
Oracle R12 E-Business Suite Implementation in Steel &
Cement Divisions of ABUL KHAIR GROUP, Bangladesh

ENVISIONED END-STATE DOCUMENT

Accounts Payable

v1.1

IBCS-PRiMAX

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Introduction

Document Structure

This document covers the envisioned solution for the Accounts Payable process of AKG through Oracle Applications. The document is organized in the following manner:

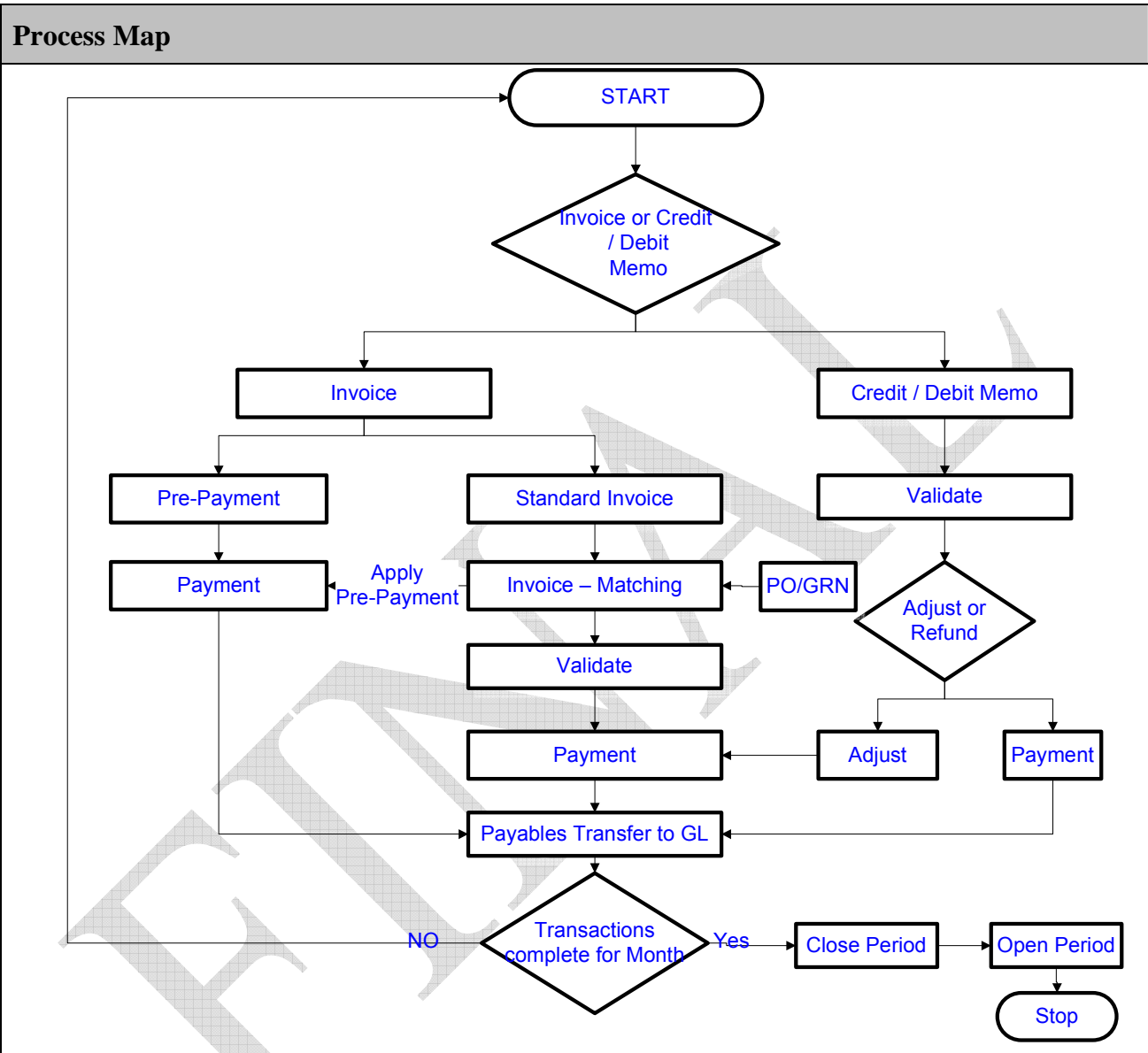
Section 1 covers the document structure along with a high-level overview of the Accounts Payable and a brief description of the processes.

Section 2 covers the Envisioned Business processes. In this section, the key Business Scenarios are mapped to Accounts Payable functionality.

Section 3 covers Open / Closed Issues responses.

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Envisioned Account Payable Overview



Accounts Payable Process Overview (Text)

Day to day business activities for AKG involve: -

- Procurement of materials like Raw Materials, Stores and Spares, Consumables, Packing Materials, Capital goods, outsourcing and contractual services (subcontracting.) and other services.
- Payment to parties (like suppliers, subcontractors, employees, statutory bodies, banks etc.).
- Payouts like providing loans to employees, advances, deposits, commissions etc.

Such requests for goods / services / payments are initiated or expenditure are incurred both at respective HO of steel and cement and Cost centres (Mills/factory). The expenditure management cycle for AKG can be set out as follows: -

- Purchase Requisitions (indents) originating from departments/factories will be verified and approved. The requisitions will be defined and approved in the Oracle Purchasing module.
- This will initiate the procurement cycle. The purchase order will be generated by purchasing and issued for goods or services based on such approved requisitions.
- In case of existing vendor, it will be selected from among the vendor list supplying such items/services. Otherwise new vendors will be created and added to the list of existing vendors. For every vendor, attributes like discounts facilities, bank information, contacts, payment terms, delivery performance etc. can be stored and referred, in future for any comparative statement report.
- When goods will be delivered, goods receipts note will be created in Oracle Inventory for that purchase order (explained in inventory cycle document).
- Along with the goods, invoices will be delivered. The invoice will be entered, matched against the purchase order or receipts in Oracle payables. This ends the purchasing process. *(The detail process for procurement of material to invoice generation has been covered in Procure to Pay Envisioned End State document)*
- In case of credit supplies- payment will be processed based on the due dates/ request received from purchasing. Purchasing will send the original bills along with the payment request to Finance at the time of payment.
- For administrative and other expenses incurred daily, like employee payments, postage / courier, printing stationery etc., physical voucher/invoice documents will be received from parties, invoice records will be created from the physical voucher/invoice documents in Oracle Payables module, invoices approved by the authority and payments made from the system.
- Daily administrative expenses will be incurred at both HO and sites (Factory/Mill). These will be expended out of the petty cash fund maintained at these locations. The records will be entered as distributions lines in the invoices in Payables.
- Fixed Asset purchase (P&M) will originate from Factory, while others like furniture fixtures, telephones etc may originate from both HO and plants.

