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OPM Period End Process – Best Practices

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Agenda

- OPM Period Close Process – Introduction
- Costing and Accounting processes
- Q&A

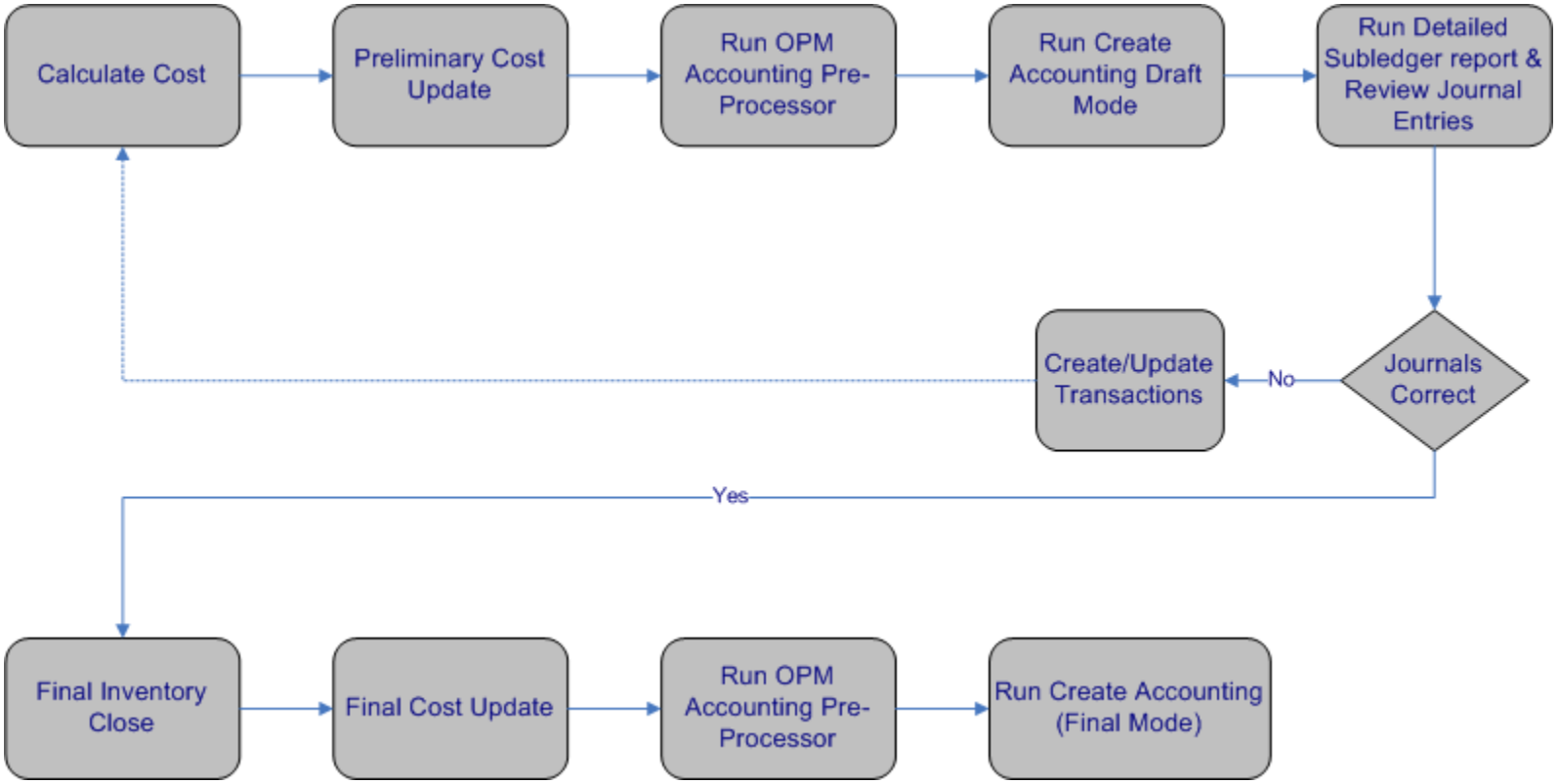
OPM Period Close Process - Introduction

Processes Involved in Period Close Activity:

