a credit/rebill for an internal accounting error. Rather than creating and issuing a credit memo and new invoice to the customer, the credit memo and invoice were created such that they do not update the customer balance, but do generate corrected accounting that posts to the General Ledger.

12. Review Third Party Balances Report (Optional)

Submit and review the Third Party Balances Report from the Scheduled Processes window.

This report is only available if you use third party control accounts. This report is used to display balance and account activity information for Suppliers and Customers. It retrieves the following information:

- Third party balances for third party control accounts
- Subledger journal entry lines that add up to the total period activity for each control account, third party, and third party site
- Third party and third party site information
- User transaction identifiers for the associated event

The balances in this report can be compared with the General Ledger balances for the same control accounts to reconcile.

13. Close Receivables Period

After Receivables is reconciled to your satisfaction, set the accounting period to Closed using the Manage Accounting Periods task in the Receivables Balances work area.   This step initiates validation that confirms all accounting entries are balanced and transferred to the General Ledger. The Generate Diagnostic Report is automatically generated for any issues encountered and the hard close will be prevented.

The Close Period process also checks for incomplete invoices and adjustments pending approval. You may want to complete, delete or update the accounting date of incomplete invoices depending on company policy. However, this is not required and will not prevent you from closing the period.

Note: Where there are multiple business units within the same ledger all business units must be ready to close at the same time. All of the business units that share a ledger also share the same period statuses. When you update the period status to 'Open' in one business unit, that period is opened for all business units within the ledger.

If for some reason the period needs to be re-opened after it's been closed, for example due to findings during the final General Ledger reconciliation process, the period can be reopened. But do not do so if the General Ledger period is closed. Corrections will then need to go into the next accounting period.

14. Review General Ledger and Subledger Account Analysis Report

Submit and review the General Ledger and Subledger Account Analysis Report for any account that you are trying to reconcile (such as revenue or revenue clearing if revenue is managed in RM, freight, discounts, tax, etc.) to ensure that only appropriate transactions have been posted to the General Ledger account by checking the journal source of the transactions.

Note: To avoid duplication with subledger journal entries, General Ledger journal entries imported from SLA are not included in the report.

15. Estimate Provision for Bad Debt (Optional)

Based on customer credit worthiness or age of the invoice, estimate the amount of receivables that are not likely to be collected as a provision for bad debt and record journal entry in SLA or General Ledger. You can use the Bad Debt Provision Report, which relies on the collectible percentage you put on your customer account profile class.

CHAPTER 11 - REVENUE MANAGEMENT

Revenue activity must be reconciled for the accounting period that is to be closed. This chapter describes the procedures for performing period-end processing in Revenue Management.

1. Complete All Transactions for the Period Being Closed

Ensure that all transactions have been entered for the period being closed:

- Complete import of source data from upstream systems, such as data from third party sales cycle systems or Oracle SaaS Cloud subledgers: Order Management, Project Billing, Enterprise Contracts, Subscription Management, and Receivables.
- Complete creating and processing accounting contracts

Submit the Validate Customer Contracts program and verify it completes successfully without errors. Then submit the Identify Customer Contracts process in the Scheduled Processes window to Identify customer contracts and performance obligations. This process identifies and creates accounting contracts and performance obligations, determines the transaction price, allocates the transaction price to the performance obligations, and recognizes revenue, contract asset and contract liability. It also executes the Create Accounting process to create and transfer accounting entries to General Ledger. Be sure to post the journal entries in General Ledger.

2. Pending Close the Current Revenue Period

Change the status of the Revenue period you are trying to close to Close Pending using the Manage Accounting Periods task in the Revenue Management work area. This prevents new transactions from being entered during the reconciliation process. When the period is in Close Pending status, existing activity can be accounted and transferred to the General Ledger. The period can be re-opened if needed.

3. Review and Correct Accounting Exceptions

Review subledger accounting exceptions and recommended corrective actions in the Manage Accounting Errors page.

Resolve any errors and rerun accounting processes.

4. Open the Next Revenue Period

Open the next period in Revenue Management to allow recording business as usual.

5. Review Revenue Contract Account Activity report

The Revenue Contract Account Activity report enables the Revenue Manager to easily reconcile balances such as revenue, clearing, contract assets, and contract liability by performance obligation and contract for a given period end.

6. Reconcile Revenue Management Balances to General Ledger

Use the General Ledger Trial Balance report to reconcile Revenue Management balances to General Ledger balances. Use the General Ledger and Subledger Account Analysis Report for any account that you are trying to reconcile to ensure that only appropriate transactions have been posted to the General Ledger account by checking the journal source of the transactions.

Note: To avoid duplication with subledger journal entries, General Ledger journal entries imported from SLA are not included in the report.

7. Close the Current Revenue Period

After Revenue is reconciled to your satisfaction, set the accounting period to Closed.

CHAPTER 12 - PROCUREMENT

This chapter describes the procedures for performing period-end processing in Procurement.

1. Complete All Transactions for the Period

Ensure all transactions are entered and completed for the period being closed:

- Complete and approve purchase requisitions
- Complete and approve purchase orders
- Complete receipts and returns

Submit the Confirm Receipts Workflow to send notifications to requestors or buyers who have created requisitions in Self-service Procurement. The Confirm Receipts Workflow sends notifications for items with a destination type of Expense, a Routing of Direct Delivery, and a Need–By date that is equal to or later than today's date.

Notification recipients can create receipt transactions by responding to the notification or by entering them on the Receiving work area.

2. Review Outstanding and Overdue Purchase Orders (Optional)

Use sample OTBI reports provided by Procurement (under Shared>Procurement folder) as starting point to build customized analyses to review outstanding purchase orders, including quantity ordered and received details.

3. Follow up Receipts - Check with Suppliers

For purchase orders that have not been received, the appropriate department can use the details obtained from the Purchasing Real Time subject area, to follow up on the status of the ordered items with the suppliers.

If the goods have been received, but the receipt has not been entered into Receiving, the receipt transaction needs to be entered by the appropriate personnel.

Note: Where you have selected to accrue receipts at period end, make sure all receipts are entered for a specific period, before creating receipt accruals for that period.

It is not necessary to enter all the receipts for a period prior to closing that period. Simply backdate the receipt date when entering receipts for a closed period.

Warning: If Inventory is implemented, it is not possible to process a receipt to a closed Cost Management period.

4. Mass Close/Finally Close Purchase Orders and Mass Cancel Requisition Lines (Optional)

Purchase orders for which no further invoice/receipt activity is expected can be mass closed/finally closed. Finally closing orders will release any unused funds. In the Purchasing Work Area, select the Close Schedules in Spreadsheet task, enter the criteria, such as budget date, of the orders to be closed. This will download a spreadsheet with all of the schedules satisfying the criteria, and you can select the action (Close/Finally Close) for each row and upload the results to close the orders.

Note, there is also a REST API facility available to support this process, if required.

Similarly, if Requisition lines have been inactive for a long period of time and have identified as no longer required authorized users can take advantage of the mass cancellation process using either the ADFDi or REST API options to clean up the available transactions.

5. Complete the Payables Period-End Process

Complete the steps to close the Payables period, to enable the creation of receipts accrual entries. Performing the Payables Period-End process effectively prevents any further invoices or payments from being entered into Payables for the closed period. Note that Procurement does not have periods to open or close.

6. Perform Period-End or Year-End Budgetary Control or Encumbrance Processing (Optional)

Identify procurement transactions you plan to carry forward into the new fiscal year. Cancel or final close any procurement transactions you are not carrying forward to the new fiscal year. The Budgetary Control module will automatically release the unused funds when you cancel or final close the procurement transactions. The General Ledger module will generate encumbrances accounting entries to reverse the encumbrance balance when the Create Accounting process is submitted.

CHAPTER 13 - SUPPLY CHAIN MANAGERIAL ACCOUNTING

This chapter describes the procedures for performing period-end processing in Supply Chain Managerial Accounting.

Receipt Accounting is responsible for managing purchase accruals, including creating accruals when materials are received, matching accruals when invoices are created, and tools to manage outstanding accruals.