Thus: -

- Invoice will be entered in Oracle Payables. It can be a Standard invoice, Advance (Prepayment), Debit note (Debit Memo/Credit memo) or a Recurring Fixed Invoice (generated from a Recurring template)
- Expenses for which PO is not generated like traveling expenses, petty administrative expenses invoice can be raised and expenditure type shall be entered in the distribution lines.
- Advances (Prepayments) pending against the bill (in case of Standard and Recurring invoice) will be adjusted. Such prepayments can be applied either during invoice entry or at the time of invoice approval. Application of prepayments will be followed by approval of the invoice before payments.
- The invoice will be approved on the system for payment. System or user will place appropriate holds in case of not meeting approval conditions, and release the holds on conditions being rectified. If prepayment is applied after approval, re-approval of the application is required. Application of prepayments to any invoice is a user decision. Prepayment can be applied to invoices only when it is paid and the status becomes available. Prepayment accounting comes into existence only after actual payments.
- After approval, the remaining amount of the invoice will be paid.
- Accounting will be created for invoice, advance adjustment and payment entries
- Accounting will be transferred to Oracle General Ledger.
- Asset lines will be transferred by Mass Additions to enable preparation and creation of assets in Oracle Assets.
- Payables accounting period will be closed. In case bills are received for a GRN after the period is closed, it will be accounted for in the next open period.
- Payables reports will be generated and next accounting period opened for entry.
- Closing balance of GL will match with AP respective balances provided proper accounting practices and disciplines are in place like no manual journal entries directly in GL for the sundry creditors control account, proper posting of data etc.
- Control can be placed by restricting the users from creating JV directly on particular accounts like sundry creditors, etc. This will be done through restricting the account access from the responsibility of specific users.

Forward Looking Practices Introduced

- Creditors' accounts will be maintained in the sub-ledger system.
- Improved internal control as validation of invoice is necessary before accounting and payment. This prevents erroneous invoices and unauthorized payments.
- Invoicing and payment processes are streamlined.
- Transaction can be identified separately as invoices or credit memos or advance. Thus greater control can be exercised on vendor transactions.
- Online enquiry of vendor account balances with segregation of account balances into invoices, credit memos and prepayments (advances).
- Reconciliation between AP and GL will be done with help of reports in AP and GL.

Application Features Leveraged

- Automated generation of Accounting Lines in General Ledger

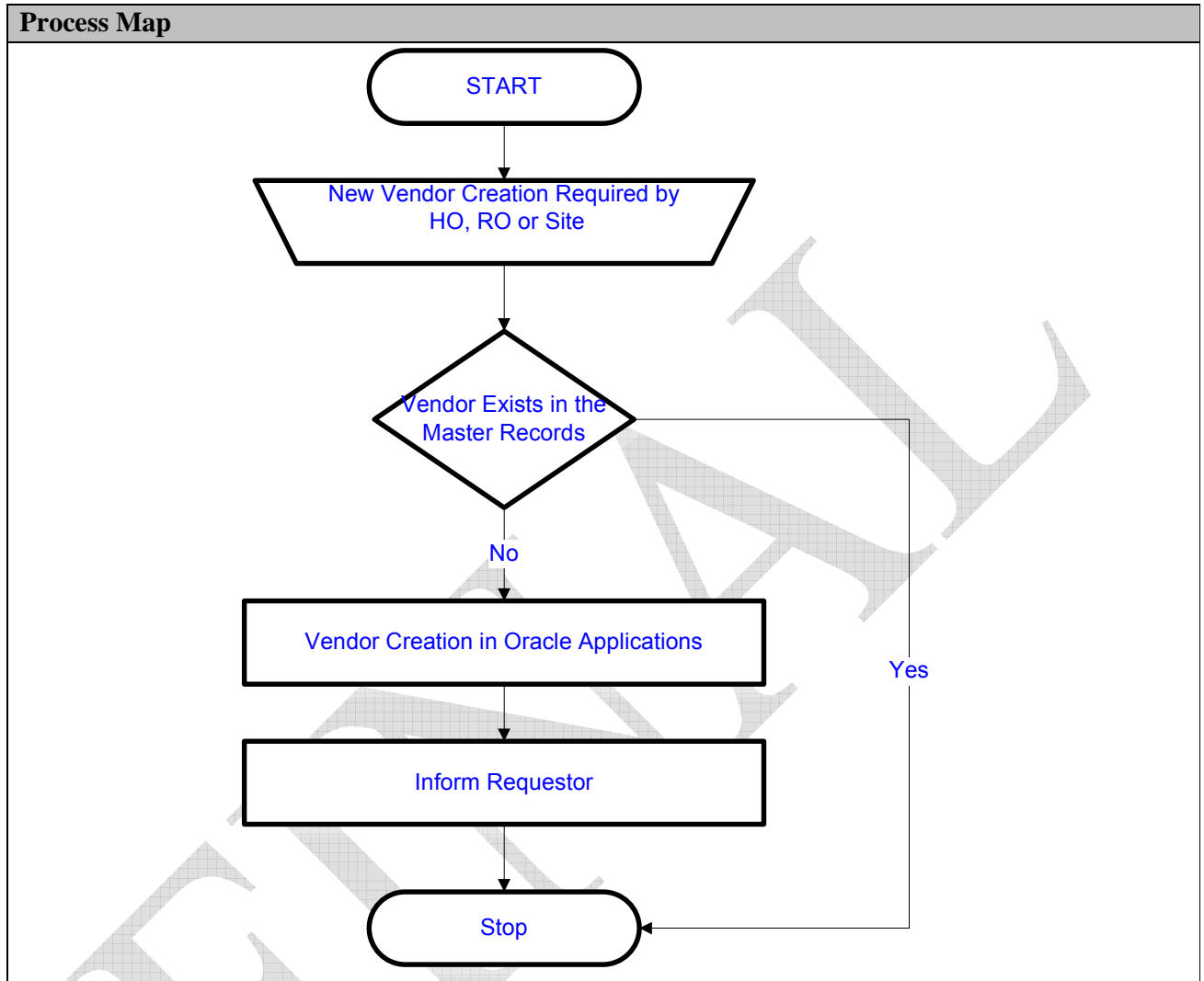
Envisioned Business Processes

Key Business Scenarios

SL.	BUSINESS SCENARIOS	DESCRIPTION
1.	Vendor Creation	Covering the vendor creation process and vendor parameters
2.	Recurring Fixed Payments	Covering office rent, car rentals and other fixed amount contracts
3.	Non-Recurring Payments	Covering all non-recurring expenses such as, Electricity, Phones etc.
4.	Reimbursements To Employees	Covering Non-Payroll expenses for employees
6.	Supplier Payment	Covering payments to suppliers for Purchase Orders
7.	Refund from Supplier	
8.	Insurance payments	
9.	Loans transactions	Covering Loans and advances paid to employees, vendors and other parties
10.	Advance payments	
11.	Miscellaneous Expenses – HO	Covering small value cash expense items
12.	Payment Processing	Covering quick, batch, manual payments in Payables in Domestic Currency
13.	Closing And Reporting	Covering Daily and Monthly closing

Vendor Creation

Process Map



Process Overview (Text)

- Whenever there will be any requirement for creation of a new vendor, at first it will be checked whether the same party has already been defined as a vendor in any operating unit.
- If the vendor already exists in the database, then the same information like vendor code, name etc. will be used. However for the company specific information like accounting information etc. (which can be different among the companies) a new SITE will be created for the same vendor.
- If the vendor is new, the total information will be defined. However the coding structure will be standardized while defining a new vendor.
- We can classify vendors according to same class/type (like for all raw materials). There are two way of grouping the supplier.--Vendor category or Item Matched to Approved Supplier. For example Vendor category can be created for all Clinker providing supplier. Another option is to create approved suppliers list for items.