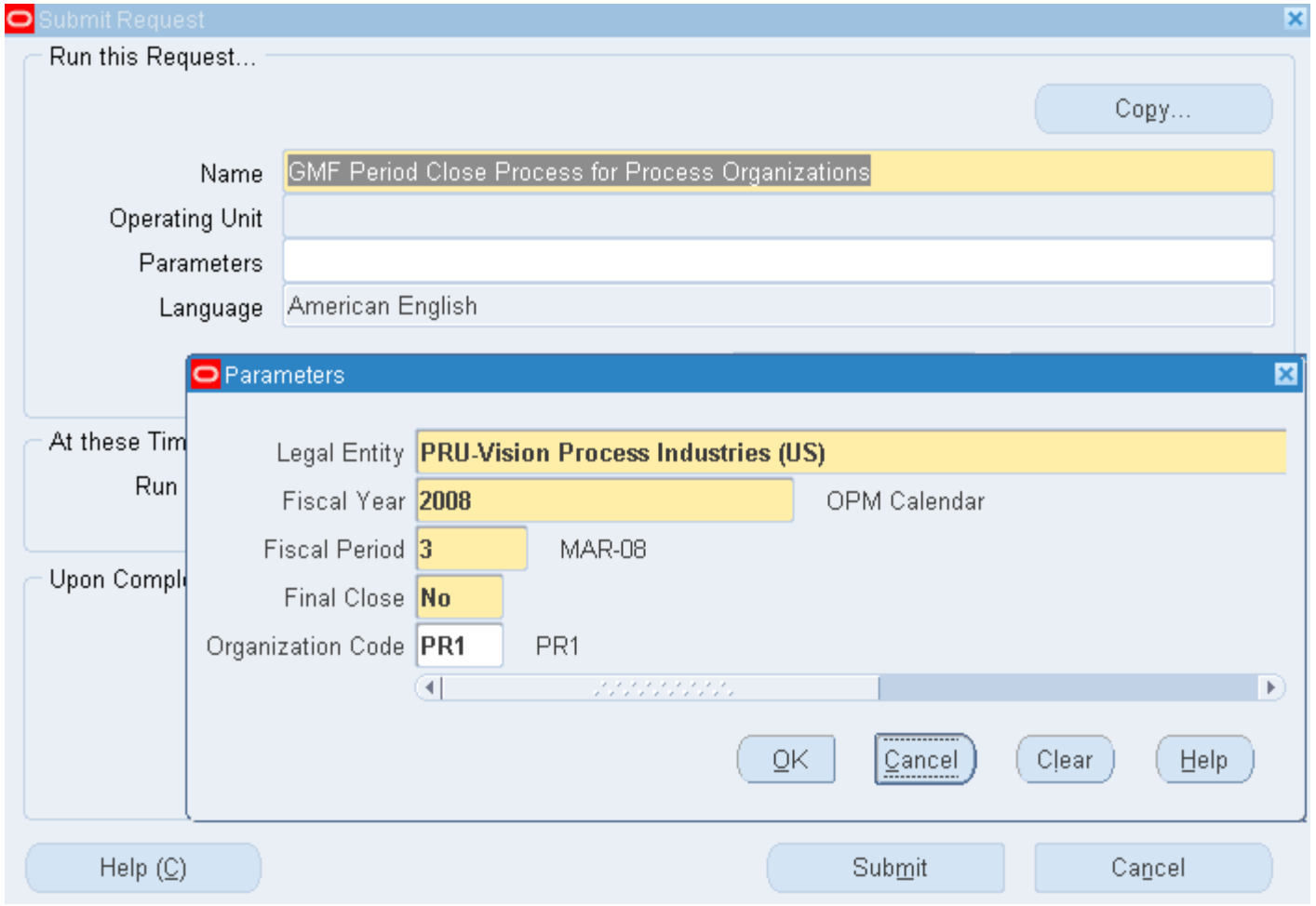
- Running GMF Period Close Process to compute period end Inventory Balances.
- Running one or more of the Cost engines.
  - Actual Cost Process
  - Cost Roll up
  - Lot Cost Process
- Cost update
- OPM Accounting Pre-Processor
- Create Accounting

Introduction

continue...



