Note

When you join Zoom, your computer will automatically connect to the Audio Stream

During the webcast, questions will be taken via the Q&A functionality. Please send your questions to All Panelists.

If you have any questions you would like addressed during the session, you can ask them during the session using the Q&A functionality.

The replay and the slide deck will be available within 1 business day from the event post.

Safe harbor statement

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ORACLE

Customer Connect Event
Oracle Payables Implementation Considerations

Srinivas Nimmalapudi

Oracle Fusion Financials Account Payables Cloud Service
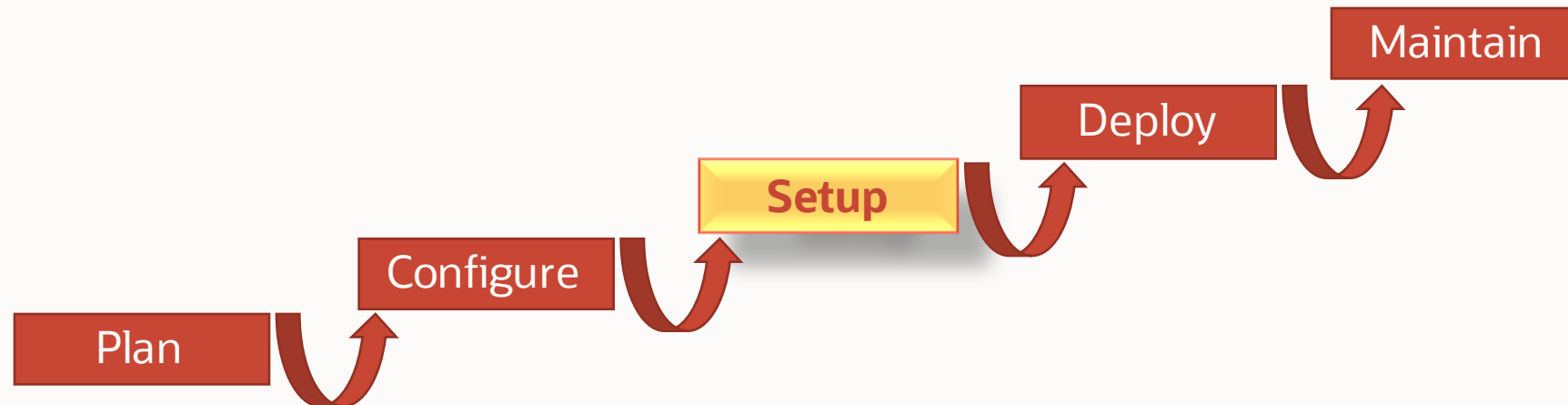Support

April 15, 2020

Program agenda

1   Introduction

2   Key Implementation Considerations

3   Pre-Requisites & Checklists

4   Best Practices

5   Top Articles & Community Links

6   Q&A

Program agenda

1 Introduction

2 Key Implementation Considerations

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Introduction

- Oracle Applications Cloud basic functional implementation steps:
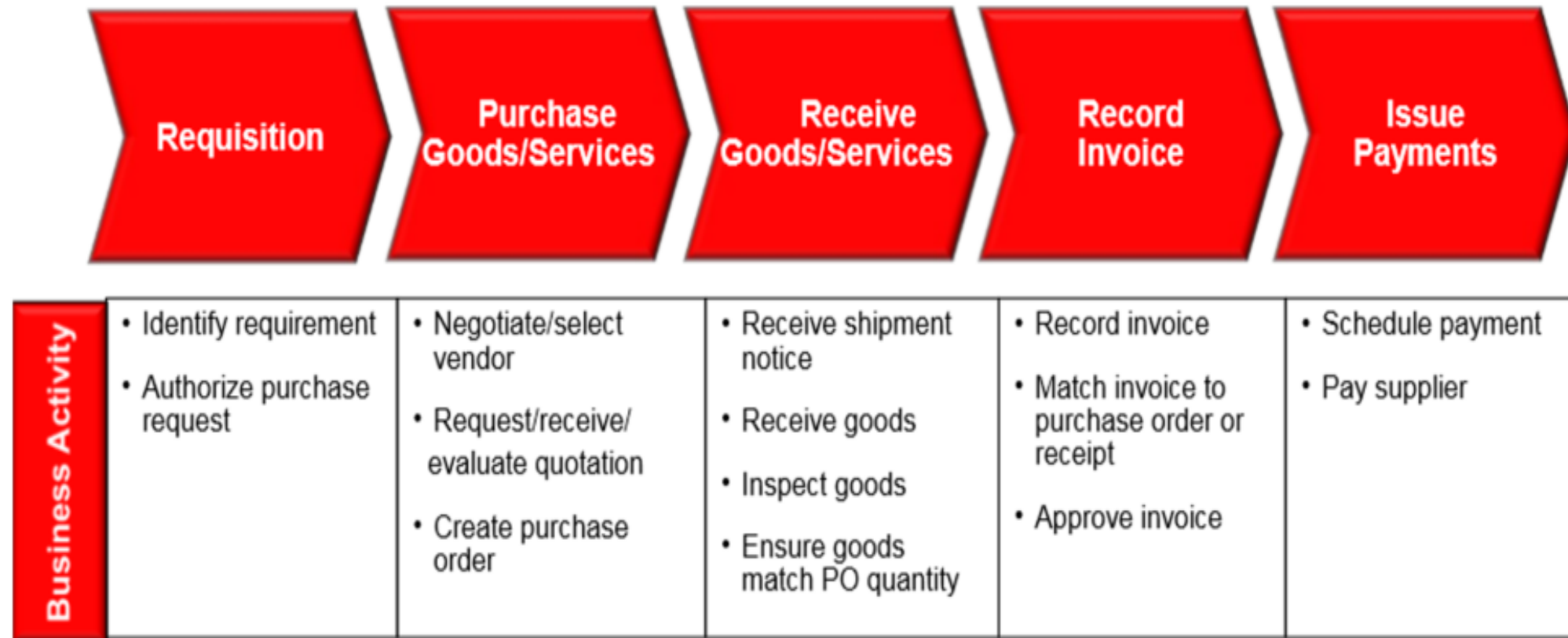
```
Plan → Configure → Setup → Deploy → Maintain
```