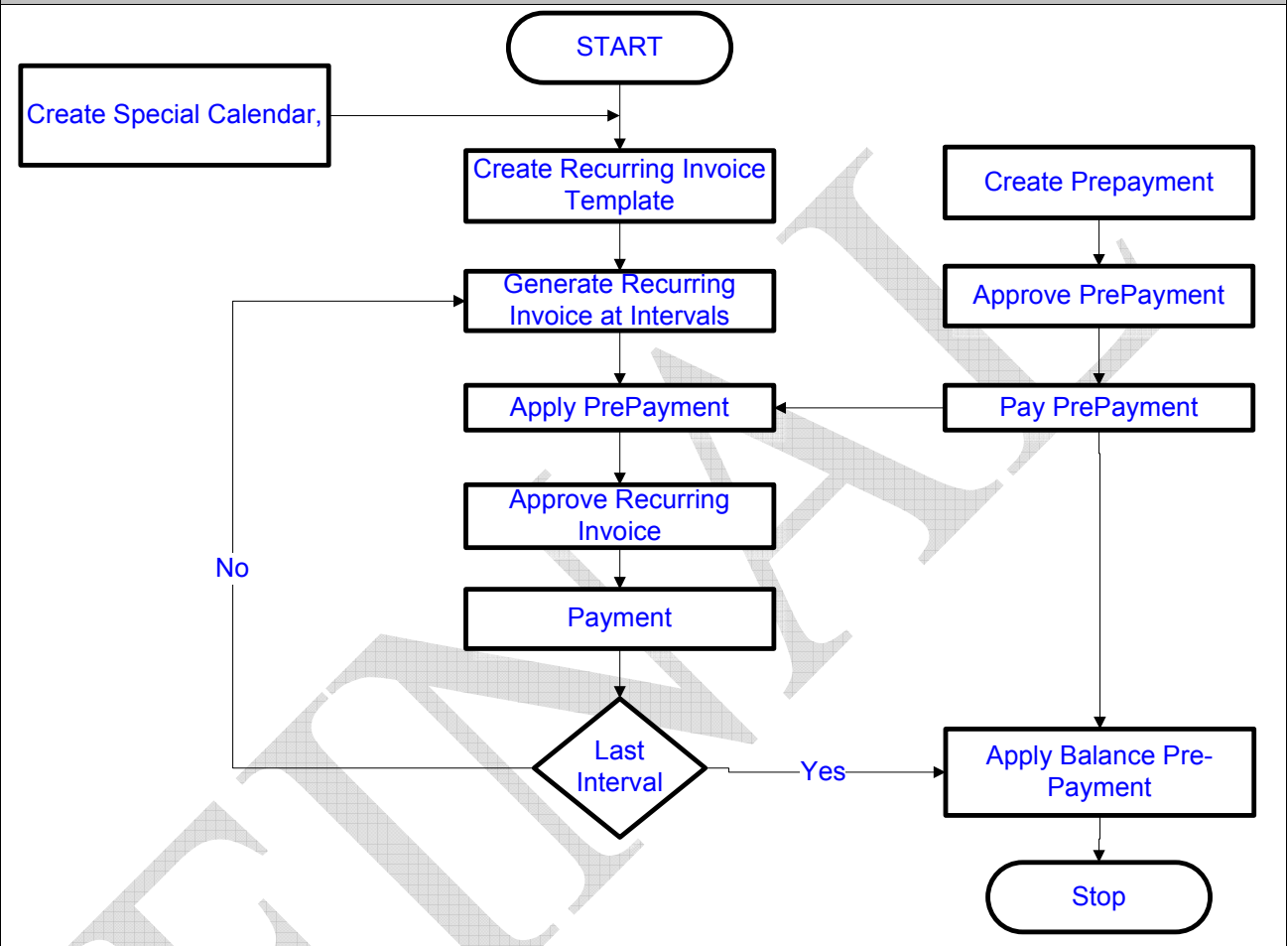
Vendor Information	<ul style="list-style-type: none">• Rationalization needs to be done to remove duplicate and inactive vendors – like standardizing the coding structure.• As on the go-live Date, all the existing vendors will be migrated to Oracle Applications.• After go-live, in case new supplier is to be created, the requestor (from any other function at any location) will send the request and the authorized user will create the same. This presupposes approval from the concerned department.			
Some major configuration parameters for vendors:				
Vendor Site	<ul style="list-style-type: none">• All entries related to a vendor are necessarily mapped to a vendor site. This captures the location, address, accounting information of the vendor. Oracle Payables needs at least one Pay type-site. One office of the vendor has to be Pay site to make the payments.			
Default Accounts	<ul style="list-style-type: none">• Sundry Creditors – Supplier Account (liability) and Supplier Advance Account (asset) as required by the system.			
Vendor Types	<ul style="list-style-type: none">• A vendor category will be attached to each vendor. Vendor Categories are used in a number of reports. The following vendor categories have been identified, for example:<ul style="list-style-type: none">○ Legal & Professional○ Sub-Contractors○ Employees○ Other spares & Consumables○ Banks & Financial Institutions○ Services: Including Transporters, Freight-forwarding agent, Clearing agent• These are only examples of Vendor types. The user, based on the requirement can define the real vendor types.			
Classification region	<ul style="list-style-type: none">• At the suppliers window, classification region where we can select the name of an active employee to link an employee to the supplier. You cannot select an employee name unless you enter Employee as the supplier Type in this region.• Type of supplier. Use Type to group suppliers for reporting purposes. Several supplier reports use Type as a report parameter. We can also define tax recovery rules based on supplier type. The TDS provision is given only to suppliers who have been given TDS Vendor Type details.• Supplier types will be defined in the Oracle Payables Lookups window. This value cannot exceed 25 characters. If you are entering an employee as a supplier, you must select Employee in this field.			
Volume of Transaction for this process				
Frequency of occurrence of this process		Vendors will be added as and when required.		
Accounting (If any)				
SL	PARTICULARS	DEBIT	CREDIT	REMARKS
1.				
Process Improvements				
Problems Addressed:		Applications Features Leveraged		

Gaps as Identified in Oracle		Suggested Resolution In Oracle	
Forward Looking Practices Introduced <ul style="list-style-type: none"> Centralize the vendor set-up capability for each divisions/sub-divisions in order to minimize the risk of unauthorized or duplicate creation of vendors. Basic terms and conditions for each supplier can be stored during supplier creation and reports can be generated. Integrated Purchasing and Accounts Payable system with a single vendor database. 		Other Enablers Proposed	
Customizations suggested (if any)			
SL	PARTICULARS	TYPE	LEVELS OF CUSTOMIZATION
1			
2			
Interfaces, if any (Only custom interfaces)			
SL	PARTICULARS	SYSTEM	BUSINESS LOG
1			
2			

Booking Recurring Payments

Rents, monthly subscriptions, interest instalments

Process Map



Process Overview (Text)

- In cases like rent, monthly subscriptions etc. a fixed amount of payment needs to be made to the vendor each period wise (month, quarter etc.) to incorporate these, the user will have to create a special calendar, to map the frequency of payments.
- Then against, the supplier, a recurring invoice template shall be created, with the special calendar linked to mark the frequency of payment.
- In the template the user mentions the supplier name, site, calendar, total number of invoices that can be made, and debit accounts along with exact amount or proportion in which amount is divided in the debit account.
- Each Month/period the user can come to recurring Invoice screen, choose his template and prompt the system to create an invoice against the supplier.