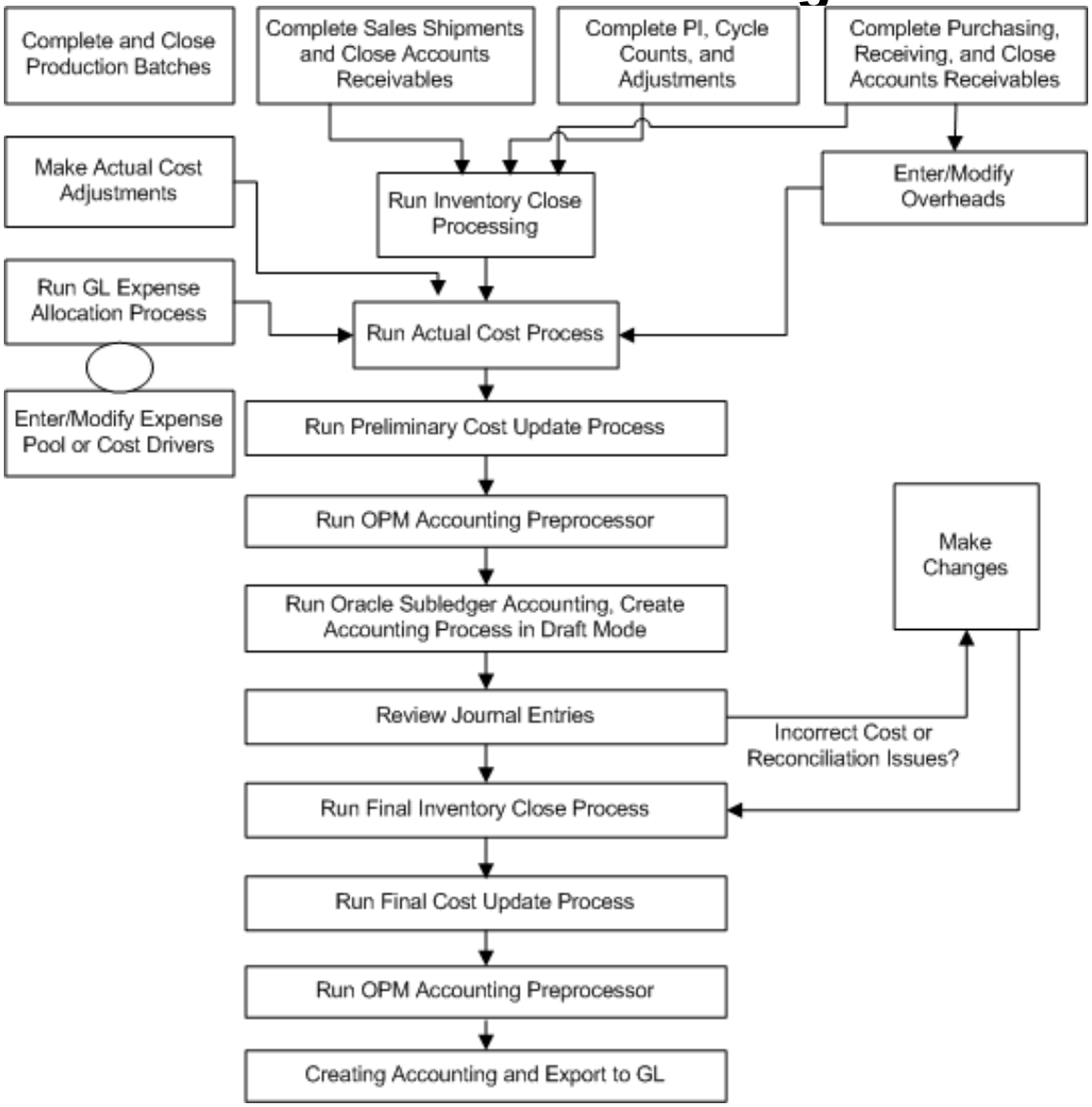
GMF Inventory Period Close Process



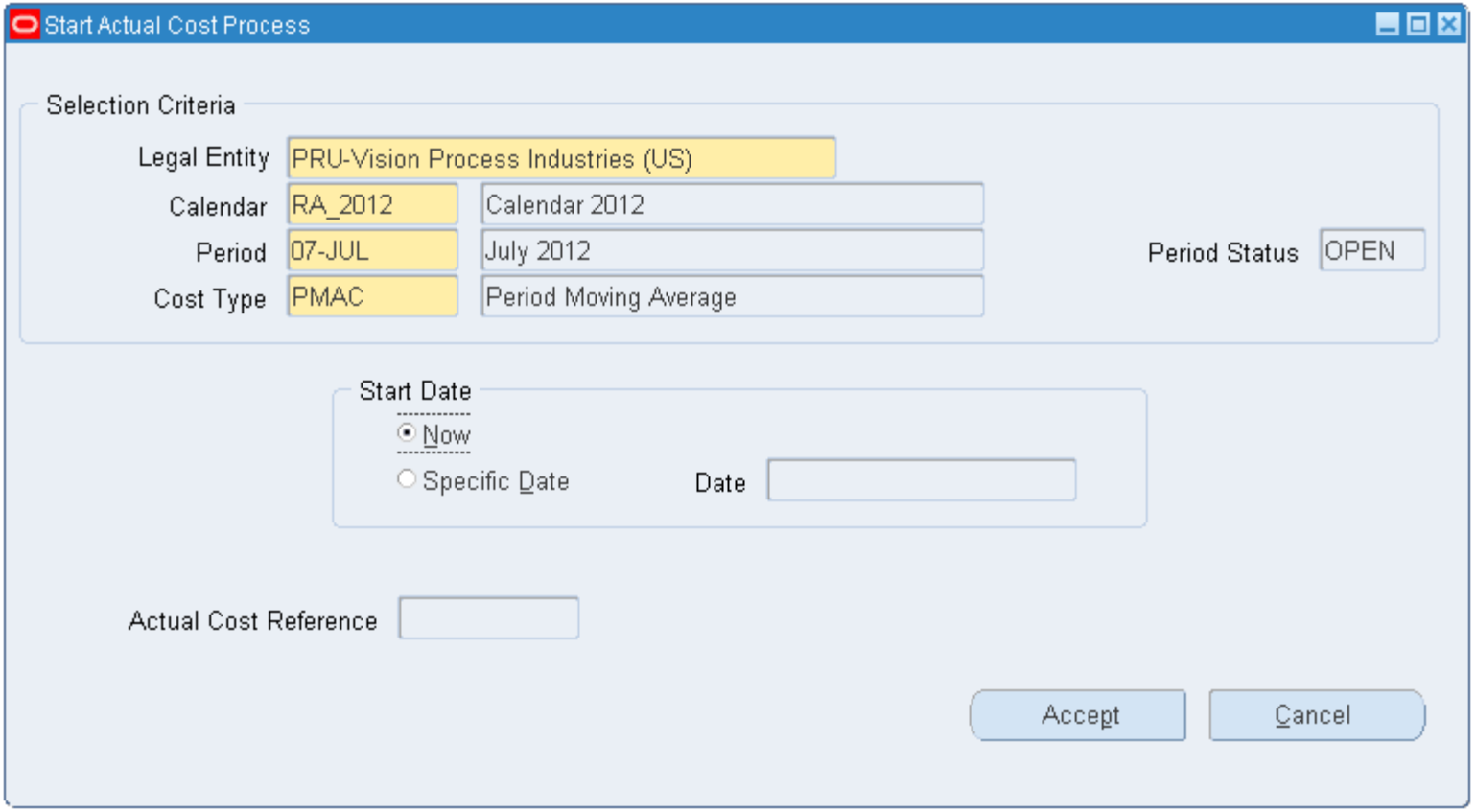
GMF Inventory Period Close Process continue...

- Concurrent process records Period End Inventory Balances and Closes Inventory Periods of process organizations.
- Run after all transactions are recorded.
- Process can be run in Preliminary and Final Mode. Process can be run multiple times in Preliminary Mode.
- Use this concurrent process to close inventory periods of process organizations
- This R12 Concurrent Process replaces 11i Period Close in OPM Inventory.
- Data generated is used by Actual Cost Process, OPM Accounting Pre-Processor and Inventory Valuation Report.