Cost Accounting is responsible for costing and accounting of all supply chain inventory transactions.

Managing Period End in Receipt Accounting

Receipt Accounting does not maintain a separate period status and uses actual transaction dates and General Ledger period statuses to decide the accounting date of transactions.

Accounting of accruals are done either when a receipt is processed or at period end, which is determined by the Accrue at Receipt flag in Purchase Order Schedules. If the Accrue at Receipt flag is unchecked, the accruals are created at end of the period. The period-end activities differ for accruals created at receipt and for those created at period end.

Steps for Accrue at Period End

1. Close the current Payables Period

Refer to Payables chapter.

2. Submit Transfer and Accounting Processes

Schedule the following processes to be run regularly during the period and run them manually at the end of the period to ensure that all transactions are interfaced and processed.

- Transfer Transactions from Receiving to Costing process to interface receipt transactions.
- Transfer Costs to Cost Management process to interface costs from Payables transactions to Cost Management.
- Submit the Create Uninvoiced Receipt Accruals process to generate accrual accounting for receipts that occurred in period, but the expense and payable are not yet booked in Payables. The process creates an accrual for the expense and liability for those un-invoiced receipts.

If encumbrance accounting is used, another journal entry is created, corresponding to the encumbrance reversal entries for the un-invoiced receipts that were accrued. Reversal of accrual entries for the next period will happen automatically if:

- The "Run Auto Reverse after open period" checkbox is enabled in the ledger definition
- And the reverse option is selected for the accrual journal category.

If these criteria are not met, then the accrual entries need to be reversed manually.

Note: If the accrual is done before the period is closed for Payables, there is a chance that an invoice could be processed after the accrual which would be double counting. This is why it is best practice to wait until Payables closes for the period, and then submit the un-invoiced accrual process.   .

- Submit the Create Entries for Receipt Accounting process to create the necessary journal entries in General Ledger.

3. Reconcile and Report

Submit the Uninvoiced Receipt Accrual Report to review uninvoiced receipt accruals in a business unit.

Steps for Accrue at Receipt

1. Submit Transfer and Accounting Processes

You should submit the following processes on a regular basis (at least once a day) to process all receipts, create accruals and distributions and journals. For backdated transactions, Receipt Accounting checks the status of General Ledger period and if the period is open, posts the transaction with an accounting date equal to transaction date. If the General Ledger period is closed, then the transaction's accounting date is set as the first day of the next open period.

Schedule the following processes to be run regularly during the period and run them manually at the end of the period to ensure that all transactions are interfaced and processed.

- Transfer Transactions from Receiving to Receipt Accounting process to interface receipt transactions.
- Transfer Costs from Payables to Cost Management process to interface accounts payable transactions.
- Create Receipt Accounting Distributions creates the distributions for the new receipts
- Create Entries for Receipt Accounting can be submitted in a draft mode, the results reviewed and if everything is ok, can be re-submitted in the final mode

2. Reconcile and Report

The Match Receipt Accruals process helps to match purchase order receipt accruals with invoices from the Payables application. This can be submitted at period close or as needed for internal reporting and reconciliation.

The Audit Receipt Accrual Clearing Balances process helps to analyze the General Ledger accounted accrual balances.

The Accrual Clearing Report provides a list of accrual clearing transactions for a purchase order and accrual account, which have been automatically or manually cleared.

The Accrual Reconciliation Report provides information for reviewing and reconciling accrual balances.

3. Clear Accruals

In some cases, there are balances in the accrual account that will never be cleared by an actual expense entry. These need to be monitored on a regular basis to ensure that the accrued liabilities show a true picture.

Use the Accrual Clearing Rules to set up rules to automatically clear out the small discrepancies that don't have a material impact.

You have the option to review open accruals in the Adjust Receipt Accrual Balances window or in the report to identify accrual balances that need to be written off, and manually write them off.

Managing Period End in Cost Accounting

Cost Accounting creates accounting distributions for inventory transactions, and then creates General Ledger entries via Subledger Accounting.

Ideally as inventory transactions occur, they are entered into the system in near real time and the default transaction date is the same as the entry date. As the end of a period approaches, additional care is warranted to give transactions their correct transaction date. As the current calendar date transitions into a new period, you can continue to enter transactions in the new period.

In some situations, inventory transactions may need to be "backdated". This means the date the transaction is entered is later than the actual transaction date. The cost accounting solution merely wishes to have the correct factual information about the transaction entered into the system as timely as possible. The cost accounting system automatically creates the accounting entries in the most appropriate period based on predefined accounting policies.

Managing cost accounting periods is important to ensure that the necessary period-end procedures happen seamlessly. Cost accountants can reduce the time taken to successfully close a period by frequently monitoring the health of the system throughout the period through activities such as:

- Reconcile the inventory values in Cost Accounting and General Ledger.
- Transfer transactions regularly to the General Ledger.
- Submit period-end validations several times during the period to proactively identify issues and fix them.

Period Statuses

The following are the various period statuses available in Cost Accounting.

- Never Opened: This is the default status, in which no transactions are processed. Any transaction that comes with a date that falls in a Never Opened period is not processed and will wait until the period is opened.
- Open: Status in which all transactions can be processed by the cost processor. An Open period can be Closed or Permanently Closed.

Note: The maximum number of open periods can be set up for each cost organization – cost book combination.

- Closed: Indicates that the period is closed for all new transactions. If a new transaction comes in with a transaction date that falls within a Closed period, the costed and accounted dates for this transaction would be stamped with the first date of the next Open period. Status can be reverted to Open or changed to Permanently Closed.
- Permanently Closed: The behavior is similar to a Closed period, but a Permanently Closed period cannot be reverted to any other status.

Backdated Transactions

Transactions that are created with a date in the past are referred to as backdated transactions. Inventory users should always enter the correct factual information about transactions into the system. Using a combination of cost cut-off date option and period status, the cost accounting processor determines the period in which a backdated transaction will be slotted.

The cost cut-off date feature is provided in cost accounting to control when backdated transactions will be posted into a prior period. This helps users to continue normal business operations with no interruptions from one period to the next, using the cost cut-off date to define accounting period boundaries for all transactions.

Cost Cut-off Date Option

The cost cut-off date option is set in Create Cost Accounting Distributions window and is applicable to all cost organizations and books mapped to a specific run control. The options available are User-Defined or Auto. The User-Defined option requires one to specify the cut-off date, while the Auto option saves the effort of redefining the cut-off date which is automatically moved forward by the cost processor.

When the Auto option is set, the cost processor automatically moves the cut-off date forward to the last date of the earliest open cost period, and then it stops until the costing period is closed. After the period is closed, the cost processor advances the cut-off date into the next open period, and so on. However, if a transaction is successfully pre-processed after the cut-off date, then the cut-off date moves forward to the date of the last successfully preprocessed transaction. This could happen, for example, if one originally sets the cut-off date option to User-Defined and subsequently changes it to Auto.

For example, if you set the cost cut-off date to October 31, you can still process October transactions that were entered in November but meant for the period ending October 31 by backdating them to October 31 or earlier. However, when the cost cut-off date advances forward to a date past October 31 and other transactions are processed beyond October 31, then the backdated transactions can no longer be processed as October transactions.

If you set a cost cut-off date at October 31, the cost processor will queue up but not process any transactions with a date after October 31. If you subsequently need to backdate transactions to a date before October 31, you can still process those backdated transactions as long as you do not process any transactions beyond October 31. You can also backdate transactions to any date after October 31, with the assurance that these transactions will be processed in the correct order when the cost cut-off date moves forward.

Costing Date of Transactions

The costing date of transactions is normally the same as the transaction date, or the cost adjustment date, except for backdated transactions.

The cost date for backdated transactions inherits the greater of the backdated transaction date, the date of the last processed transaction, or the first date of the earliest currently open period.

Note: The cost cut-off date affects the costed date of the transaction and the inventory value that is reported as of a given accounting date. It does not affect the inventory transaction date.