Bank Funded Assets: Journal Entries will as follows with the example of 100 /- cost of assets:-

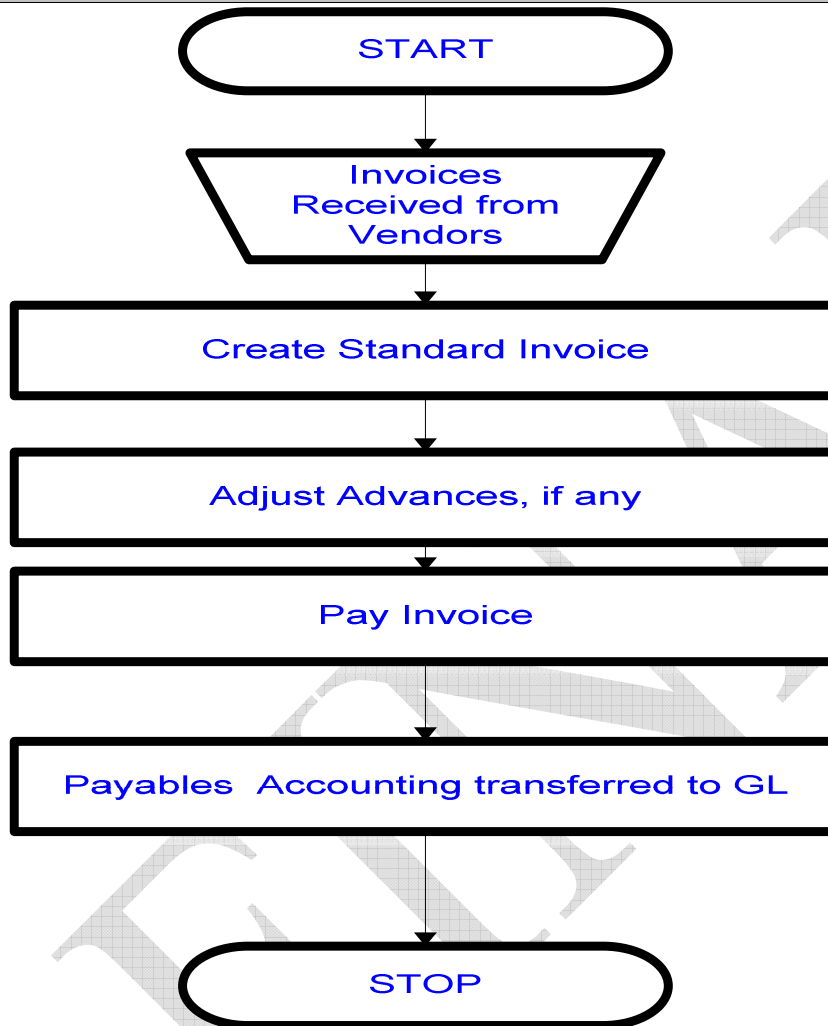
Particulars/Transactions		Debit	Amount (BDT)	Credit	Amount(BDT)
When Advance is paid		Advance	10	Supplier Liability	10
		Supplier Liability	10	Bank	10
When Asset is received and Invoice is Booked:		Asset Clearing	100	Supplier Advance	10
				Supplier Liability	90
When Bank pays to supplier	Supplier Liability	90	Secured Loan	90	
Repayment to Banker via EMI:	Secured Loan	90	Bank Liability	90	
	Bank Liability	90	Bank	90	
Bill Entry		<ul style="list-style-type: none">User will enter a standard invoice on receiving the vendor bill.			
Taxes		<ul style="list-style-type: none">TDS is deductible on invoices, if applicable.			
Bill Passing in Payables		<ul style="list-style-type: none">Appropriate authority (Cost Center / Departmental Heads etc.) in HO and Site Accounts will approve the invoices for payment. (All invoices will be finally checked by HO/ Site Accounts before approval of invoice for payments)			
Advances/Deposits		<ul style="list-style-type: none">In case of any advances or deposits, the same will be applied as Prepayment.			
Payment		<ul style="list-style-type: none">Payment mode will be automatic cheque printing, bank transfer.			
DFF		<ul style="list-style-type: none">NA			
Volume of Transaction for this process					
Frequency of occurrence of this process			Vendors will be added as and when required.		
Accounting (If any)					
SL	PARTICULARS		DEBIT	CREDIT	REMARKS
1.	On creation of recurring Invoice		Expense account	Sundry Creditors	
Process Improvements					
Problems Addressed:			Applications Features Leveraged <ul style="list-style-type: none">Recurring invoice template can be defined and used to generate multiple invoicesRecurring Invoice report can track unpaid invoices.		

Gaps as Identified in Oracle			Suggested Resolution In Oracle
Best Practices Introduced <ul style="list-style-type: none"> • Visibility of invoice status across the enterprise enables Finance to better manage disbursements. 			Other Enablers Proposed
Customizations suggested (if any)			
SL	PARTICULARS	TYPE	LEVELS OF CUSTOMIZATION
1			
2			
Interfaces, if any (Only custom interfaces)			
SL	PARTICULARS	SYSTEM	BUSINESS LOG
1			
2			

Non-Recurring Payments

Non-Recurring Payments (Except Employee)

Process Map



Process Overview (Text)

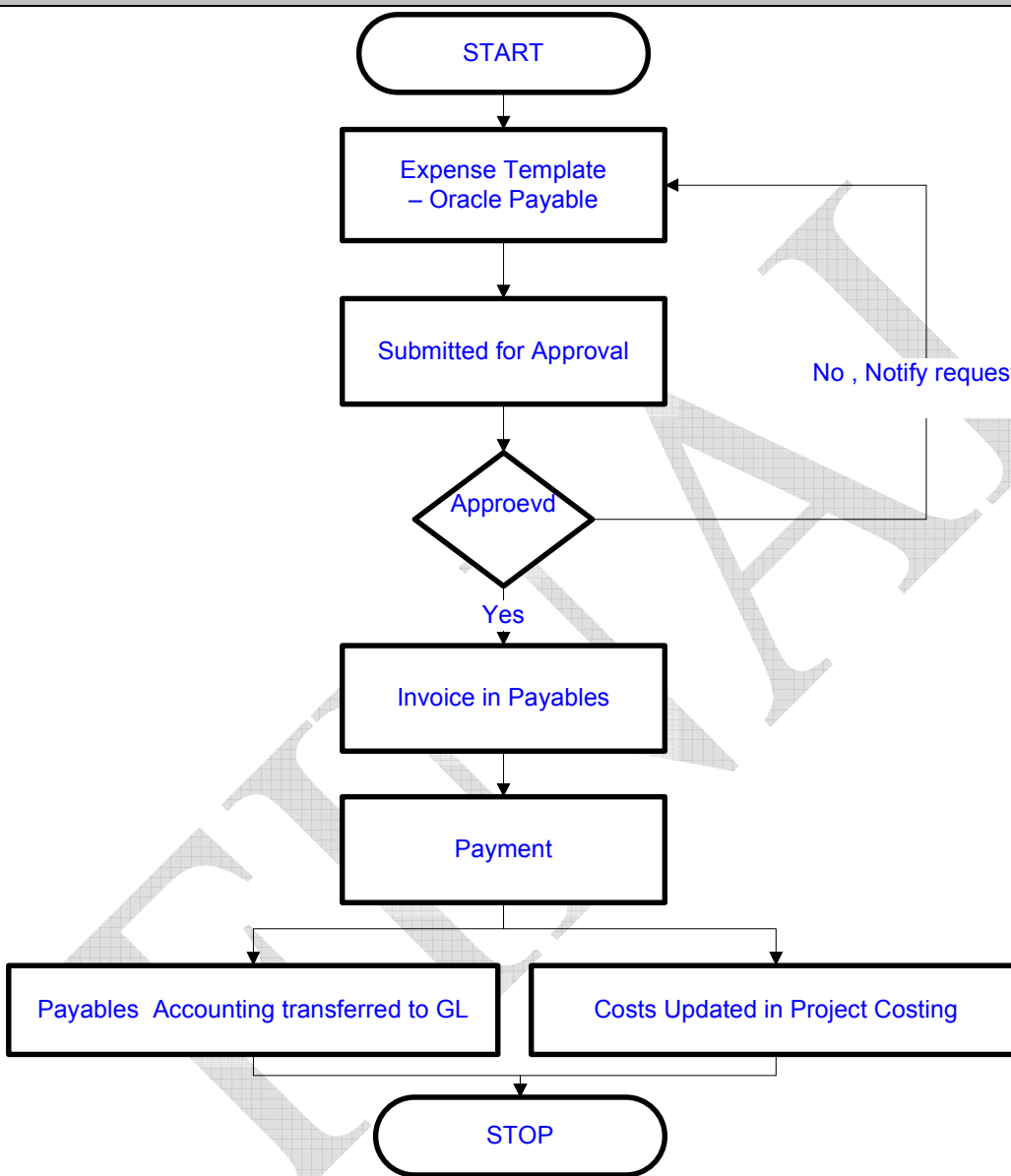
- Day to day administrative expenses will be incurred and invoices received from vendors for such expenses would be at the respective location of expense incurrence. Invoices will be entered in the system both from Head Office, Other Offices and Sites for expenses incurred at respective places. Payments to these expenses will be from respective locations wherever bank account is operated.
- These are the invoices that are entered directly in payables without a purchase order.
- Advance, if any existing for the vendor will be adjusted.
- Payment would be done after approval of the invoice.
- Validation of invoices is done both for PO matching Invoices or other invoice through Segregation of Duty concept. There will be separate responsibilities assigned to different persons for each activity :preparing the