Actual Cost Period-End Processing Flow



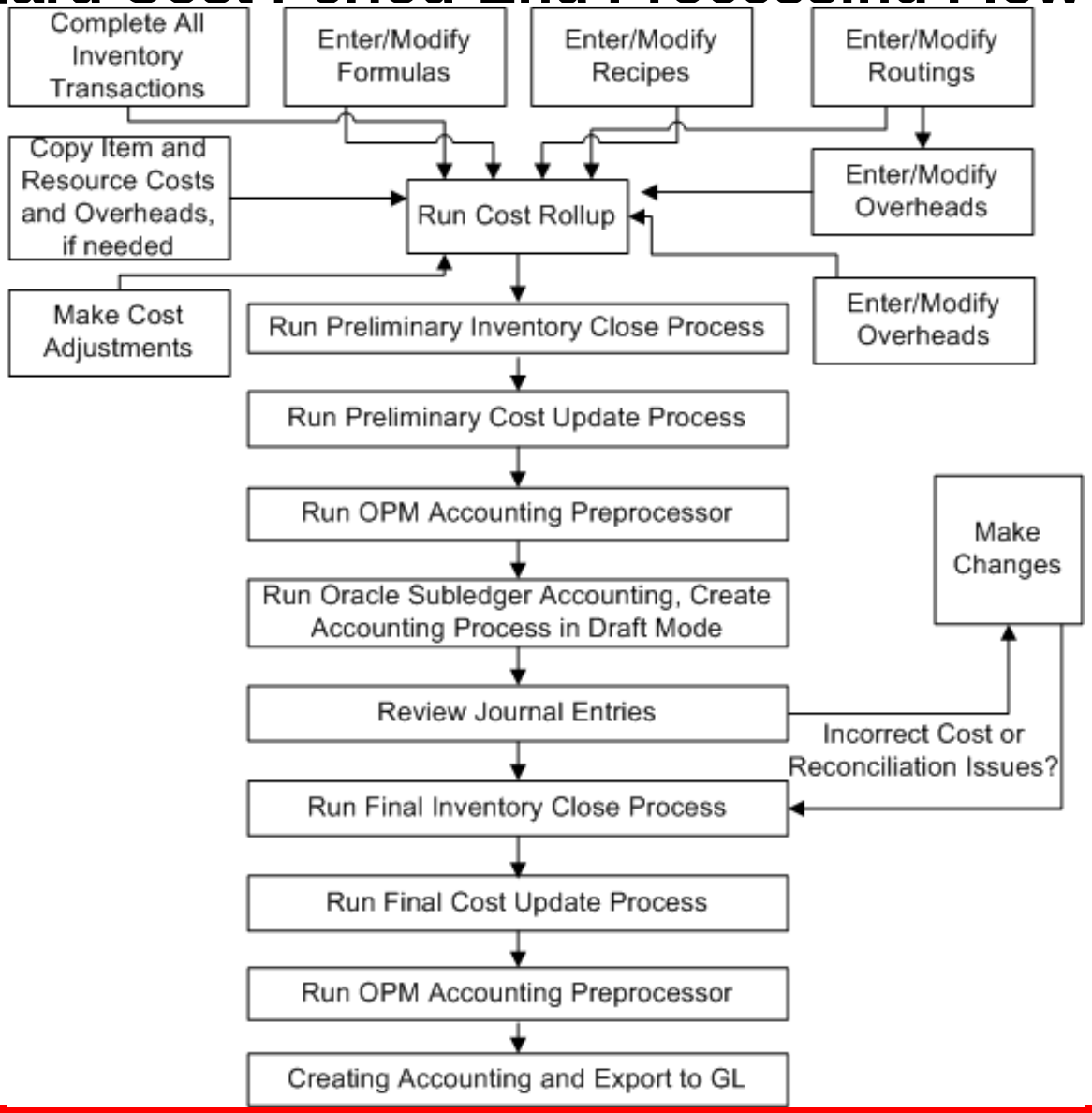
OPM Actual Cost process



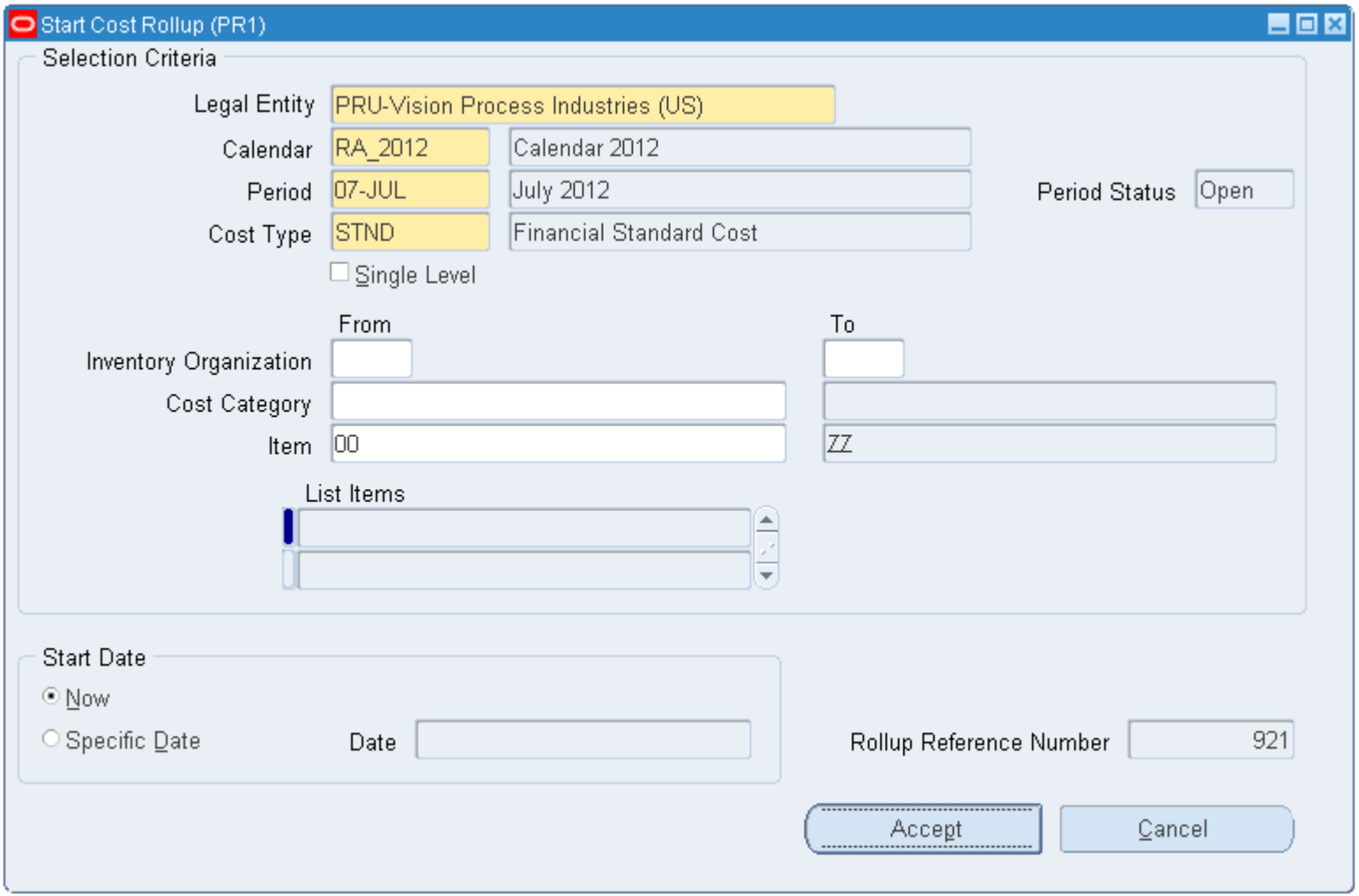
OPM Actual Cost process

- Run after all transactions are recorded. Process can be run multiple times.
- As far as possible avoid creating circular references in batches by creating flat batches. This can be done when there are no common intermediates for multiple products.
- Avoid creating circular references in batches that can cause diverging items costs in the actual cost process.
- Optimal settings for profiles (GMF: Costing Tolerence Percent and GMF: Actual Costing Maximum Iteration Limit for Circular Reference) when circular references can not be avoided. Performance Vs Accuracy trade-off. Refer to notes: 1319329.1 and 417820.1.
- Whenever using cost adjustments to fine tune the item cost, use appropriate actual cost adjustments (Unit Cost adjustment, Value Cost adjustment, Average Cost adjustment).
- Re-layer batches whenever cost allocation factors are updated or dynamic cost allocation factors are used.
- Run on regular intervals and resolve transactional and costing errors