- Accounts Payables Configurations

Program agenda

Key Implementation Considerations
Customer organization procure to pay current and future processes

Requisition	Purchase Goods/Services	Receive Goods/Services	Record Invoice	Issue Payments
• Identify requirement • Authorize purchase request	• Negotiate/select vendor • Request/receive/ evaluate quotation • Create purchase order	• Receive shipment notice • Receive goods • Inspect goods • Ensure goods match PO quantity	• Record invoice • Match invoice to purchase order or receipt • Approve invoice	• Schedule payment • Pay supplier

Business Activity

Key Implementation Considerations
Function and Data Security

Function security is implemented using Job Role and data security using Data Roles.

All roles for Financials are listed [here](#).

Three predefined job roles to meet Payables job functions:

✓   Accounts Payable Specialist, Accounts Payable Supervisor, and Accounts Payable Manager

New Payables roles are Introduced from 19d onwards

✓ Accounts Payable Invoice Supervisor

✓ Accounts Payable Payment Supervisor

Key Implementation Considerations
Function and Data Security

Predefined job roles and the assigned duties can be copied and customized using Security Console

- ✓ Custom Payables Inquiry Role can be built using "Payables Transaction Review' role.

    For complete details, in My Oracle Support Knowledge base, refer to **Doc_Id:2360565.1**
- ✓ Ensure correct application roles and data security access for user are added to custom roles, like
    - ✓ Application role name 'AP_CREATE_MASS_ADDITIONS_FOR_ASSETS_DUTY' is needed to run the Create Mass Additions
    - ✓ Payables Inquiry Role Does Not Provide "Show More" Button On Invoice Header