invoice , validation of invoice and payment of invoices.				
Volume of Transaction for this process				
Frequency of occurrence of this process		As and when required.		
Accounting (If any)				
SL	PARTICULARS	DEBIT	CREDIT	REMARKS
1.	Accounting for standard invoice	Contracted staff/Other Expense etc.	Sundry Creditors	
2.	Accounting for payment	Sundry Creditors	Bank/cash	
Process Improvements				
Problems Addressed:		Applications Features Leveraged		
Gaps as Identified in Oracle		Suggested Resolution In Oracle		
Best Practices Introduced <ul style="list-style-type: none"> • Visibility of invoice status across the enterprise enables Finance to better manage disbursements. 		Other Enablers Proposed		
Customizations suggested (if any)				
SL	PARTICULARS	TYPE	LEVELS OF CUSTOMIZATION	
1				
2				
Interfaces, if any (Only custom interfaces)				
SL	PARTICULARS	SYSTEM	BUSINESS LOG	
1				
2				

Employee Expenses – Reimbursements and others

Employee Related Payments (other than Payroll)

Process Map



Process Overview

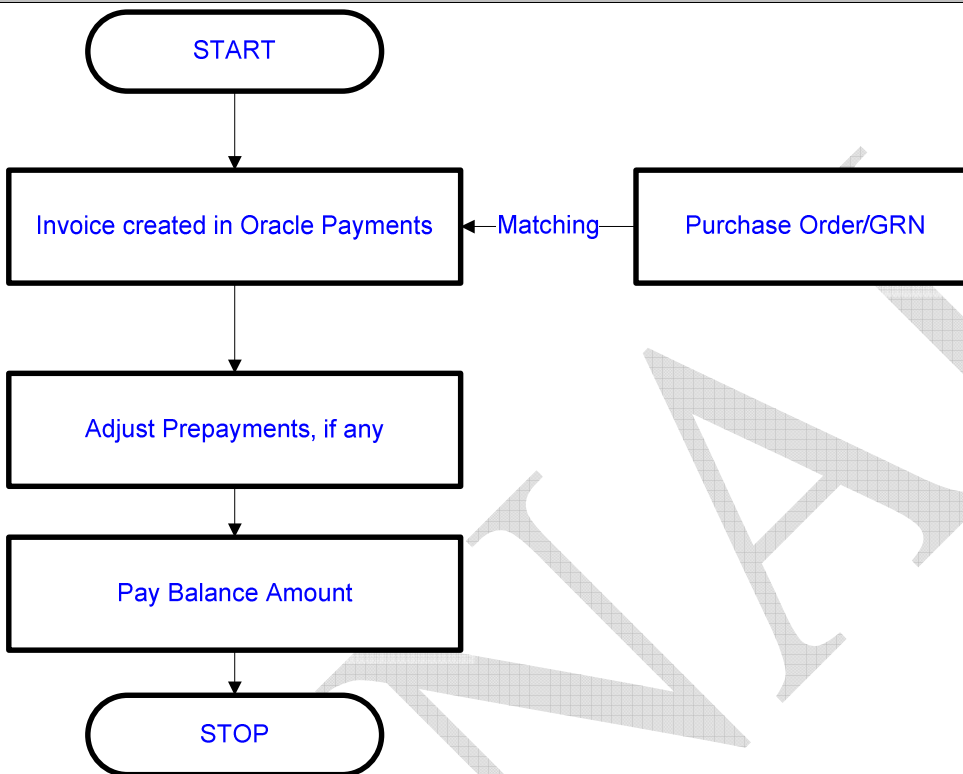
- Employees of AKG will be entering the reimbursable expenses through Oracle Payable. The expenses will be entered in a template where all the information regarding the nature of the expense will be captured.
- The employee will send the expense details for approval. After the subsequent approval from the defined authority the expense report will be imported as Invoice in Oracle Payables for payment.

<ul style="list-style-type: none"> Payment to the employee will be made from Oracle Payables. The task costs will be interfaced to Oracle Project Costing. 				
Volume of Transaction for this process				
Frequency of occurrence of this process		As and when required.		
Accounting (If any)				
SL	PARTICULARS	DEBIT	CREDIT	REMARKS
1.	Accounting for standard invoice	Expenses	Sundry Creditors	
2.	Accounting for payment	Sundry Creditors	Bank/cash	
Process Improvements				
Problems Addressed:		Applications Features Leveraged		
		<ul style="list-style-type: none"> All Employees will be defined as vendors and employee wise advances and loans paid will be entered as standard invoice 		
Gaps as Identified in Oracle		Suggested Resolution In Oracle		
Best Practices Introduced		Other Enablers Proposed		
Customizations suggested (if any)				
SL	PARTICULARS	TYPE	LEVELS OF CUSTOMIZATION	
1				
2				
Interfaces, if any (Only custom interfaces)				
SL	PARTICULARS	SYSTEM	BUSINESS LOG	
1				
2				

Booking liabilities against Purchase Orders

Domestic Purchase Orders

Process Map



Process Overview (Text)