Standard Cost Period-End Processing Flow



OPM Cost Rollup process

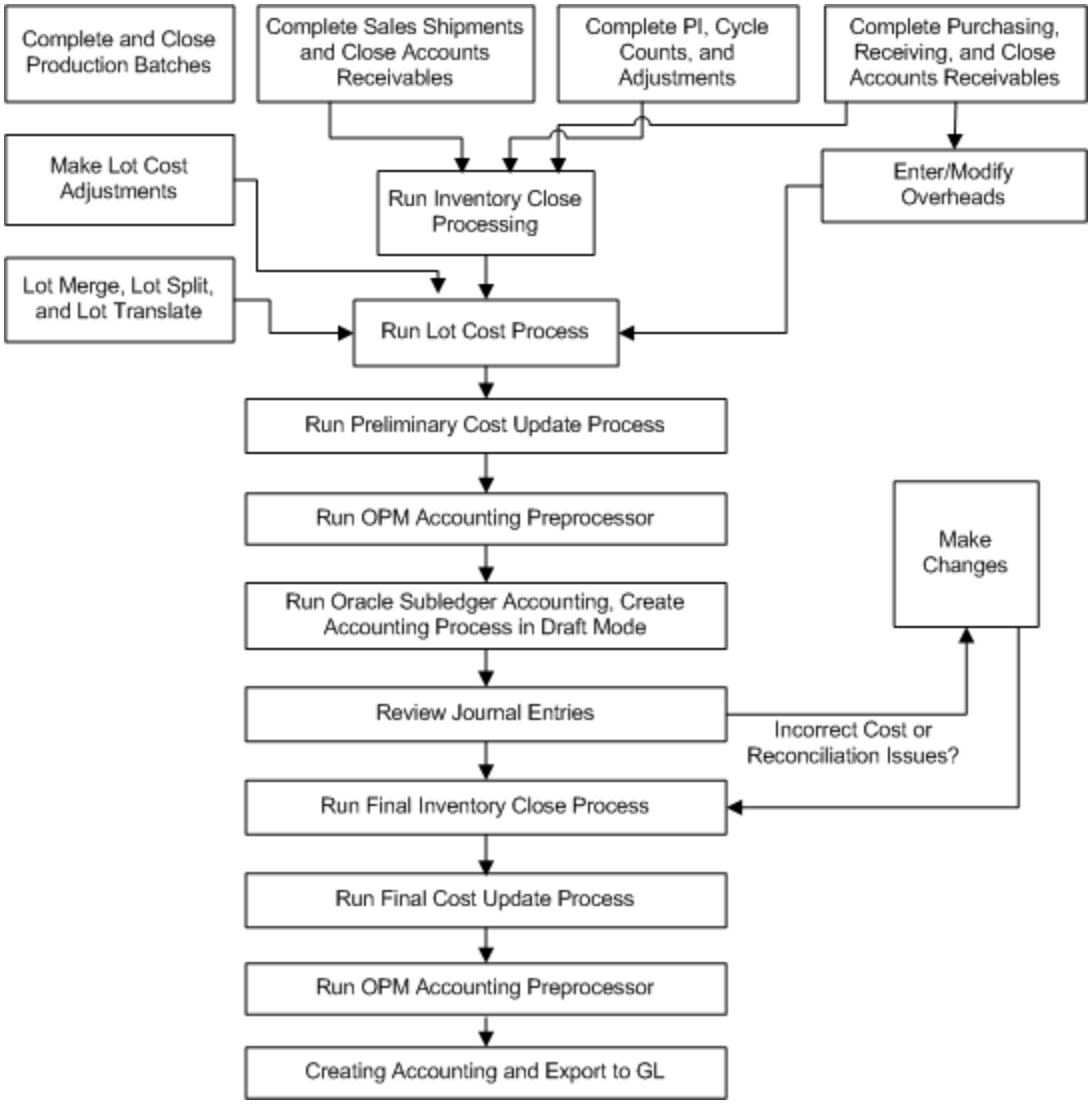


OPM Cost Rollup process

Continue…

- Run any time after Ingredient costs for the period are recorded / updated.
- Process can be run multiple times.
- Process does not have to be run if costs are not changed. In such situation older costs can be copied instead.
- It is better to freeze the cost as early in the period as possible. This allows Accounting processes to be run on regular intervals(daily, weekly) in high transaction volume environments. This will also reduce the time during period close activities at period end.