Examples

The following examples illustrate how the cost processor sets the accounted date for backdated transactions.

Assume that the current date is November 2, and the cost cut-off date is October 31.
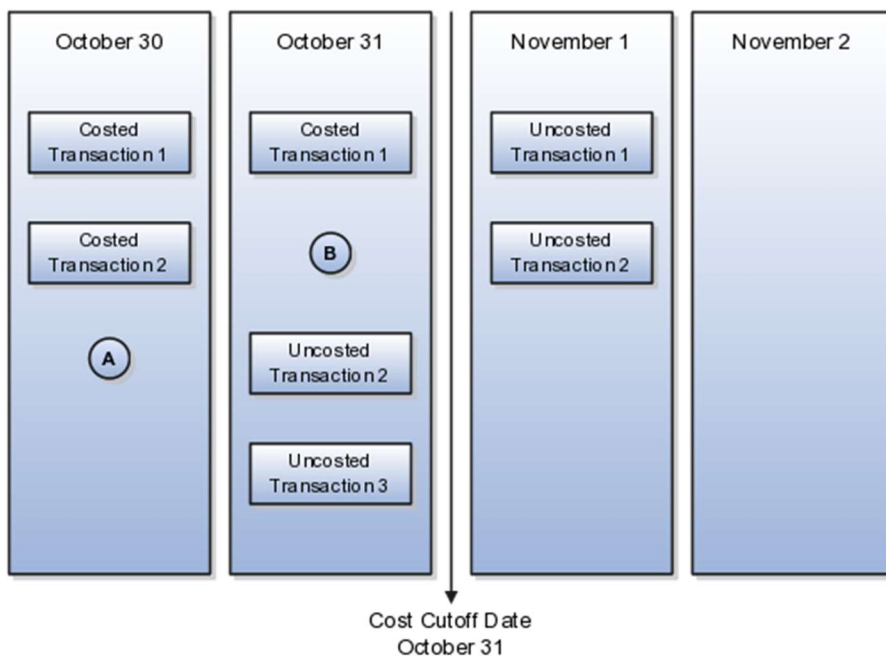
The following costed and uncosted transactions are in process.
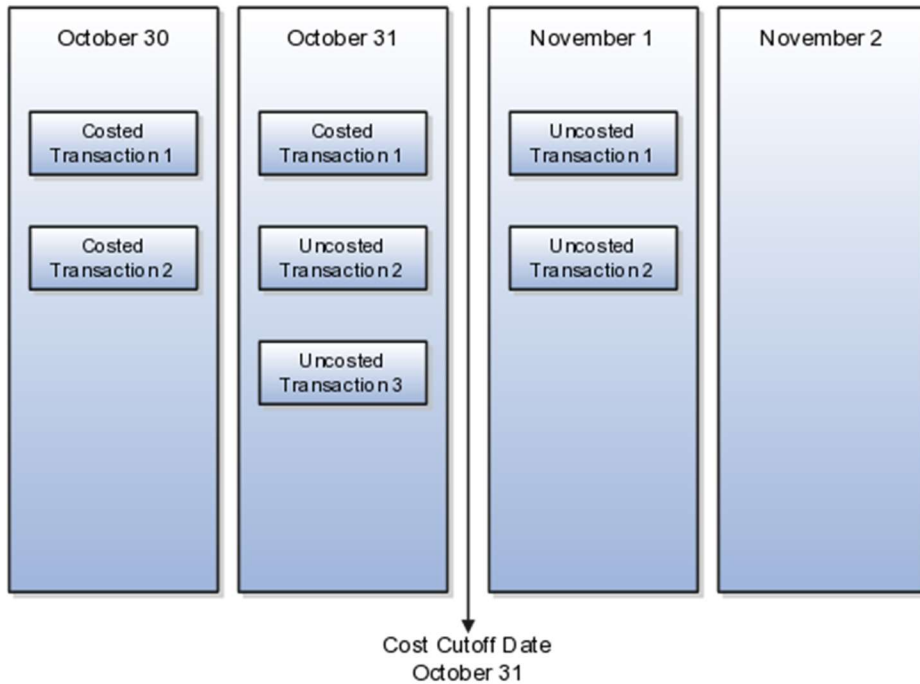
Example 1

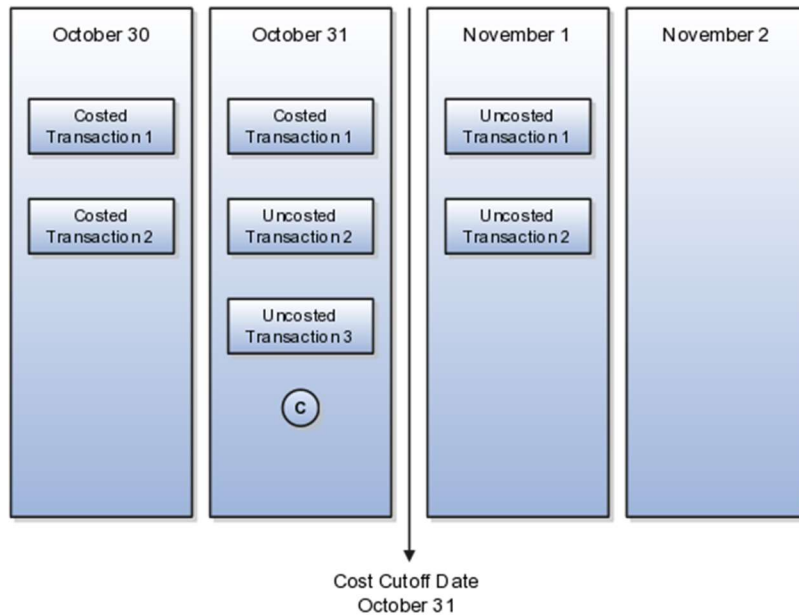Transactions are backdated to a point before the latest costed transaction.

In the following figure, the inventory transaction is backdated to position A. The transaction is costed with accounting date B before transactions 2 and 3 are processed. The transaction created on November 2 and backdated to October 30 is costed with the effective date of October 31.

Example 2

Transactions are backdated to a point between the latest costed transaction and the cost cut-off date.

In the following figure, the inventory transaction is backdated to position C. The transaction is costed with accounting date C after transactions 2 and 3 are processed. The transaction created on November 2 and backdated to October 31 is costed with the effective date of October 31.

Example 3

Transactions are backdated to a point after the cost cut-off date.

In the following figure, the inventory transaction is backdated to position D. The transaction is costed with accounting date D after the cost cut-off is moved past October 31. The transaction created on November 2 and backdated to November 1 is costed with the effective date of November 1.
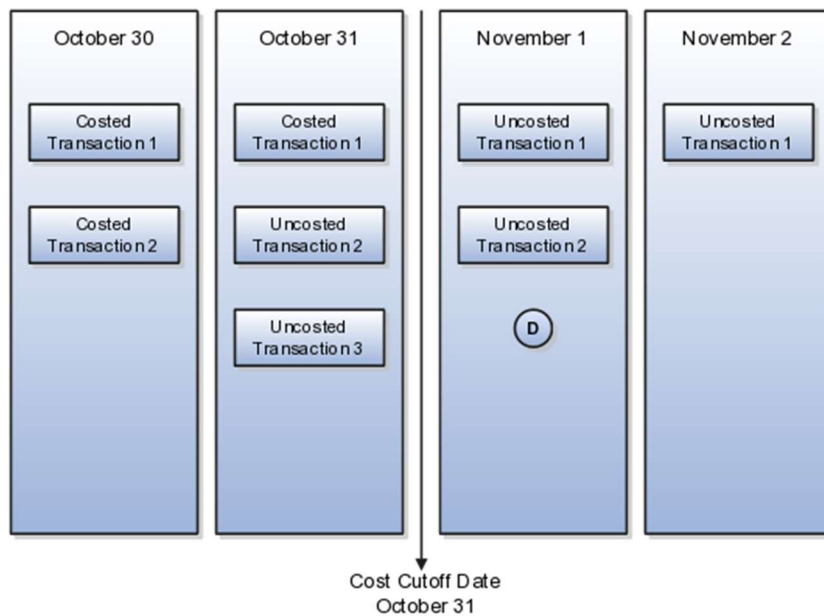
Close Procedures

The following steps are taken in performing period-end processing for Cost Management:

1. Complete All Transactions for the Period Being Closed

Ensure that all issues, shipping, receipts, and adjustments have been entered and verify that no hard copy records exist, or are awaiting data entry (such as, packing slips in Receiving).