Data Security

- ✓ Business Unit will not list in Invoice LOV, if the business unit data access set for user is not assigned
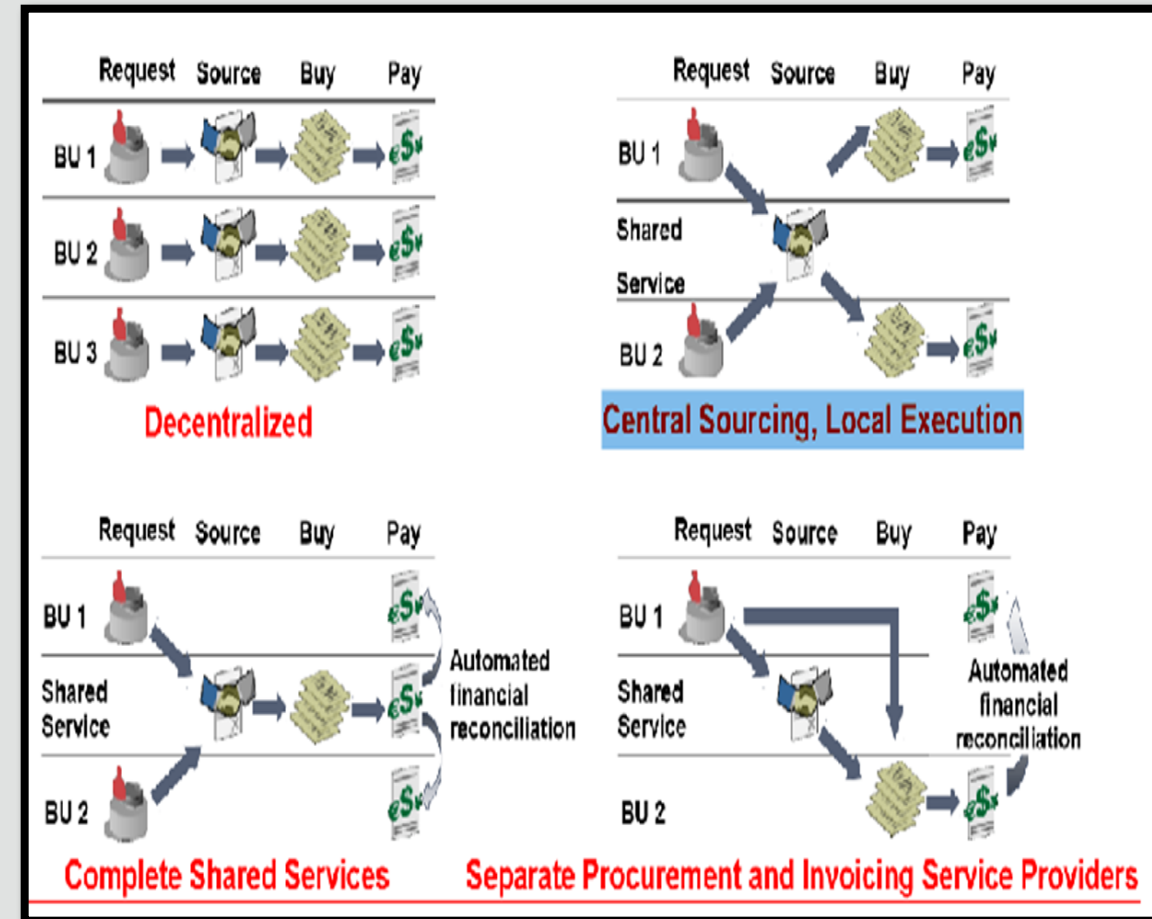
Key Implementation Considerations
Business Unit and Shared Service centers

- ✓ Supports one or many business functions
- ✓ Share services to reduce cost and enforce company policies & procedures consistently
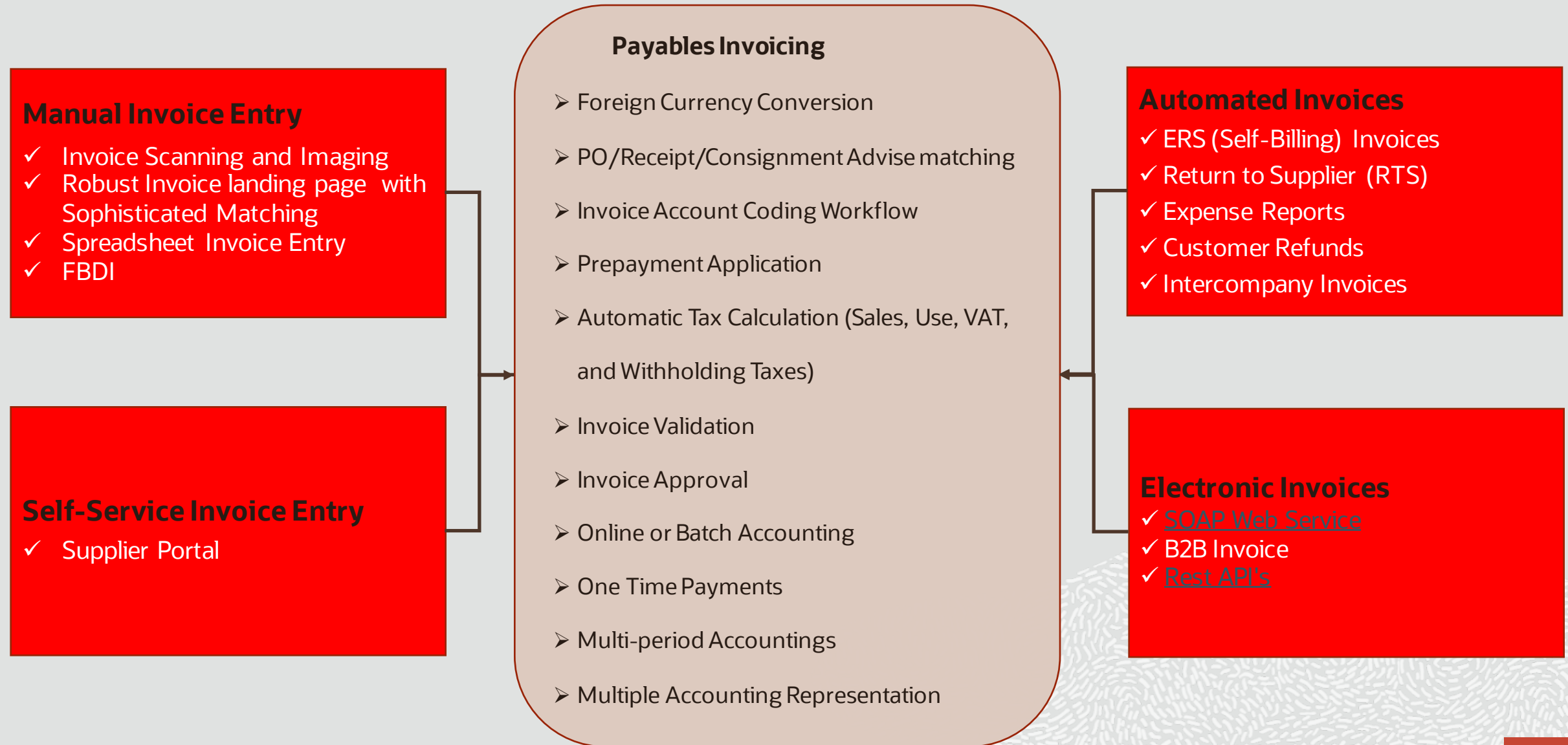- ✓ Business Functions in Procure-to-Pay Flow