- AKG users will create purchase orders for all raw material purchases. *For details see to-be document for Procure to Pay.*
- The purchase orders will guide the matching rules for supplier's invoice either with Purchase Order or with GRN based on the item and type of purchases. When supplier's invoice is received following receipt of material, the same will be matched with purchasing documents for price and quantity verification before approval and payment of the invoice. Advances, if any, will be adjusted with the liability. The invoice header total and the distribution lines total should match; otherwise the system will automatically place a hold.
- Since the entire project related information will be captured in the PO, those will default in the invoice distribution lines when the PO is matched to invoice. In case no PO exists for a particular item, the project information can be directly created in the invoice distribution lines.
- In case of rate contract, blanket PO will be created in Purchasing and the invoice matching will be done against PO release. Matching will not be possible once the PO limit is reached. PO amendment or new PO will have to be created to match the invoice.
- For import purchases, all the costs entered at PO or during receipt (in case there is any change) will be

automatically captured in the item cost of the inventory. The LC details shall be captured in “LC Entry Screen” (For details see to-be document for cash management). Charges/expenses like LC commission, LC opening charges, Insurance premium, C&F commission, Port charges, Custom Duties and all other charges/provisional charges related to landing cost will be captured through Standard Invoice. Common LC No. will be stored in the DFF of all these invoices. A customized scheduled program will be run at the month end to add all these expenses (which have been captured through Standard Invoice) into the item cost.				
Volume of Transaction for this process				
Frequency of occurrence of this process			As and when required.	
Accounting (If any)				
SL	PARTICULARS	DEBIT	CREDIT	REMARKS
1.	On receipt of Material	Receiving Material	AP Accrual Liability	
2.	Delivery of accepted material to inventory	Inventory Material a/c	Receiving Material a/c	
3.	On Matching of Invoice	AP Accrual Liability	Liability Account (Sundry Creditor)	
4.	For payment made to Vendor	Liability Account	Bank	For net amount payable
Process Improvements				
Problems Addressed:		Applications Features Leveraged		
Gaps as Identified in Oracle		Suggested Resolution In Oracle		
Cost not captured at receipt level is not automatically added to the item cost taken in inventory.				
Best Practices Introduced		Other Enablers Proposed		
<ul style="list-style-type: none">Every bill to be processed will have a supporting Purchase OrderSuppliers required to use PO number on all documents/bills they submitSupplier bills should be verified/matched against PO and GRN.				
Customizations suggested (if any)				
SL	PARTICULARS	TYPE	LEVELS OF CUSTOMIZATION	
1	A customized scheduled program will be run at the month end to add all these expenses (which	Custom Program	High	

	have been captured through Standard Invoice) into the item cost.		
2			
Interfaces, if any (Only custom interfaces)			
SL	PARTICULARS	SYSTEM	BUSINESS LOG
1			

FINAL

Refund from Suppliers

Recording Refunds by paying the standard invoice

Process Overview (Text)

Description

- We can record a refund from a supplier that pays back an unused prepayment or part of a prepayment. When we do this, Payables reverses the prepayment so that it is no longer outstanding and so that we can no longer apply the prepayment to an invoice. The net effect is a debit to cash (asset) account in the amount of the refund and a credit to the prepayment account in the amount of the refund.

Refund Process:-

- Made payment of Prepayment Invoice: - BDT 1000
- Standard invoice received from supplier: - BDT 800
- Create a credit memo to the extent of refunded amount: - BDT 200
- Create a refund by selecting "REFUND" option at payment window
- Received the refund from bank payment by selecting the above created credit memo

Volume of Transaction for this process

Frequency of occurrence of this process

As and when required.

Accounting (If any)

SL	PARTICULARS	DEBIT	CREDIT	REMARKS
1	Prepayment Invoice	Advance	Sundry Creditors	
2	Payment of Prepayment Invoice	Sundry Creditors	Bank	
3	Standard Invoice	Expense	Sundry Creditors	
4	Apply standard Invoice to prepayment invoice	Sundry Creditors	Advance	
5	Standard invoice for the refunded amount	Clearing a/c	Sundry Creditors	
6	Apply standard invoice to prepayment invoice	Sundry Creditors	Advance	
7	Credit Memo for the refund amount	Sundry Creditors	Clearing a/c	
8	Receive the refund from bank	Bank	Sundry Creditors	

Process Improvements

Problems Addressed:

Applications Features Leveraged

Gaps as Identified in Oracle

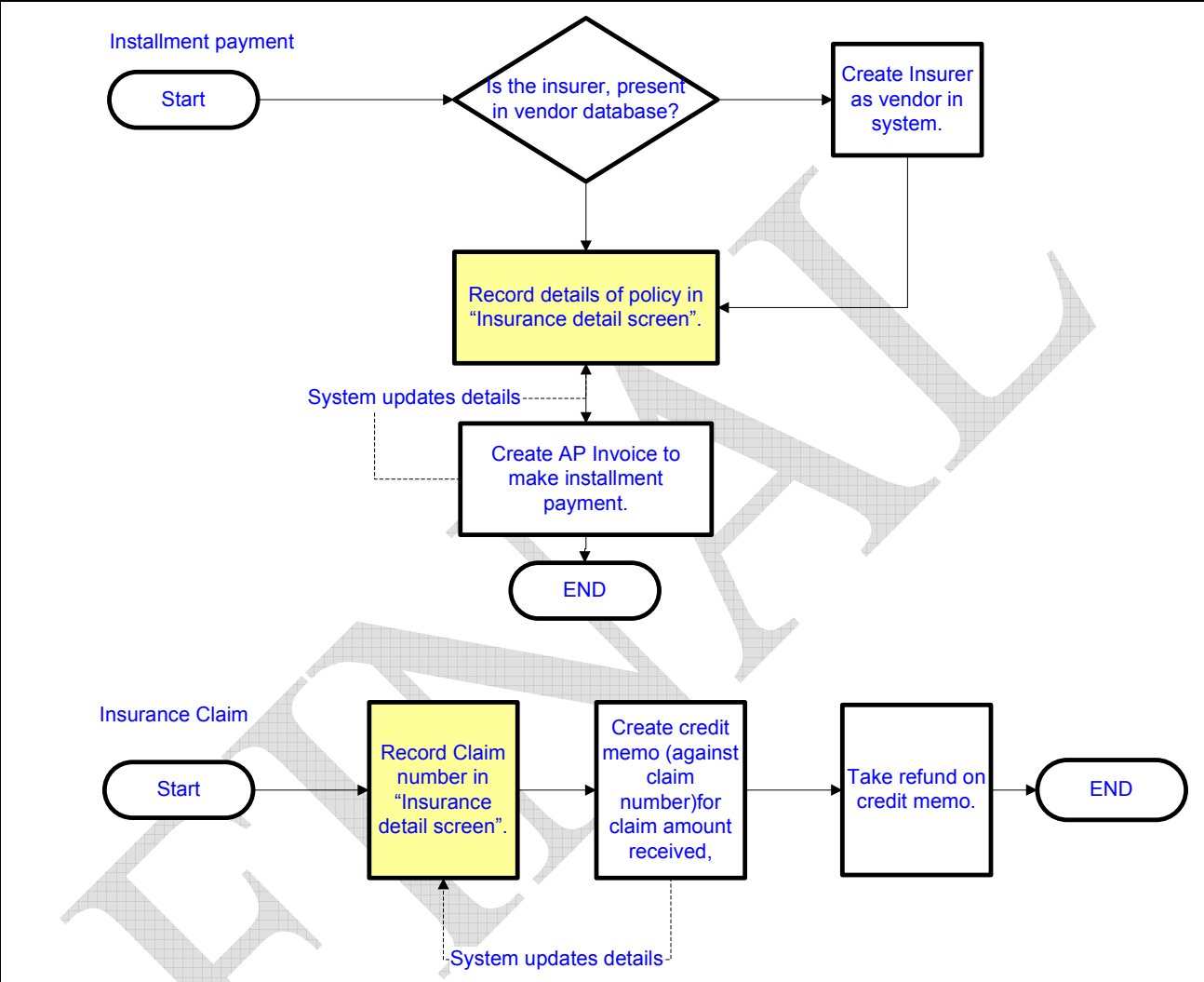
Suggested Resolution In Oracle

Best Practices Introduced		Other Enablers Proposed	
Customizations suggested (if any)			
SL	PARTICULARS	TYPE	LEVELS OF CUSTOMIZATION
1			
2			
Interfaces, if any (Only custom interfaces)			
SL	PARTICULARS	SYSTEM	BUSINESS LOG
1			
2			