2. Check Transaction Interfaces

Check in the Scheduled Processes window if the following processes for the various interfaces have run successfully:

Transfer Costs to Cost Management (Transfers cost information from Payables to Cost Accounting)

Transfer Transactions from Receiving to Cost Accounting

Transfer Transactions from Inventory to Cost Accounting

Transfer Transactions from Production to Costing

Transfer Transactions from Maintenance to Costing

Transfer revenue information from Account Receivables, or Revenue Management if utilized, to Cost Accounting (Import Revenue Lines process – be sure revenue has already been posted from Receivables to General Ledger).

3. Submit Period-End Validations

Perform cost accounting validations to ensure all transactions are complete and accounted for on an ongoing basis and before closing the accounting period. In Cost Accounting, the period-end validations are separated from the actual close process and hence these can be run at any time, as many times as required and can be run throughout the period for a period that is in Open or Closed status.

The period-end process ensures there are no unprocessed transactions, and features a set of validations. You can execute the validations one at a time, or all at once.

Validations

Perform cost accounting validations for periods that are in status Open or Closed. The validations check for the following:

- Pending Interface – Transactions that are yet to be interfaced from source systems such as Inventory, Manufacturing/Maintenance, Payables and Receivables.
- Unimported inventory - Costing interface transactions that have not been processed.
- Unprocessed distributions - Costing transactions that have no distributions.
- Unprocessed journals - Subledger transactions that have no accounting entries.
- Pending deferred cost of goods sold (DCOGS) transactions - Proof that the deferred cost of goods sold processor has run and transactions are transferred.
- Completed work orders not closed

4. Check and Fix Cost Processing Errors

Check the Review Cost Accounting Processes window to review errors (such as missing setups, missing costs etc.) and fix them.

5. Open the Next Cost Accounting Period

Prior to the first day of data entry, open the next cost accounting period using the Manage Cost Accounting Periods window.

Note: This process must be completed for each defined Cost Organization – Book combination. Also, a period can be opened any time, not necessarily on the first day of the period. If you do not find the cost accounting periods in the Manage Cost Accounting Periods page, copy the period details using the "Copy Periods from General Ledger" option in the Actions menu.

6. Close the Current Cost Accounting Period

Change the period status to Closed in the Manage Period End window to ensure no new transactions are processed in that period. Submit period-end validation process again to check if there are any unprocessed transactions. If the process shows some transactions are pending, run the appropriate interface and cost processor again to process these transactions. The period-end validation process can be run as many times as required.

7. Submit Create Accounting Process in SLA in Draft Mode (Optional)

Submit the Create Accounting process to create the journal entries for the distributions. Ensure that the transactions are processed and posted to General Ledger in a timely manner by running this process several times during the period.

8. Submit Inventory Valuation Reports and Reconcile the Costing Inventory Valuation with General Ledger

Submit the Account Balances report and the Inventory Valuation report to ensure that the inventory value in General Ledger matches with Costing.

9. Order Management Process for Revenue Management (Optional)

This process is applicable if you implement Order Management and Revenue Management:

Run the 'Extract Sales Orders for Revenue Management' process in Order Management prior to closing your period to ensure all sales order data has been integrated to Revenue Management. Revenue Management will create relevant contracts and performance obligations, generate liability and contract asset accruals, and recognize revenue as needed based on sales order data received from Order Management.

10. Create Accounting and Transfer to General Ledger

This creates the journal entries and transfers them to General Ledger. This process also must be run several times during the month to ensure that the transactions are processed in a timely manner.

11. Review Subledger Period Close Exception Report and Correct Exceptions

Submit and review the Subledger Period Close Exceptions report to view accounting events and journal entries that failed period close validation.

CHAPTER 14 - FIXED ASSETS

This chapter describes the procedures for performing period-end processing in Fixed Assets. At period-end, submit depreciation for each asset book. Create accounting for Fixed Assets transactions and transfer accounting to General Ledger.   Fixed Assets has only a single open depreciation period in each asset book.

Procedures

1. Complete All In-Progress Transactions

In-progress transactions are displayed in the Asset Accounting Dashboard. Navigate to each Fixed Asset work area to make sure that there are no in-progress or draft transactions pending.

2. Complete All Transactions for the Period Being Closed

Ensure all transactions are entered for the period being closed. Once a depreciation period in Fixed Assets has been closed, it cannot be re-opened except if no new transactions have yet been performed in the newly opened period..

Completing all transactions for Fixed Assets:

- Prepare and post mass additions
- Complete manual additions (including review/completion of draft additions)
- Complete adjustments (including book and cost adjustments and reclassifications)
- Complete retirements (including review/completion of draft retirements)
- Complete transfers
- Complete reinstatements
- If processing leased assets in Fusion Assets, complete all transactions for leased assets including additions, reassessments, terminations, impairments, and transfers. In addition, prepare and post all of the source lines for your leased assets.

3. Calculate Lease Interest and Expense (Optional, applicable only if using Leased Assets in Fusion Assets)

Submit the Calculate Lease Interest and Expense process either from the Fixed Asset Landing Page or from Scheduled Processes.

From the Fixed Assets Landing Page: On the Depreciation Infotile, click on the Calculate Lease Expenses button to calculate the lease interest and expense.

From Scheduled Processes: Run the Calculate Lease Interest and Expense process.

4. Submit Depreciation

Submit the depreciation process either from the Depreciation Infotile on the Fixed Asset Landing Page or from Scheduled Processes.

From the Fixed Asset Landing Page:

From the Depreciation Infotile, click on the Calculate Depreciation button to calculate the depreciation for the book without closing the period, or click on the Close Period button to calculate depreciation and close the current open period.

From Scheduled Processes:

Use the Calculate Depreciation task to submit the depreciation calculation process. Fixed Assets gives you the option of closing the current period if you select 'Yes' for the Close Period parameter of the Calculate Depreciation process. If all of your assets depreciate successfully, Fixed Assets automatically closes the period and opens the next period for the book. If you select No for the Close Period parameter, Fixed Assets does not close the period and only calculates depreciation for all assets in that book. When you are ready to close the period, submit the Calculate Depreciation process again with Yes for the Close Period parameter.

Note: Depreciation for the current period will be automatically rolled back if any transaction is performed on a depreciated asset. There is no separate process to perform rollback.

Note: Ensure you have entered all transactions for the period before you close the period. Once the process closes the period, you cannot reopen it.

When the process is submitted, Fixed Assets calculates depreciation for all assets and generates the Journal Reserve Ledger Report, which can be used to verify the depreciation calculated for each asset.

5. Create Deferred Depreciation Journal Entries (Optional)

Deferred depreciation is the difference in depreciation expense taken for an asset between a tax book and its associated corporate book. This difference results from the use of accelerated depreciation methods in the tax book.

The accounting entry for this is generated when the Create Accounting process is submitted for the corporate book.

6. Create Accounting and Transfer to General Ledger

Submit the Create Accounting process from any Fixed Assets work area using the Create Accounting task.

- Submit the Create Accounting process with the Transfer to General Ledger option set to 'Yes' to account and transfer any unaccounted transactions to General Ledger.
- Submit the Post Journal Entries to General Ledger process to transfer to General Ledger any transactions that were accounted in final mode, but that were not transferred.
- Review the output reports generated by the Create Accounting and Post Journal Entries to General Ledger processes to view the subledger journal entries created and any errors that may have occurred.

There is no need to submit the Depreciation process before submitting the Create Accounting process. You can submit the Create Accounting process as many times as necessary within a period.