Shared Service centers

- ✓ System does not allow the addition of cross ledger BU in the Manage Service Provider page under 'Payables Payment Service Providers' option.
- ✓ Cross Business Unit payments are supported only for the BU's which are associated to the same ledger

Key Implementation Considerations
Invoicing: Multiple Invoice Entry Methods

Manual Invoice Entry
- ✓ Invoice Scanning and Imaging
- ✓ Robust Invoice landing page with Sophisticated Matching
- ✓ Spreadsheet Invoice Entry
- ✓ FBDI

Self-Service Invoice Entry
- ✓ Supplier Portal

Payables Invoicing

➤ Foreign Currency Conversion

➤ PO/Receipt/Consignment Advise matching

➤ Invoice Account Coding Workflow

➤ Prepayment Application

➤ Automatic Tax Calculation (Sales, Use, VAT, and Withholding Taxes)

➤ Invoice Validation

➤ Invoice Approval

➤ Online or Batch Accounting

➤ One Time Payments

➤ Multi-period Accountings

➤ Multiple Accounting Representation

Automated Invoices
- ✓ ERS (Self-Billing) Invoices
- ✓ Return to Supplier (RTS)
- ✓ Expense Reports
- ✓ Customer Refunds
- ✓ Intercompany Invoices

Electronic Invoices
- ✓ SOAP Web Service
- ✓ B2B Invoice
- ✓ Rest API's

Key Implementation Considerations
Integrated Imaging solutions

- ✓ Fully integrated "out-of-the-box" solution supporting the entire lifecycle of invoice processing from scanning, recognition, image routing to invoice entry and approval

- ✓ The application supports invoices with the following file extensions: *.tif, *.tiff, *.png, *.jpg, *.doc, *.docx, and *.pdf. However, to produce the best recognition results, the application converts the other document types into the TIFF format.

- ✓ Do not send images in .xls or .xlsx format.

- ✓ The application converts the color image invoice into a black-and-white one because it provides an optimal optical character recognition accuracy and a reduced image size.

- ✓ Languages supported are English, French, German, Italian, Spanish and Dutch

- ✓ Avoid hand written content and stamp marks as it impacts recognition rate.

- ✓ Image file with multiple page invoices should be separated by blank page separator of size 3KB or less.

Key Implementation Considerations
Integrated Imaging solutions

✓ For suppliers that typically have purchase orders created, the supplier is added well in advance of the time when the invoice is created, so no problem is anticipated in these cases. In the case of unmatched invoices, you should create the suppliers at least a day in advance to be able to scan and create the invoices automatically with the supplier information recognized.

✓ We recommend less than 10 images per batch to avoid delay caused by recognition exceptions.

✓ Email Subject text should be kept under 107 characters.

✓ PO numbering format is strongly recommended to have an alphanumeric PO number. Then cases of recognizing some other number as the PO number is greatly reduced.