Insurance Processing

Booking liabilities against Insurance

Process Map



Process Overview

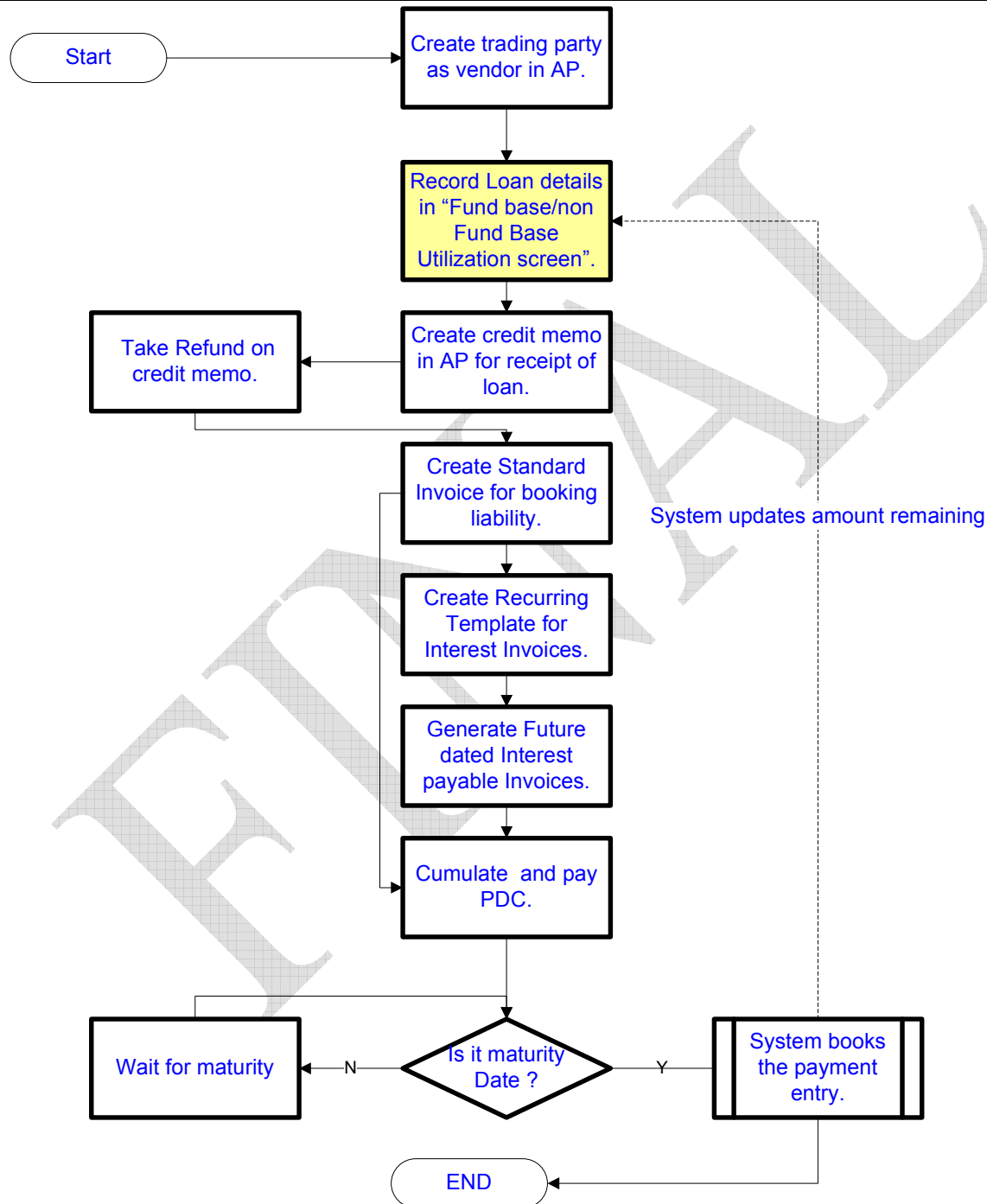
- All premiums paid to Insurance companies shall be tracked through AP.
- At the time of buying a new policy, its details shall be recorded in a customized screen ("Insurance details screen"). *For details see To-be document of assets.*
- Against each installment number recorded in the custom screen above, when the user creates an Invoice in Accounts payable and pays the same; payment number, amount details shall be updated in the details screen automatically.
- At the time of making the AP invoice, the entry shall be booked against prepaid expenses account, which can be reversed on month, quarter or year end to Insurance premium account in GL.
- At the time of creating a claim against the policy, a claim lodgment number shall be created in

the insurance detail screen, against which a credit memo of the actual amount received shall be created.				
<ul style="list-style-type: none">On the credit memo, the user shall take the refund to account for the money in the bank book.				
Volume of Transaction for this process				
Frequency of occurrence of this process		As and when required.		
Accounting (If any)				
SL	PARTICULARS	DEBIT	CREDIT	REMARKS
1.	On creation of AP invoice for installments	Prepaid expense	Sundry creditors	Installment amount
2.	Payment of above.	Sundry creditors	Bank	
3.	At period end, premium booking in GL	Insurance premium	Pre paid expense	Amount accrued for the period.
4.	Claim credit memo created.	Sundry creditors	Claim from Insurance	For net amount of claim.
Process Improvements				
Problems Addressed:		Applications Features Leveraged		
Gaps as Identified in Oracle <ul style="list-style-type: none">There is no standard functionality in oracle to handle Insurance related transactions other than Fixed Asset insurance.Premium calculation can not be done in oracle.		Suggested Resolution In Oracle Customized screen/form will be provided for capturing All type of insurance transaction details and which will be integrated to AP module		
Best Practices Introduced		Other Enablers Proposed		
Customizations suggested (if any)				
SL	PARTICULARS	TYPE	LEVELS OF CUSTOMIZATION	
1	Insurance details screen	Form		
2				
Interfaces, if any (Only custom interfaces)				
SL	PARTICULARS	SYSTEM	BUSINESS LOG	
1				

Loan Instrument- Receipt & Repayment

Loan Processing

Process Map



Process Overview (Text)