7. Review and Correct Accounting Exceptions

Review subledger accounting exceptions and recommended corrective actions in the Manage Accounting Errors page. Resolve any errors and rerun accounting processes

8. Review Subledger Period Close Exception Report

Submit and review the Subledger Period Close Exceptions report to view accounting events and journal entries that failed period close validation.

9. Project Depreciation using What-If Depreciation (Optional)

You can project depreciation expense for future periods for any or all sets of assets in an asset book. You can also project the depreciation for proposed assets that you will be adding to the asset book in future.

10. Generate and Transfer Lease Payment Invoices (Optional, applicable only if using Leased Assets within Fusion Assets)

You can submit Generate Lease Payment Invoices process from Scheduled Processes to generate any invoices for payments that are due to your lessors. These invoices can be transferred to Payables by submitting the Transfer Lease Payment Invoice process. Please note that this step should be executed before closing the Accounts Payable period.

11. Review and Post Journal Entries

If accounting entries were transferred to General Ledger as unposted, review the journal entries in the Manage Journals window in General Ledger and post them to update the account balances.

12. Reconcile Fixed Assets Balances to the General Ledger

Reconcile the balances and details in the Fixed Assets reports to the General Ledger and Subledger Account Analysis report by submitting the General Ledger and Subledger Account Analysis report for the equivalent GL accounts as the Fixed Asset reports. For example, the ending balance of the General Ledger and Subledger Account Analysis report for fixed asset accounts should reconcile with the Cost Summary, CIP Summary, or Reserve Summary report ending balance. If it doesn't, then review the Cost Detail, CIP Detail, or Reserve Detail reports and compare the fixed assets transaction detail in these reports to the journal lines in the General Ledger and Subledger Account Analysis report.

Submit the following Fixed Asset reports in the Scheduled Processes window and reconcile them to the General Ledger and Subledger Account Analysis report.

Depreciation Report:

- Journal Entry Reserve Ledger

Balances Reports:

- Asset Cost and Reserve Report (includes beginning NBV and ending NBV)
- Cost Detail and Cost Summary Reports
- CIP Detail and CIP Summary Reports
- Reserve Detail and Reserve Summary Reports
- Revaluation Reserve Detail and Revaluation Reserve Summary Reports

Transaction Reports:

- Asset Additions Report
- Asset Cost Adjustment Report
- Asset Category Change Report
- Asset Transfers Report
- Asset Retirements Report
- Cost Clearing Reconciliation Report
- Asset Lease Expenses Report (Optional, only if using Leased Assets)

Note: Please run the periodic mass copy for the tax books, if in use, in addition to the above steps.

CHAPTER 15 – LEASE ACCOUNTING

Lease Accounting is a new product offering in Oracle Financials Cloud introduced with update 20C and enhanced further in later releases. The objective of the product is to enable its customers to comply with IFRS16 and other related leasing accounting standards like ASC842 with initial product capabilities to address lessee accounting for property and equipment leases.

Lease Accounting does not have its own subledger accounting periods but utilizes GL calendar periods for period closing and other related activities. With this reliance on GL periods in mind, this chapter describes the best practices to be followed in period close processing with the features available up to and including update 22C.

Transactions in Lease Accounting

To help address Multi-GAAP requirements, there are two sets of accounting representations generated for lease transactions for lessees:

- One set for Primary Ledger
- One set for Secondary Ledger with valuation method enabled, if applicable

  Note: The chart of accounts, currency, accounting rules and accounting method can differ between primary and secondary ledger.

For two types of transactions of

- Lease Booking: initial lease activation accounting events
- Lease Expenses: expense transactions for Lease Expenses for Amortization and Interest Expense.

When either of the above type of transactions is generated,

- Actual date of transaction is derived as Transaction Date
- Accounting / GL Date is the first day of the nearest open primary or secondary ledger calendar period from the transaction date

Hence for back dated transactions created in Lease Accounting, there is built in resilience to a reasonable extent for handling such dates.

To ensure smooth processing of period close in GL for Lease Accounting transactions the best practices are outlined below.

Procedures

1. Complete All In-Progress Transactions

In-progress leases are displayed in landing page of Search Leases for each Business Unit. It is therefore recommended that these leases are activated so that they can relate to the period to which they belong.

2. Calculate Lease Interest and Amortization Expense

Complete accruals up to current period by submitting or scheduling the Process Lease Expense Accruals report program from the Scheduled Process page. This program generates the lease expenses for all previous periods up to the provided period name separately for Primary and Secondary Ledger periods.

This step is necessary only if you have activated leases and from update 20D onwards.

3. Create Accounting and Transfer to General Ledger

Submit the Create Accounting process from Scheduled Processes page for Lease Accounting source for the available Process Categories.

- Submit the Create Accounting process with the Transfer to General Ledger option set to Yes to account and transfer any unaccounted transactions to General Ledger.
- Submit the Post Journal Entries to General Ledger process post accounting entries for leases to General Ledger that were accounted in final mode.
- Review the output reports generated by the Create Accounting and Post Journal Entries to General Ledger processes to view the subledger journal entries created and any errors that may have occurred.

Ensure that the accruals process is complete before submitting Create Accounting for any period end. Due to the Multi-GAAP functionality, Create Accounting will have to be submitted for the Primary and Secondary Ledger separately.

4. Review and Correct Accounting Exceptions

Review subledger accounting exceptions and recommended corrective actions in the Manage Accounting Errors page. Resolve any errors and rerun accounting processes

5. Review Subledger Period Close Exception Report

Submit and review the Subledger Period Close Exception report to view accounting events and journal entries that failed period close validation.

6. Review and Post Journal Entries

If accounting entries were transferred to General Ledger as unposted, review the journal entries in the Manage Journals window in General Ledger and post them to update the account balances.

7. Reconcile Lease Accounting Balances to the General Ledger

Reconcile the balances and details in Lease Accounting to the General Ledger and Subledger Account Analysis report by submitting the General Ledger and Subledger Account Analysis report for the equivalent GL accounts. You can run the reports for the important Balance Sheet and Expense Accounts and compare the balances with Lease Detail report for

- Right of Use
- Lease Liability
- Reserve
- Amortization Expense
- Interest Expense
- Accumulated Amortization

CHAPTER 16 - GENERAL LEDGER

This chapter describes the procedures for performing period-end processing in General Ledger. If you have more than one ledger in your Oracle ERP Cloud environment, perform these steps for every ledger.

Note: The Period-End and Year-End processes are the same if Encumbrance Accounting is not used. Additional steps are required for Encumbrances Accounting.

Procedures

1. Set Next Period Status to Future Entry

Set the status of the next accounting period to Future Entry, if it is not already.

At year-end users taking advantage of the Closing Journals for Balance Sheet Accounts may need multiple adjusting periods, to avoid large balance fluctuations in the standard accounting periods. Users need to be careful in regards to their maintenance of the status of the next non-adjusting period to ensure subledger transactions can continue to be processed in the following GL period.

There have been enhancements in the year-end journal processing that now allows users to transfer income statement and balance sheet account balances to different accounts. This provides, if required, more detailed tracking and reporting on closing activities.

This process would normally only be run once all entries have been posted and all balances have been reconciled.

2. Create Accounting and Transfer to General Ledger

Transfer, import and post accounting information from subledgers (Payables, Receivables, Assets, Cash Management, etc.) to General Ledger. If these steps were not completed when closing the Oracle Cloud subledgers, complete them now for each Subledger:

- Submit the Create Accounting process with the Transfer to General Ledger option set to 'Yes' to account and transfer any unaccounted transactions to General Ledger.
- Submit the Post Journal Entries to General Ledger process to transfer to General Ledger any transactions that were accounted in final mode, but that were not transferred.

These processes automatically submit the Import Journals process which creates General Ledger journal entries for the data imported.

Note: If journal import fails when importing data from Oracle Cloud Subledgers, the data is rolled back to Subledger Accounting, so that there would not be any data left in the GL_INTERFACE table.