✓ Supplier Recognition

    ✓ Unmatched invoices imaging solution reads the address from the invoice image. The address that closely matches the address in the application (Vendor Pool) is recognized as the supplier.

    ✓ PO matched Invoices, supplier is taken from Purchase order

Key Implementation Considerations

Invoicing: Match approval level and Match Option

Approval level	Implementation Consideration
2-Way	➢ For purchases where receipt is not applicable ➢ For non-inventory purchases or service industries E.g. Insurance, Financial services
3-Way	➢ Recommended and most widely practiced ➢ Used for physical goods, inventory or non-inventory services with units E.g. Consulting labor hours
4-Way	➢ Used for inventory items that requires quality check (Inspection) E.g. Manufacturing, wholesale and Industries
Unmatched	➢ Used for Legal services or utility bills and Payment request for employee expense reports and customer refund generated in receivables

Match Option

✓ Invoice Match Option can be Order, Receipt or Consignment

Key Implementation Considerations
Invoice Workflows

✓ Invoice approval rules are the policies that describe an invoice approval flow

✓ Below are the main tasks to configure Invoice BPM rules

1. FinApIncompleteInvoiceHold
2. FinApInvoiceApproval
3. FinApInvoiceAccountCoding
4. FinApHoldApproval

Payment Workflows

✓ Below is the main task to configure Payment BPM rules for only Payment Process Request

✓ PaymentApproval

Key Implementation Considerations
Invoice Approval

- ✓ Invoice Approval Rules can be configured either through spreadsheet or the BPM Worklist Task Configuration.

- ✓ Currency Conversion can be applied for rule evaluation

  Eg: Invoice Header.Invoice Amount*CurrencyConversionGlobal.getRate(Invoice Header.Invoice

  Currency Code,"USD",Invoice Header.Invoice Date,"Corporate",0)

- ✓ Line Level Approval is not supported yet.

- ✓ 19D new feature for Common Financials, the Workflow Transaction Console. Now, administrators

  can efficiently monitor and take action for workflow tasks using a single dashboard

- ✓ Workflow Transactions Listing Report lists transactions that are pending and are rejected in the

  workflow

Payment Approval

- ✓ Amount based Payment approval is not supported

Key Implementation Considerations

Transaction Tax and Withholding tax

- ✓ The ERP Tax Engine uses the structure called the Regime to Rate flow which has up to 7 different components

- ✓ Regime Determination can be set in configuration owner tax option based on business requirement for Transaction Tax and Withholding Tax

- ✓ Regime to Rate - Possible configuration and recommended approach

- ✓ Tax Calculation: Derive tax configuration and tax rules to have automatically and accurately calculate tax on all payables events

- ✓ Tax Reporting:
   a. Standardized and simplified reporting using BI Publisher
   b. Modify/extend reporting templates

Key Implementation Considerations

Tax Partners

- ✓ Oracle ERP cloud integrates with Tax partners like Vertex, Avalara and Thomson Reuters for Transaction tax calculation solution.

- ✓ Customers and implementers are fully responsible to coordinate with these individual tax partners to understand the differences around the existing geographic and application business flow scope, capabilities, and limitations of each tax partner solution.

- ✓ The existing Oracle Cloud marketplace links for each of the 3 existing tax partners:
    - ✓ Vertex: https://cloudmarketplace.oracle.com/marketplace/en_US/listing/21088224
    - ✓ Avalara: https://cloudmarketplace.oracle.com/marketplace/en_US/listing/59772485
    - ✓ Thomson Reuters: https://cloudmarketplace.oracle.com/marketplace/en_US/listing/25651994

Key Implementation Considerations
Payment Processing Key Decisions

Results in prompt payment for invoices based on policy and strict payment terms

➢ What is your business process?

✓ Decide how much to automate

✓ Best practices for process submission is Payment Process Request

✓ Create one template for each unique combination of submission attributes. Ensure your templates cover all normal cases – avoid off-cycle payments and the associated costs.

✓ Do not enable Create Payment Files Immediately, as this will limit payment file creation to within a single PPR.