Lot Cost Period-End Processing Flow



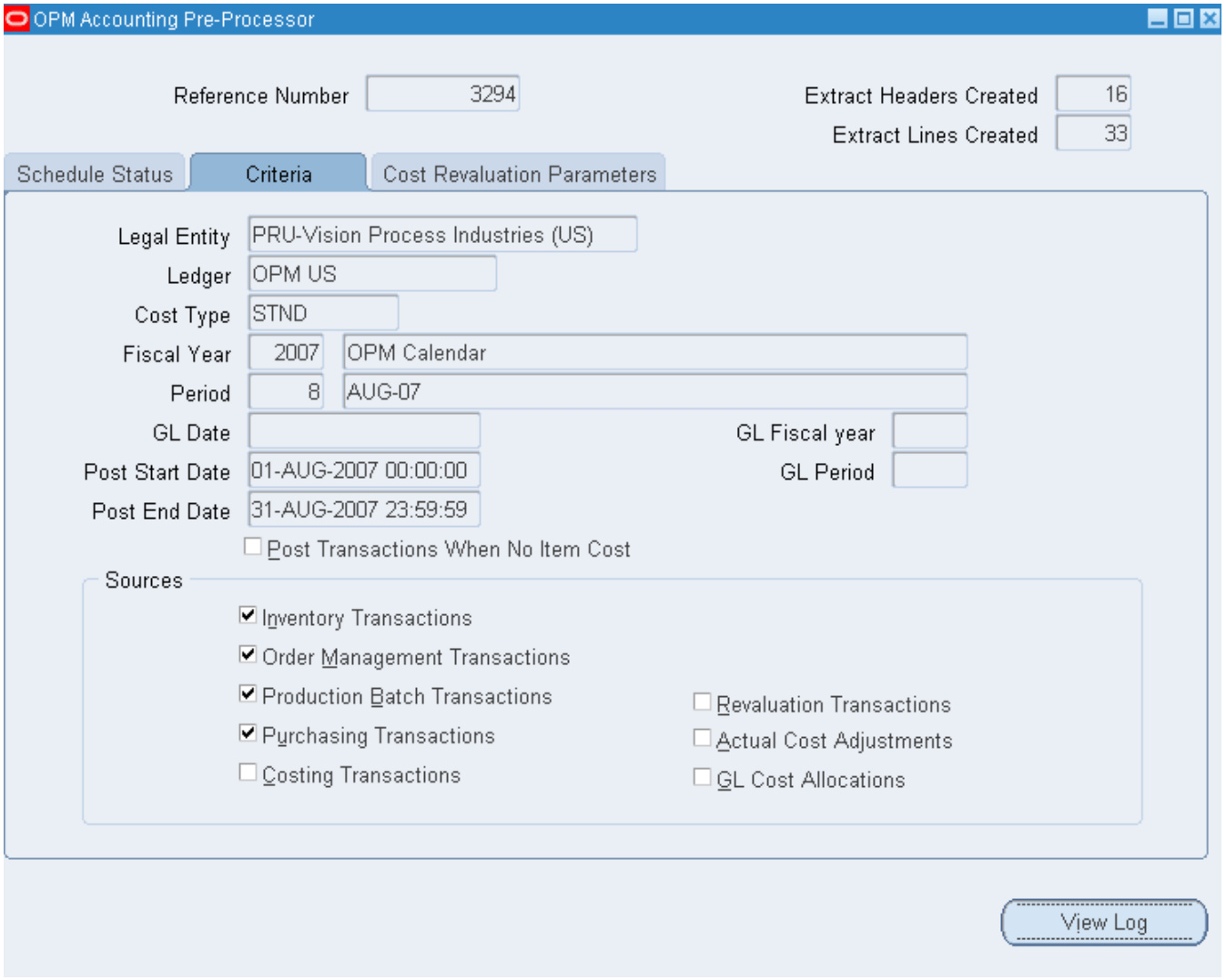
OPM Lot Cost process

- Generally similar to Perpetual Costing in Discrete Costing, but at item, org and lot level.
- Process can be run anytime after all prior transactions are correctly recorded. It can be run multiple times in Preliminary mode.
- Accurate recording of transaction date. This would avoid inaccuracies and errors in lot costing. Avoid back-dating of the transactions as much as possible.
- Set profile “GMF: Maximum Number of Iterations for Lot costing” to 2 or 3 if you are observing large number of ‘uncosted lot transactions’ messages in the process.
- Data generated is used by OPM Accounting Pre-Processor if customer is using Lot costing.

OPM Cost Update process

- Copies cost data generated by costing engines for use by OPM Accounting preprocessor to Generate distributions.
- Process can be run multiple times.
- Process is required to be run after costs are rolled up or costs are copied.
- Additionally freezes Formula, Routings if run in final mode.
- This process is not a required process for Lot Costing customers if all items are lot controlled and lot costed.
- Data generated is used by OPM Accounting Pre-Processor.