3. Complete Import of Accounting Entries from External Systems (Optional)

Transfer, import and post accounting information from your non-Oracle-Cloud subledgers (i.e. source systems, legacy systems, third party applications, etc.) to General Ledger.

Populate the GL_INTERFACE table with data from your non-Oracle-Cloud subledger.

Submit the Import Journals process for these sources and post the journal entries manually, or automatically using AutoPost.

If the Import Journal process does not complete successfully, review the Journal Import Execution Report to identify the journal entry batches that were not successfully imported.

Correct the data in the GL_INTERFACE table using the Correct Import Errors spreadsheet, and re-submit the Import Journals process.

Alternatively, delete the journal entry batches that are in error from the GL_INTERFACE table, fix the error in the source system, and re-load the data to the GL_INTERFACE table. Submit the Import Journals process to import.

4. Generate Reversal Journals (Optional)

If you have any journals that need to be reversed, submit the process to generate reversal journals. You also need to ensure the reversal journals are posted.

5. Generate Allocations and Recurring Entries (Optional)

If you have Allocations that require generation for the current period, ensure the source accounts used in the Allocation definitions are finalized for the current period, prior to generating the Allocation. After generating the Allocation, review the journal output, review projected balance in the Edit Journal window if necessary, and post the journal.

If you have other recurring entries that need to be entered, you can enter them with any of these methods:

- Copy a similar journal from a prior period and modify accordingly before posting.
- Upload journal via ADFDi spreadsheet if you have it saved in a spreadsheet.
- Generate Allocation if you have it defined as an Allocation formula.
- Manually enter in the Create Journals window.

6. Review and Verify Journal Details of Un-posted Journal Entries

Reviewing journal entries prior to posting minimizes the number of corrections and changes after posting. Review any remaining un-posted journal entries for the current period. Update the journal entries as appropriate.

Attention: Journal entries can be reviewed online or in the following reports:

- Journal Batch Summary Report - Provides posted journal batches details such as ledger, entered currency, balancing segment value, category, source, batch name, and entered amounts. Subtotals of entered amounts are provided for each category, accounting period, and balancing segment value.
- Journals Details Report - Provides detailed information on general ledger journals of the selected posting status such as ledger, source, category, accounting date, line accounts, line descriptions, and amounts.
- Journals Report - Provides journal activity details such as ledger, accounting date, posting date, source, category, journal batch name, journal name, reference, line accounts, line descriptions, and amounts. Subtotals are provided for each journal, journal batch and source.
- General Journals Report (OTBI) - Provides the journals activity for the selected period. The content can be filtered by ledger set, ledger, entered currency, approval status, date range, account, source, category, journal batch, and batch status.

7. Post All Journal Batches

Post all journal entries for the current period, including reversal and allocation journals.   Posting updates the account balances in the GL_BALANCES table and General Ledger multidimensional balances cube for reporting.

Submit the Posting process for un-posted journals.

Review the Posting Execution Report for any errors encountered during posting. This report is automatically generated by the Posting process.

Submit the Journals Details Report with a Posting Status of Error Journals to review journals with errors.

Possible causes of posting errors:

- Control Total - When using a control total, ensure that the total debits and credits equal the control total.
- Period Status – Actual journals can only be posted if the period is open. Encumbrance journals can only be posted to periods that are included in the latest open encumbrance year.
- Invalid Account – Journals can only be posted to account combinations and segment values that are detail values and are enabled (not end-dated).
- Unbalanced Journal – Total debits must equal total credits for every balancing segment value in the journal lines before posting can occur. Suspense or intercompany balancing rules must be available to balance unbalanced journals.

Fix posting errors and re-submit the Posting process.

8. Submit Subledger Period Close Exceptions Report (Optional)

You can submit the Subledger Period Close Exceptions report to double check that there are no outstanding transactions in the subledgers and General Ledger.

9. Reconcile General Ledger Balances

General Ledger balances should be reconciled with subledger balances.

Review account balances via reports:

- General Ledger Report - Provides periodic journal activity for each general ledger account, to reconcile beginning and ending account balances. Includes journal source, category, name, description, reference, accounting date, and amount.
- Accounts Analysis Report - Provides drill down information about the movement on a particular account for a period or range of periods. It only includes journal entries posted to general ledger.
- General Ledger and Subledger Accounts Analysis Report - Provides drill down information about the movement on a particular account for a period or range of periods. It includes both Subledger Accounting and General Ledger accounting entry details.
- Trial Balance Report - Lists period debits, period credits, beginning, and ending account balances summarized by natural account or account combination or natural account plus another segment.
- Journal Entries Report - Displays detailed information for subledger and general ledger journal entries. Groups report by ledger, journal source, journal category, and event class.
- For further analysis, use online inquiry windows or Smart View to query account balances and drill through to subledger transactions in Oracle ERP Cloud.
- Perform Clearing Account Reconciliation if applicable, using the Reconcile Clearing Accounts process, Reconciled Transactions report and Unreconciled Transactions report.

*Clear Suspense Accounts - Review the General Ledger Report and Account Analysis to identify the source of entries to the suspense accounts. Determine the adjusting entries required to net the suspense accounts to zero.

* Validate other key accounts only have journals posted from appropriate sources, such as accounts receivable, accounts payable, depreciation, etc.

Users of the Clearing Accounts Reconciliation functionality should ensure they have reconciled as many open items as possible as part of the period close, either via the 'Reconcile Clearing Accounts Automatically' task in the Journals work area, utilizing the spreadsheet option or reconciling manually. Clearing the reconciling items will aid in the review of open balances and simplify the identification of any anomalies.

10. Reconcile Intercompany Balances (Optional)

If you use the Intercompany module to perform cross-ledger intercompany transactions, ensure intercompany transactions in the current period are complete and transferred to General Ledger, Receivables, and/or Payables.

Submit the Prepare Intercompany Reconciliation Reporting Information process in the Schedule Processes window or from the Intercompany Transactions work area, and view the online report in the Intercompany Reconciliation window. The report provides drill down from intercompany account balances to underlying sources and journals for easy identification of reconciliation differences. This report is only available if you use the Intercompany module for cross ledger intercompany transactions. It is not available if you are only using Intercompany Balancing (balancing journal lines in SLA or GL journals contained within a single ledger). To reconcile intercompany balances if you are only using Intercompany Balancing, use a tool like Smart View or Financial Reports to query and compare the intercompany balances for respective legal entities and drill down to transaction details if necessary to identify reconciliation differences.

11. Enter Adjustment and/or Accrual Journal Entries and Post

To correct errors in account balances made by posting incorrect journals or to resolve reconciliation issues, create and post adjusting and reversing journals.

Note: The details of posted journals cannot be changed, except to mark or unmark for reversal. An incorrectly entered posted journal must be reversed to back-out the accounting of the original posted journal.

Other journal entry adjustments, such as write-offs or manual accruals, can be entered into General Ledger at this point also.

12. Maintain Foreign Currency Exchange Rates

Maintain period-end, period-average, and historical exchange rates or amounts for all foreign currencies to which you want to revalue or translate.

13. Revalue Balances (Optional)

Revalue account balances to update functional currency equivalents.

14. Translate Balances (Optional)

Define any new currencies to which accounting balances are to be translated. Submit the Translate General Ledger Account Balances process to translate account balances to any defined currency.

Please see Translation MOS Note - Technical Brief for additional detail.

15. Consolidate Subsidiaries (Optional)

If you have subsidiaries for which you need to consolidate financial results, you can view consolidated results in a Financial Report across ledgers, or you can transfer balances to a consolidation ledger..

Consolidate Using Financial Report across Ledgers

This option is only viable for ledgers that share the same chart of accounts and calendar.

- a. Define a ledger set for the ledgers being consolidated.
- b. Perform revaluation and translation in each ledger if needed.
- c. Enter and post consolidating journal entries (preferably to a separate balancing segment value).
- d. Enter and post elimination entries via an Allocation formula or manual journal entry (preferably to a separate balancing segment value).
- e. Define a financial report that displays the account balances for the ledger set. Separate columns can be defined for each ledger/subsidiary, for the consolidating balancing segment value, and for the ledger set which represents the consolidated total.