✓ Create a scheduled process for each template to create PPRs automatically. This should be run frequently enough to meet due dates, as well as to take advantage of early payment discounts

Key Implementation Considerations
Payment Processing Key Decisions

➤ What is your organizational structure?
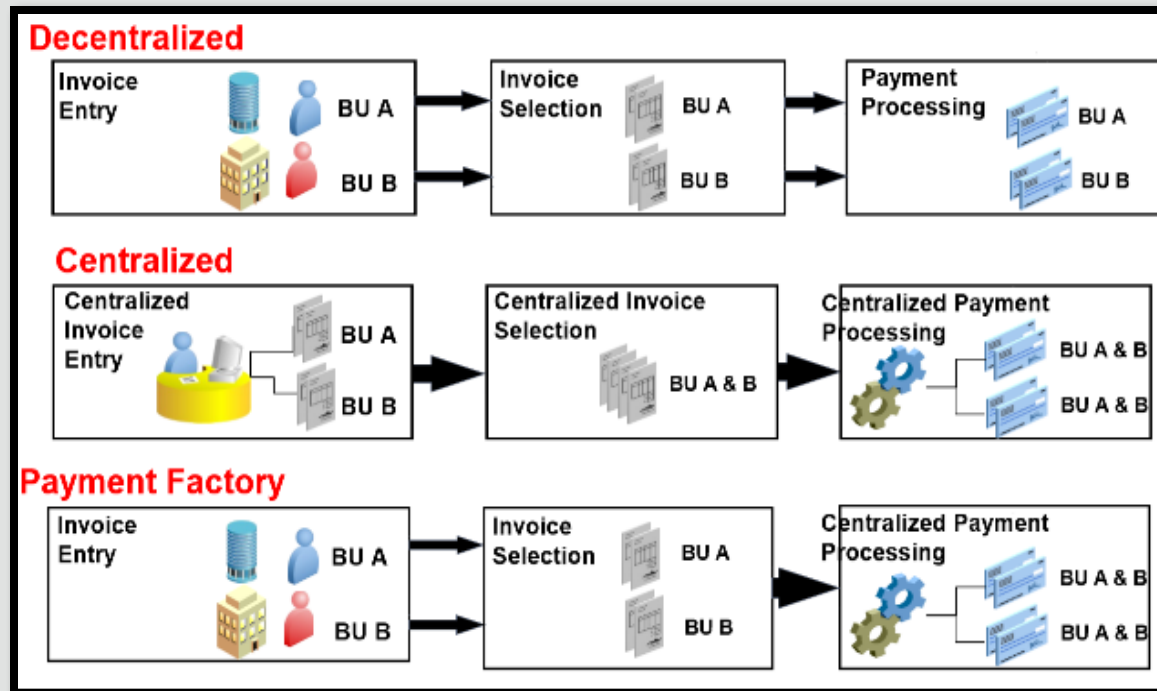
Decentralized Processing

- ✓ Enable each BU to create its own payment process
- ✓ Enable each BU to decide who and when to pay

Centralized Processing

- ✓ Reduce manpower costs by centralizing payment process decisions and exception handling
- ✓ Reduce payment processing costs by pooling payments together into fewer payment files
- ✓ Efficiencies of scale allow some users to specialize in payment processing

Payment Factory

- ✓ Enable each BU to decide who and when to pay
- ✓ Reduce payment processing costs by pooling payments together into fewer payment files

Key Implementation Considerations
Payment Processing Key Decisions

➢ What are your Processes Goal?

Select invoices to be paid with a broad selection criteria, thus creating as few payment process

requests as possible

✓ Recommended for a Centralized Processing model

✓ Payment process templates can be more generic.

Key Implementation Considerations
Payment Processing Key Decisions

➢ What Payment Methods do you need?

    ✓ Choose broad payment methods like the seeded Check and Electronic, or choose to create your own more granular payment methods, optionally with targeted validations

    ✓ For a detailed discussion of the costs and benefits of more granular payment methods, see topic 'Payment Methods: Explained' in the 'Define Disbursements' chapter of the Implementation Guide

Key Implementation Considerations
Payment Processing Key Decisions

➢ What Formats to Use

    ✓ Use standards-based formats that can be used with multiple banks

        ✓ EDIFACT formats (PAYMUL, MT103, etc)

        ✓ NACHA formats (Generic, CCD, PPD, etc)

        ✓ ISO/SEPA formats (ISO 20022, etc)

    ✓ Modify seeded formats using BI Publisher

    ✓ An XML extract provides Payments data

    ✓ Use RTF templates to create human-readable layouts, for checks and reports

    ✓ Use ETEXT files to create fixed-position and delimiter based layouts, for transmission and automated payment processing.