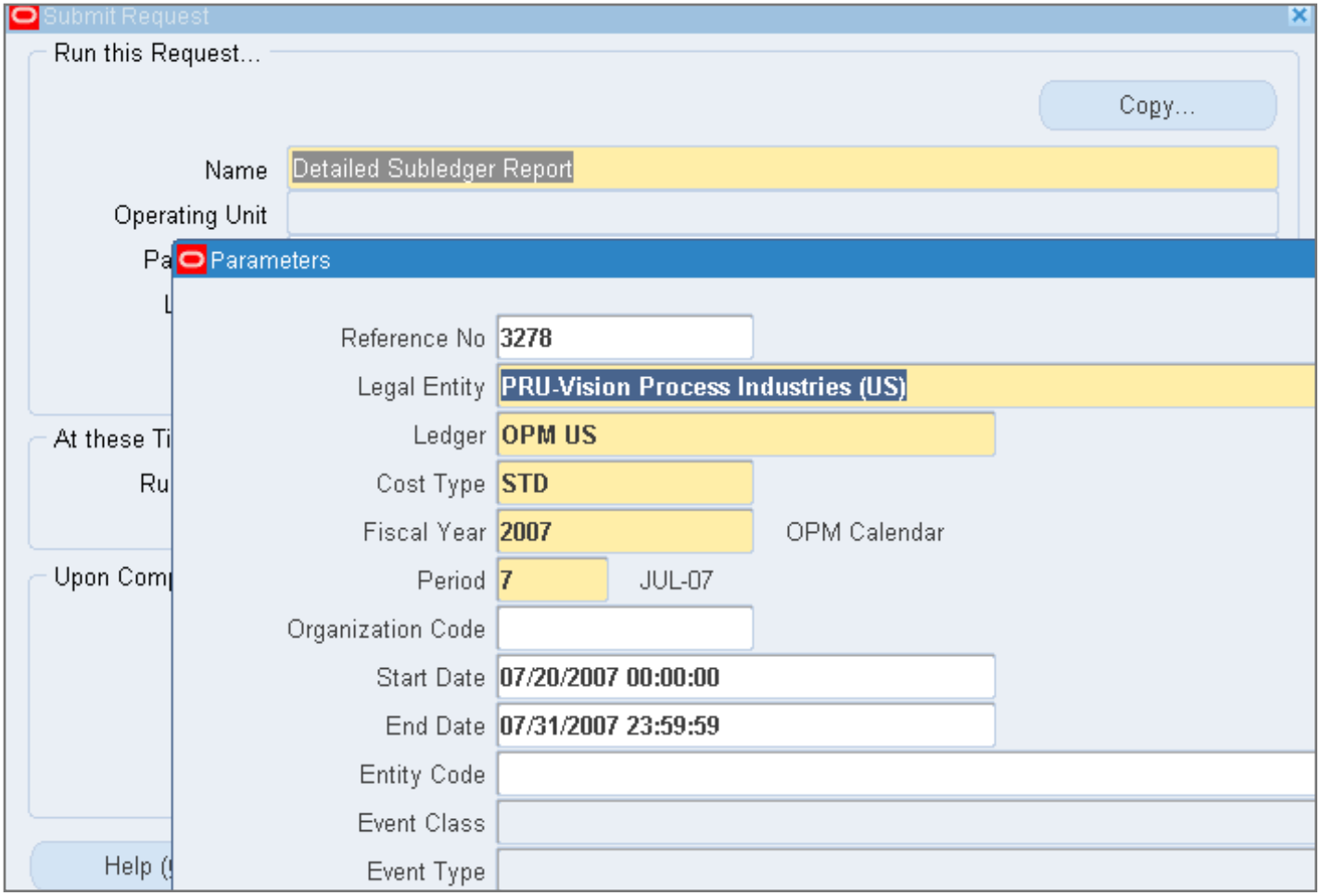
OPM Accounting Pre-processor



OPM Accounting pre-processor

- Run OPM accounting preprocessor on regular intervals(daily, weekly) in high transaction volume environments. Review and resolve errors without waiting for period close.
- If the preprocessor is taking long time to complete due to large transactional volume, then consider running process separately for each source, running process for smaller DATE range.
- Review Detailed Subledger Report even before running create accounting. This will have most of the information, except for the accounts which would not typically change after going live.
- Set profile “GMF: Commit Count in Accounting Pre-Processor” to appropriate value (5,000 to 10,000) based on the transactional volume.
- Pre-processor wrapper program for Order Management enables to run parallel runs with-in the period

Detailed Subledger Report



Review the accounting entries

ORACLE Process Manufacturing	Detailed Subledger Report	Report Date	16-JAN-2009 21:01:25
		Page	1 Of 1

Report Parameters	
Reference Number	3278
Legal entity	PRO-Vision Process Industries (US)
Ledger	OPM US
Cost Type	STD
Organization	PR1
Fiscal Year	2007
Period	7
Start Date	20-Jul-2007 02:00:00
End Date	01-Aug-2007 01:59:59
Entity	
Event Class	
Event Type	

Inventory Transactions

Entity Name	Inventory Transactions	Event Class Name	Miscellaneous Transactions	Event Type Name	Miscellaneous Receipt
Organization	PR1	Item	9010 - Cheryl's Ice Cream Sandwich	Base Currency	USD
Transaction Number	22413942	Sub Inventory	PR1	Lot Number	L1
Transaction Id	22413942	Quantity	100.00000 CSE	Transaction Date	23-Jul-2007 02:00:00

Journal Line Type	Account	Description	Base Currency Debit	Base Currency Credit	Billing Currency Debit	Billing Currency Credit
IVA	100-1000-1440-1070-0000	US Company-Old Eastern Operations-Inventory Material Value-Chemical-Future Use		500.00		500.00
INV	100-0000-1442-1000-0000	US Company-Balance Sheet-Inventory Overhead Value-All Products-Future Use	500.00		500.00	
		Total	500.00	500.00	500.00	500.00

End of Report

SLA Setup and Create Accounting process

- Avoid defining multiple Priorities in an ADR. Where ever possible try if the same thing can be achieved using Mapping Sets in SLA instead of creating more and more individual priorities in an ADR.

- Maintain minimal number of cost components for item cost. More number of components would lead to more number of journal lines to be processed and hence could lead to performance issue .

- Accounting for secondary ledgers (SLA Vs OPM)

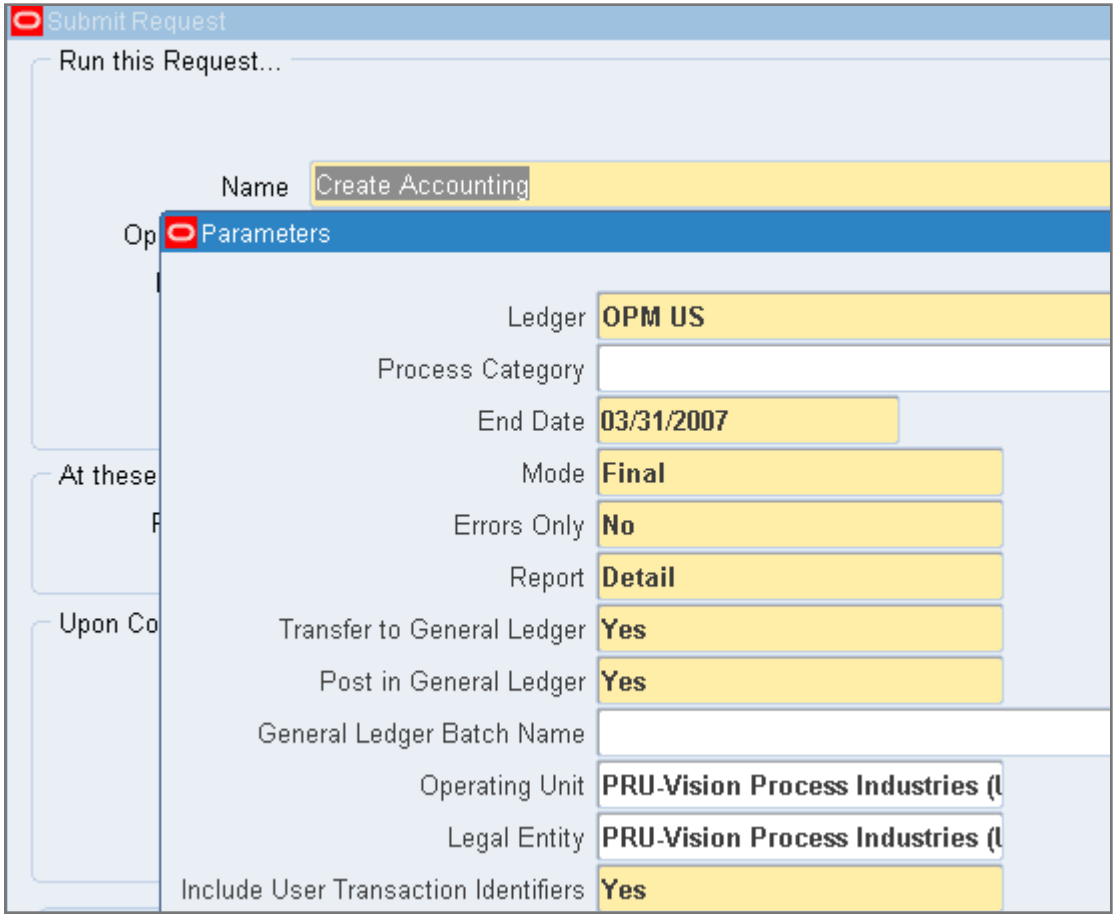
- Use parallel workers for improved performance