Consolidate Using Balance Transfer

This option is for consolidating ledgers that do not share the same chart of accounts and calendar.

- a. Define Chart of Accounts Mapping.
- b. Perform revaluation and translation in each ledger if needed.
- c. Submit the Transfer Ledger Balances process for each subsidiary ledger.
- d. Reconcile subsidiary ledgers - identify differences between subsidiary ledgers and consolidation ledger.
- e. Enter and post consolidating or adjusting journal entries in the consolidation ledger.
- f. Enter and post elimination entries via an Allocation formula or manual journal entry in the consolidation ledger.
- g. Define a financial report that displays the account balances for the consolidation ledger. Drill down is available from the consolidation ledger back to the subsidiary ledger.

16. Close the Current General Ledger Period

Close the current General Ledger accounting period in the Manage Accounting Periods window. A period in 'Closed' status can be re-opened later if adjustments to the balances need to be made. A period in Permanently Closed status cannot be re-opened in the future.

The Subledger Period Close Exception Report is automatically submitted when closing an accounting period if there are unprocessed accounting events or untransferred journal entries. You can also run the report from the Scheduled Processes page.

Note: Unless the Prevent General Ledger Period Closure When Open Subledger Periods Exist feature is enabled, the period can be closed even if there are outstanding exceptions.

17. Open the Next General Ledger Period

Open the next General Ledger accounting period in the Manage Accounting Periods window.

18. Reverse Accrual Journal Entries (Optional)

If applicable, in the next General Ledger accounting period, generate and post reversal journals that were entered in the prior period. This may apply to period-end receipt accruals, payroll accruals, or other manual accruals.

19. Submit Financial Reports for the Closed Period

Submit and save reports you need for financial and management reporting, such as Trial Balance report or any financial reports you have defined with Smart View or Financial Reporting Studio (i.e. balance sheet, income statement, cash flow statement, statement of net assets, statement of operations, etc.)

20. Reconcile Encumbrance Accounting Balances (Optional)

At the end of the accounting period, reconcile encumbrance accounting balances to open requisitions and purchase orders with help from the following reports.

- Trial Balance (submit for encumbrance balances)
- Account Analysis (submit for accounts with encumbrance balances)
- Journal Entries Report (for encumbrance journal entries)
- Smart View query – Includes drilldown to encumbrance journal and some transaction details.
- Financial Reports – Includes drilldown to encumbrance journal and some transaction details.
- Purchase Order Status and Detail Report Samples (see MOS Doc ID 2009386.1)

21. Carry Forward Encumbrance Accounting Balances at Year-End (Optional)

Carry forward your budgetary control balances (see Chapter 18, step 8) before carrying forward encumbrance accounting balances. Decide which encumbrance accounting balances you are carrying forward to the new fiscal year. Submit the Encumbrance Year End Carry Forward process.

Be sure to open the next encumbrance year in the Manage Accounting Periods window before submitting the carry forward process.

CHAPTER 17 - TAX

This chapter describes the procedures related to fiscal period-end or year-end transaction tax compliance.

1. Complete End-to-End Processing of Taxable Receivables and Payables Subledger Transactions

All processing of taxable Receivables and Payables transactions should be completed for the period you are closing to the extent possible:

- Receivables: Transaction Completion, Create Accounting and Transfer to General Ledger, Post in General Ledger
- Payables: Invoice Validation, Create Accounting and Transfer to General Ledger, Post in General Ledger

2. Sweep Pending Unaccounted Taxable Subledger Transactions into the Subsequent Accounting Period

In practice, there may realistically be a subset of taxable subledger transactions in the existing period you are closing for which processing has begun but has not yet been completed by the time of period close. For example, there may be a significant volume of imported Payables invoices initiated closer to the time of period close in which there are open functional or data-related errors which cannot be fully resolved by the time of period close. For these exception cases any unaccounted transactions may be swept to the next accounting period. Sweeping legitimate transactions into a future accounting period should be avoided to the extent possible, but may be used where genuinely required.

3. Complete Manual Tax Adjustments (Optional)

From the Journals work area in General Ledger, select the task **Create Taxable Transactions in Spreadsheet** to enter any direct and selected manual tax adjustments in the Tax Repository at the end of the period or year if needed. Manual tax adjustments should be infrequent and are not meant to replace traditional processing through transaction subledgers.

4. Submit Reports for Period-End Tax Reporting

At the end of every period, review your taxable transactions created and/or declarable in the period, review your recoverable and self-assessed tax amounts, and submit your statutory tax reporting or tax returns. Refer to the ERP Global Catalog for tax reports you should run to meet your legal, statutory and audit tax requirements.

In countries with tax box allocation provisions, all tax reporting entities which will be included for tax box allocation purposes should be appropriately designated before completing the tax box allocation process and finalizing the transactions for tax reporting. Furthermore, independent of tax box allocation provisions, in countries which impose transaction taxes and the required statutory tax reporting or returns filing coincides with period close, the necessary tax reports or tax returns should be prepared and filed with the local tax authorities.

5. Reconcile Tax Liability Balances with Transaction Tax Amounts

Ensure that the cumulative period balance in all country or local tax liability accounts (ex. VAT tax payable, GST tax payable, US sales and use tax payable, etc.) reconcile with the total tax amounts to be reported/remitted to local tax authorities on any corresponding tax reports and tax returns for a given tax reporting period. It is important to understand that the tax reporting or tax returns filing period may or may not necessarily coincide with the close of a fiscal business period.

CHAPTER 18 - BUDGETARY CONTROL

This chapter describes the procedures for performing period-end and year-end processing in Budgetary Control. The Budget Calendar in Budgetary Control can be different from the Accounting Calendar in General Ledger. For example, you might have a monthly accounting calendar but an annual budget calendar. If the budget period in the Budgetary Control module does not coincide with the period you are trying to close in General Ledger, then the steps below are not required. They are only required when you need to close a budget period in Budgetary Control.

If you have more than one control budget that you want to close, perform these steps for each control budget.

1. Complete Transactions That Require Budgetary Control

Complete your spend authorizations for anticipated employee expenses, requisitions, purchase orders, invoices, and journals that require budgetary control in the current period. Ensure that transactions for the period have been imported, approved, validated, posted and funds reserved.

2. Close the Current Control Budget Period

If you want to stop consumption change the status of the current control budget period status to Closed. If you don't want to stop consumption keep the current control budget period open.

3. Open Next Control Budget Period

Open the next control budget period to allow for consumption, Set Period status Available for Budgeting if you want to make budget adjustments but not allow for consumption.

If your next Control Budget Period is at year end refer to step 7 below.

4. Load Budget Amounts to Next Period (Optional)

Load budget amounts into the next control budget period. This step is optional depending on your reporting requirements. For example, you might have a control budget with a monthly budget calendar. If you report on period-to-date balances, you would need to load budget data into every month. However, if you report on year-to-date balances only, then you could load an entire year's worth of budget into the first budget period instead.

5. Reconcile Budgetary Control Balances

At the end of the budget period, reconcile commitment and obligation balances to open requisitions and purchase orders with help from the following reports.

- Budgetary Control Analysis Report – Includes transaction details for budgetary control balances for each account.
- Budget Account Monitor in Budgetary Control dashboard – Includes drilldown to transaction details.
- Smart View query – Includes drilldown to transaction details.
- Financial Reports – Includes drilldown to transaction details.
- Sample OTBI Reports - Purchase Order Status and Purchase Order Detail with Account (see MOS Doc ID 2009386.1)

6. Submit Reports for Period-End or Year-End Reporting

At the end of every period or year, submit and distribute reports that you need for your legal, statutory and management reporting requirements. This could be the Budgetary Control Analysis Report, or reports you defined using Smart View, Financial Reporting Studio, or OTBI.

7. Plan for New Budget Year

For each new budget year, either extend the end date of your existing control budgets or define new control budgets for the new fiscal year.

8. Carry Forward Balances at Year-End (Optional)

Decide which transactions and/or budget, commitment, obligation, funds available balances you are carrying forward to the new budget year.