Key Implementation Considerations
Payment **Processing** Key Decisions

➢ Security Setup: Encryption and Masking

  ✓ Use the Positive Pay File to reduce fraud

  ✓ Encrypt and mask supplier bank account numbers before importing or entering any data in the system

  ✓ Use Oracle Wallet Manager to create a wallet

  ✓ Store wallet in a very secure, limited access file system location

  ✓ Obtain authentication/encryption keys externally, or have Payments generate them

  ✓ Rotate encryption keys periodically

  ✓ See System Security Options: Critical Choices in the Implementation Guide

Program agenda

1   Introduction

2   Key Implementation Considerations

3   **Pre-Requisites & Checklists**

4   Best Practices

5   Top Articles & Community Links

6   Q&A

Assign Business Functions
Ledger and Legal Entity Assignments

Do not change ledger assigned to Business unit after configuring Payables

Assign Business Functions: FC_HYD

| Save | Save and Close ▾ | Submit | ▾ | Cancel |

◢ Financial Reporting

Select the primary ledger and default legal entity for the business function you chose so that financial transactions can be generated.

*Primary Ledger FC IN ∨

Below legal entity ☐ Below legal entity

*Default Legal Entity FC India Pvt Ltd. ∨

Do not change Ledger assigned to business unit after configuring below

✓ Common Options for Procurement and Payables Options BU

✓ Invoice Options for BU

If the Ledger is changed to BU, then below error will come when the periods are not open for old ledger

✓ Error: Enter a date that is in an open period (AP-810012)

Else, invoice accounting will fails as the BSV was not assigned to old legal entity

Action: You need to create new BU for new ledger and configure Payables or assign back the old ledger to BU

Define Payment Options
Account for Payment

Why Payment Options Account for Payment Can not Be Modified?

✓ Modification of payment account setup is not advisable once customer has transactions created and accounted with old setup.

✓ If correct option is not selected at first level, it might effect cash management reconciliation entries for payment later when you decide to use cash management

✓ When attempting to change the setting Payment Options Account for Payment

Error: You can't update this option because accounting information was already recorded using this setting. (AP-810415)

Apply Prepayment
Allow Prepayment Application

How to enable "Allow Prepayment Application" check box by default in Invoice UI

Manage Invoice Options

Matching
- ☐ Allow final matching
- ☐ Allow matching distribution override
- ☐ Transfer PO distribution additional information

Discount
- ☐ Exclude tax from calculation
- ☐ Exclude freight from calculation

Discount Allocation Method
- ○ All invoice lines
- ○ Tax lines and single distribution
- ● Single distribution

Prepayment
- * Payment Terms: Immediate ▾
- Settlement Days: 0

✓ By entering Settlement days in Invoice options, "Allow prepayment application " is enabled by default

✓ If the "Allow prepayment application" option is not enabled in invoice UI and users miss to enable this option in invoice UI, then the prepayment is considered as permanent prepayment

Note: Permanent prepayment cannot be applied to standard invoices

Invoices
Cross Currency Payment

Cross Currency Payment-Unable to do Cross Currency Payment

✓Payment can be done in currency selected as payment currency at the time of invoice entry.

✓Once Invoice is saved, Payment Currency cannot be changed

Note: Select correct payment currency at the time of invoice entry as this is not reversible

Manage Party Tax Profile
Use legal entity tax subscription

'Use legal entity tax subscription' in Manage Party Tax Profile.

- ✓ Decide if you would like to subscribe the Tax Regime to Business Unit(BU) or Legal Entity(LE)

- ✓ The operation of checking 'Use legal entity tax subscription' in Manage Party Tax Profile is not reversible.

Define Currencies
Currency Precision

Create Accounting Errors Due To Currency Precision Issues

- ✓ Currency Precision was changed by user after transactions were entered in the application..
- ✓ Affected Transactions: Invoices/Payments

Error: The entered amount and accounted amount must be the same when the entered currency is the same as ledger currency.

Define Secondary Ledger
Map Primary to Secondary Ledger

Added Secondary Ledger/ALC Ledger after referenced event is Accounted

Data Conversion Level is Subledger

Map Primary to Secondary Ledger

	Save	Save and Close	Cancel

Secondary Ledger

Name	FC_IN_SEC
Chart of Accounts	FC
Accounting Calendar	FC
Currency	USD
Accounting Method	Standard Accrual
Data Conversion Level	Subledger
Status	Complete

If secondary ledger was added after invoice was accounted.

✓Subledger Accounting cannot create an accounting entry for this event in the secondary ledger or reporting currency

Action: Manual journal adjustments should be done to the secondary ledger or reporting currency to record the impact of this transaction

Create Accounting
Global Roles Assigned to User

Create Accounting fails with below error

```
xla.plsql.xla_fsn_acct_parent_pkg => 20-03-2020 13:25:33  - l_high_entity_id 755002

xla.plsql.xla_fsn_acct_parent_pkg => 20-03-2020 13:25:33  - Inserting into xla_fsn_events_int

20-03-2020 13:25:33 - Failure                          =
A system error occurred. Contact your help desk.
Details: A system error has occurred in the program xla_fsn_acct_parent_pkg.do_first_proc_order,
ORA-28113: policy predicate has error.
 Action: Contact Oracle Support for assistance.

xla.plsql.xla_fsn_acct_parent_pkg => 20-03-2020 13:25:33  - Post Accounting Started

xla.plsql.xla_fsn_acct_parent_pkg => 20-03-2020 13:25:33  - Global Context cleared
```