- Run the process in DRAFT mode on regular intervals (daily, weekly) in high transaction volume environments. Review and resolve errors without waiting for period close.

- Set profile 'GMF: Check If Costs Are Frozen When Create Accounting Run In Final Mode' to Yes if additional check is needed while running create accounting in final mode.

- Upgrading from 11i to R12
  - Re-implementing Vs Migrating 11i MAC Accounting rules

Create accounting

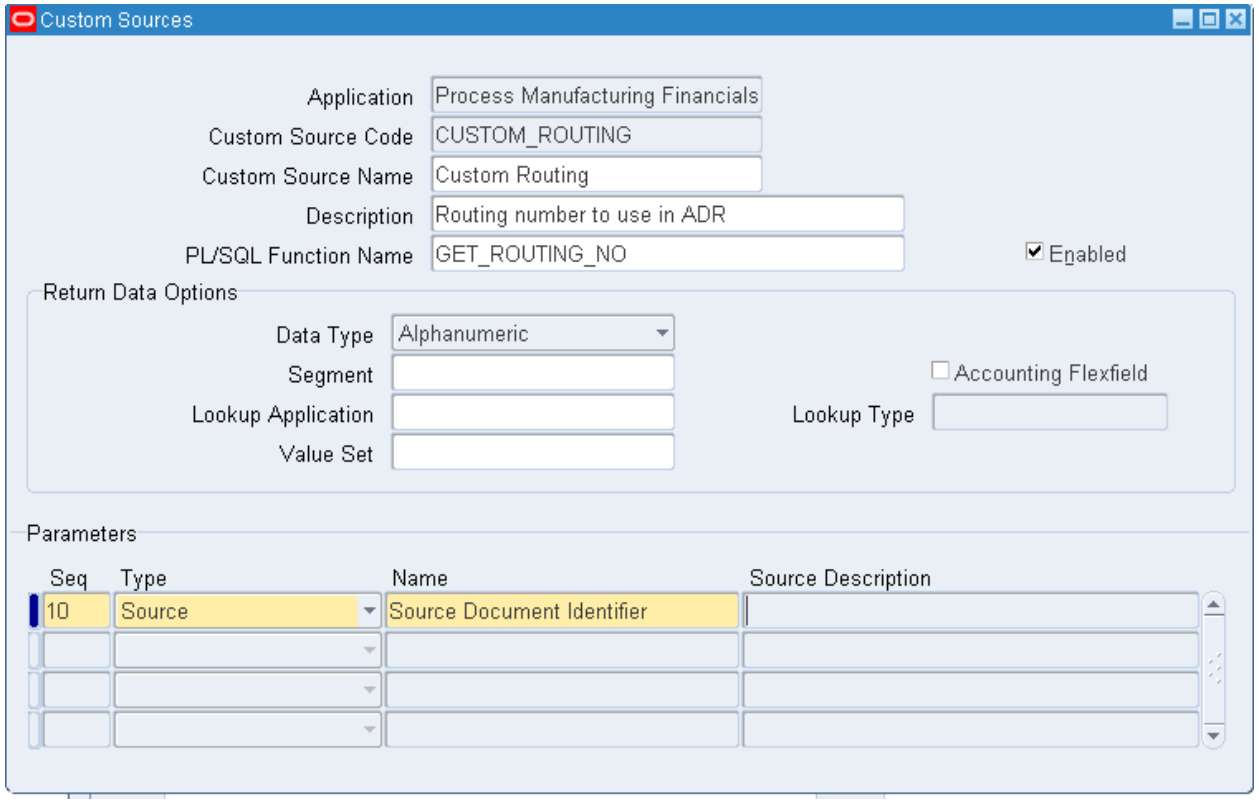


On Submitting program, the following requests will be invoked:

- **Create Accounting**
- **Accounting Program**
- **Journal Import and**
- **Subledger Accounting Balances Update**

Custom Sources

Example1



- Extend the list of sources available to application accounting definitions
- Used to derive accounts based on non-standard sources
- PL/SQL function used to derive the source
- Return value can be a string, an accounting flexfield or a value set

General Recommendations

- Analyze the database schema statistics at regular intervals.
- If the transaction volume is expected to be very high, then it is recommended to maintain multiple legal entities. Because, all OPM costing / accounting processes are run at the Legal entity level.
- Keep cost structure as simple as possible by having fewer Cost component class, Analysis code combinations for Item Costs. This can be done by Optimally defining Material Cost component class setup for the items, cost component classes for resources and in set up for Material cost components in Freight & Special charges (OR) LCM setups.
- Check health of the transactions and costs on regular intervals.
  - Pending / stuck / unposted transactions
  - Uncosted items/lots and Abnormal variations in items costs
- Upgrade considerations (11i to R12)
  - Warehouse to subinventory / organization
  - OPM Company to Legal Entity / organization
  - Global items Vs organization items

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