Decide on whether to:

A. Carry Forward open Purchase Orders (obligations)

B.   Carry Forward surplus funds

C.   Carry Forward Encumbrance balances (i.e. GL balances) not Budgetary Control

For more information refer to Carry Forward technical briefr on My Oracle Support [here](#).

SECTION 2

CHAPTER 1 – OPERATIONAL RUNBOOK KEY CONSIDERATIONS AND LEADING PRACTICES

What is A Runbook?

In a software platform, Runbook is a compilation of routine procedures that the business user community performs on a day-to-day basis. Many of these routine operations might be automatically scheduled as well. Runbooks can be in either electronic or in physical book form. Typically, a runbook contains procedures to begin, stop, supervise, and debug the system. It may also describe procedures for handling special requests and contingencies. An effective runbook allows users with prerequisite expertise, to effectively manage and troubleshoot a system. In an Oracle Cloud environment, a well-designed Runbook becomes a key ingredient for daily operation and successful period close. Oracle Cloud ERP Runbook defines the scope, entry conditions and exit criteria of automated and manual tasks that must be completed during periodic processing, typically daily or at period close. Additionally, every organization may have different flavor of Runbook considering the modules in scope, integrations, reporting requirements etc.

Why Runbook is significant?

In the transformation journey, as the organizations go-live with the new platform it is important to establish a Runbook, test and mobilize the same. This is particularly significant as a Runbook provides a map of the whole ecosystem including standard processes, integrations and reports. A well-organized Runbook will provide the below benefits:

Record of dependencies

Dependencies of all processes are documented and can be referenced as a whole in the Runbook. This will allow system administrators to identify missing pre-requisites in a systematic manner. Cloud ERP Runbook needs to be considered within the context of the wider IT landscape inclusive of feeds from upstream systems and extracts to downstream reporting and post processing platforms.

Consistency and completeness

Utilizing a Runbook for common operations will ensure that they are performed in a consistent manner that will drastically cut down on mistakes while also reducing the time spent on the tasks themselves.

System performance

Runbook design needs to take into account whether tasks are standalone (that cannot or should not be run in parallel with end users); serial (that cannot run at the same time as other tasks) and how long each task takes to complete for average and peak data volumes; objective is to come up with realistic and robust enterprise specific Runbook calendar.

Reduce adverse impact of employee turnover

A well-documented Runbook will eliminate the dependency on key employees or system integrators and hence has a potential to reduce adverse impact of employee turnover.

Period close

Probably the most important event in a financial system landscape is successful period close for organizations and the primary objective of the runbook is to guarantee the accuracy of financial statements and management metrics delivered to executives, business users and ultimately, to financial authorities after timely closure of period.

Key Considerations for Establishing a Runbook

For establishing a good runbook, we believe below are the key considerations:

Goal oriented

All the Runbooks should be established with a specific goal in mind. For example, goal of the Runbook might be to close the subledger periods within a single day and general ledger period in next two days. A Runbook should have processes and activities in proper order for each day of close.

Detailed Content

A Runbook should have detailed information of each of the processes such as start and end time, estimated volume, days, sequencing of programs etc. so that business user community can follow the runbook step by step whenever needed. Below are the key items for designing a detailed Runbook for Oracle Cloud:

1. Define a day-in-the-life processing cycle and test it before moving to Production
2. Establish a detailed period close calendar and refine it with every period close cycle
3. Identify the processes that can be run in advance, maybe daily or weekly, to reduce the exceptions during period close
4. Run necessary reconciliations in more regular frequency instead of waiting for period close window, if possible
5. Identify peak times during business days and plan resource intensive processes in non-peak hours
6. Allocate specified time for business users for mutually exclusive operations; for example, users shouldn't upload journal entries through FBDI when allocation is scheduled
7. Assess and incorporate dependency in the daily and month-end processes; please refer to earlier sections of this document for understanding the dependency
8. Scope/parameters of the processes, i.e., 'Ledger', 'Business Unit', 'Journal Source' etc., entry criteria (pre-requisite conditions to be met), exit criteria (conditions for successful completion) and exception procedures

Identifiable Ownership

A Runbook should be established under identifiable ownership for the entire Runbook and individual processes so that the business user community can reach out to appropriate personnel should a problem/issue arise, especially ownership of incoming/outgoing interfaces is crucial for success.

Adaptable

Change is the only constant and that is more than true for any cloud platform. Oracle Cloud is State of the Art platform for innovation and hence subject to quarterly uopdates that might impact an organization's operation. Any change should be recorded in the Runbook on a periodic basis so that the same is current.

Automation

A careful consideration should also be given for deploying external automated orchestration tools for invoking scheduled jobs using webservices. Large organizations with ecosystem involving variety of platforms tend to benefit from them.

Special Considerations – reduce processing time at period end

Organizations should give special considerations for reducing the processing times at period end. Below are some considerations:

- Examine upstream systems to see whether feeds can be spread over the period rather than left until the last minute. For example, can feeds from billing or credit card expense applications be interfaced in near real-time or daily instead of monthly.
- Review reconciliation tasks to see if they can be spread over the period. For example, daily posting and reconciliation of subledger transactions to alleviate the burden at period end.
- Establish a permanent role that reviews daily and period close runbooks in the light of Cloud ERP innovations and changes to upstream and downstream application capabilities. Not all changes need to be made at once; Cloud innovation platform involves the gradual evolution of the Cloud ERP landscape.
- Assess the business value of burdensome period end processing. Instead of unquestioningly lifting and shifting existing business processes to Cloud, examine whether users are actually consuming detailed allocations or reporting.

Lifecycle of a Runbook – how to build one
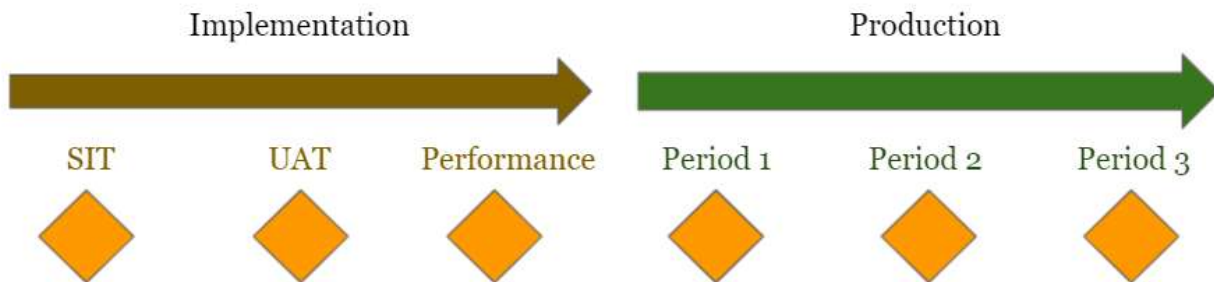
- Start developing and testing your Runbook during the implementation
- Increase the volume of data with each sprint and test cycle (SIT, UAT, Performance Testing, etc.)
- Schedule the processes during test cycles. Revise the Runbook as needed.
- Schedule the processes for Go Live in the Production pod.
- Revise and fine tune the Runbook with each iteration.

Sample Runbook Template

Depending on your system configuration, you may use the provided sample Runbook as a starting point to create your own. Refer to the *MOS Doc: XXXXXXXX for a sample Runbook template.*

Job Schedule

Create a logical schedule of tasks and procedures to run your system. The sample template outlines the standard Oracle jobs and procedures. Review and update the schedule according to your system configurations.

Integration Schedule

Create a logical schedule of ingestion from upstream systems and extraction to downstream systems to and from Oracle Cloud ERP respectively.

Report Schedule

Create a logical schedule with your standard and custom reports to be run in Oracle Cloud ERP.

Calendar Template

Design a calendar with a summary of key tasks and procedures to perform on a daily, weekly or monthly basis.

Validation Owners

Identify individuals or groups to own specific processes and be responsible for a timely resolution and completion.

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Period End Close Technical Brief

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