Cause: User was assigned roles(Global) that are not typical for operational users

- ✓Eg. Policy name: Subledger Source Transaction which is Global
- ✓If this policy is assigned to roles, Create Accounting fails

Action: For Security reasons , user running create accounting shouldn't have global role. Scheduling roles are not advised to have within Finance/Accounting areas since it provides a security risk to record transactions within the General Ledger.

Program agenda

Best Practices in Payables

Documentation:-

➢ Maintain documentation for the below functionalities with version control

1. Payables Setups Configurations

2. Approvals

3. Tax Configurations

4. Custom Accounting Rules

Dates:

➢ Maintain the start date of setups or master data prior to the Transactions date

Best Practices in Payables

Integration:

- ➢ Test all Imports like Master Data, Transaction Data from external system with live data in SIT phase
- ➢ In SIT, perform integration testing of all Payables Imports with maximum size of the live data in a day to avoid performance issues.
- ➢ Use Spreadsheet Import (ADFDI) when need of importing less number of rows
- ➢ Recommendation: Use FBDI when importing Payables invoices more than 500 rows

Imaging:

- ➢ Configure in all PODS as per business requirement and perform testing for minimum 10 Top Suppliers with actual images in UAT

Best Practices in Payables

Approvals:

➢ All the Approval rules needs to be documented by partner and approved by customer before starting to configure Invoice Approval rules

➢ Configure all Approval rules in UAT as per business requirement and do all business Test case cycles for all Rules in UAT

➢ Test To Production, migrate workflow rules using SOA composer

Performance:

➢ Schedule Validate Payables Invoices with more Number of Parallel Processes based on the volume of the records

➢ Plan scheduling Validate Payables Invoices, Initiate Invoice Approval Workflow, Create Accounting in different windows of time for each Business Units or Ledgers to avoid performance issues

Best Practices in Payables

Payment Formats:

➢ Find out what client's processing bank supports

➢ Customize the Payment formats as per the bank and business requirement

➢ Complete the testing using custom formats in SIT

Payment System:

➢ Payment file Transmission testing with all Internal Banks in UAT phase or before

Best Practices in Payables

Tax:

- ➢ Perform P2P testing with tax calculation in UAT
- ➢ If all Tax Test cases pass in UAT, use Configuration package to migrate all Tax configurations from UAT to PROD
- ➢ Tax Calculation with Services Provider Integration in SIT, if applicable

Custom Accounting Method:

- ➢ Configure and perform accounting for all transaction in payables before starting UAT with live data
- ➢ Test To Production, migrate all custom accounting rules using configuration packages.

Best Practices in Payables

Pre Go Live check points:

➢ Processes Documentation is in place

➢ Training to Customers by Partners on Payables processes, mainly Approvals, Taxes, Period Close activities along with complete Payables processes

➢ Test Cases of complete business flow for Regression testing by users on each patching cycle

➢ Go Live strategy is in place like migrating open Transactions to PROD

➢ Recommendation is to get P2T once the production pod is completely configured and is ready for Go Live.

➢ Reconcile Open balances between Subledger, ledger with source system

Program agenda

Top Articles and Community Links

- **Implementing Payables Invoice to Pay**

- IMAGING:: Best practices to follow when sending Invoices to AIP (Doc ID 2324496.1)

- How To Purge Payables – AP Invoice Interface and Error Tables and Clear Rejections. (Doc ID 2146731.1)

- Steps to Run Payables to Ledger Reconcilation Report in Fusion Financials (Doc ID 1382816.1)

Top Articles and Community Links

- Fusion Payment And Positive Pay File Transmission Using SFTP PUT Protocol (Doc ID 1901745.1)

- Fusion Tax Resolution Flow (Doc ID 2399874.2)

- How to Setup Document Sequence in Fusion Payables (Doc ID 1526107.1)

- How is Invoice Number recognized in AIP? (Doc ID 2245609.1)

Summary
What we covered today

- Pre-requisites that needs to be considered while implementing Payables

- The critical setups involved

- Do's and Don'ts

Program agenda

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Q & A

- To ask a question use Chat

- Your question will be read aloud in the order received

- Follow up questions can be added to the event post on Customer Connect.

Thank you

Srinivas Nimmalapudi

Oracle Support Advisor Webcast