- All fund based elements (different types of loans like long term, working capital, scheduled etc) from financial institutions shall be recorded in a customized screen called “Fund/Based/Non Based Elements”. This screen will be for record entry, where, its amount utilized till date, amount payable (in case of loans) and its other relevant details shall be maintained.
- In a separate screen called “Fund Based /Non Fund Based limit” the actual limits set by the banks against these elements shall be recorded, which will be tracked against the amount utilized from the above.
- The user shall create a credit memo for the amount received against the entry made in first screen, and take a refund on the same.
- Further the user shall create a standard invoice to book the net principal amount liability and create a payment schedule marking the different dates of cheque payments.
- A recurring Invoice template shall be created for the Interest payable amount from which future dated Interest Invoices shall be created.
- In the payment screen, the user can cumulate individual lines from Principal invoice, and one or more future dated invoices to create post dated cheques as per installments schedule to the bank.
- A concurrent program called “update future dated payment maturity program”, shall run each morning, which will pick up payments maturing on a given date and book the entry in the cash/ bank book automatically.
- The user can then retrieve data on utilization screen, to get details of net amount remaining against the financial institution.
- Some time there is a difference in the date of maturity calculated by AKG and the Bank (May be due to holiday consideration by the bank) – **Interest calculations can not be done in oracle.**

****Treatment of loan from the Islamic Bank**

SL	PARTICULARS	DEBIT	CREDIT	REMARKS
1.	At the time of taking loan - Credit memo will be prepared and then refund will be taken.	Bank A/C	Loan liability	
2.	Since the Interest Liability for the whole year is incurred right away, It is treated as Deferred expenditure. It will be done through standard Invoice	Deferred Revenue Expense A/C	Loan Interest Liability A/C	
3.	For monthly amortizing the interest	Interest A/C	Deferred Revenue Expense A/C	
4.	At the time of maturityWe have to pay back this profit (interest) and principal	Loan Liability Account	Bank A/C	
		Loan Interest Liability A/C		

- Loan detail/no. will be tracked – it will be done through DFF.
- Deferred Expenditure like Advertisement, Branding expenses will be treated in the same way (as done for loan

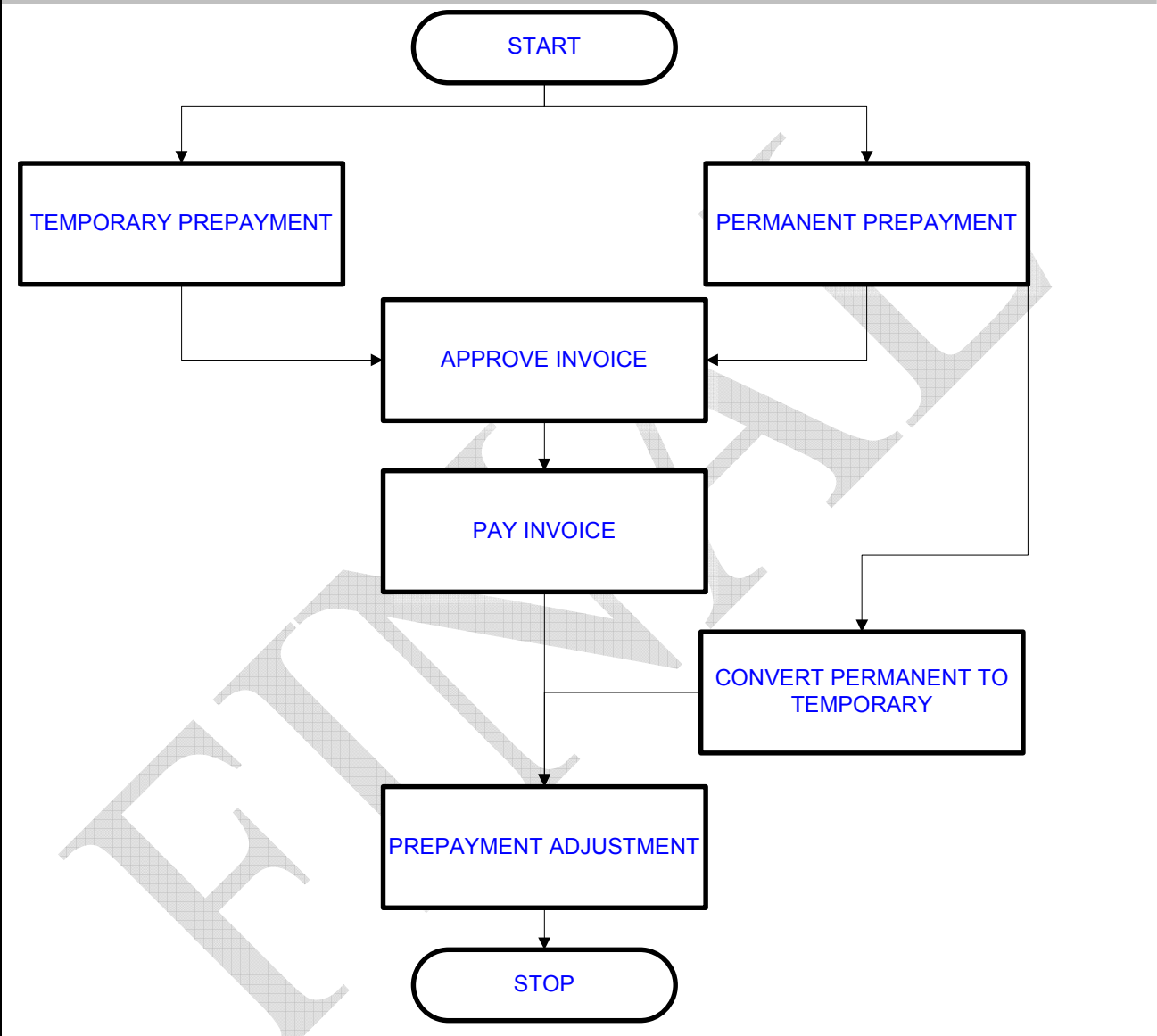
from Islamic Bank).				
Volume of Transaction for this process				
Frequency of occurrence of this process		As and when required.		
Accounting (If any)				
SL	PARTICULARS	DEBIT	CREDIT	REMARKS
1.	On creation of credit memo	Sundry Creditor	Loan Clearing	
2.	Taking refund on above	Bank	Sundry Creditor	
3.	Booking principal amount	Loan clearing	Sundry Creditor	
4.	Booking future dated interest invoices	Interest Invoice	Sundry Creditor	Each invoice of interest amount.
5.	Creating cumulative PDC (Post Dated Cheque) payment for one Interest Invoice and one payment line from principal Invoice.	Sundry Creditor	Bank	Consolidated (principal +interest amount) in installment.
Process Improvements				
Problems Addressed:		Applications Features Leveraged		
Gaps as Identified in Oracle There is no standard functionality in Oracle Financials to calculate interest.		Suggested Resolution In Oracle		
Best Practices Introduced		Other Enablers Proposed		
Customizations suggested (if any)				
SL	PARTICULARS	TYPE	LEVELS OF CUSTOMIZATION	
1				
2				
Interfaces, if any (Only custom interfaces)				
SL	PARTICULARS	SYSTEM	BUSINESS LOG	
1				

Refinancing				
Process Overview (Text)				
<ul style="list-style-type: none"> Sometime AKG does the initial expenditure on a project and then take loan against the expenditure. To record such transactions in oracle we will store the Project and task against the distribution of the credit memo which leads to the Loan. This will be treated as a loan and the process flow we will follow, will be the same as for loan transaction dealt here in separate section “<i>Loan Instrument- Received & Repayment</i>”. 				
Volume of Transaction for this process				
Frequency of occurrence of this process				
Accounting (If any)				
SL	PARTICULARS	DEBIT	CREDIT	REMARKS
Process Improvements				
Problems Addressed:		Applications Features Leveraged		
Gaps as Identified in Oracle		Suggested Resolution In Oracle		
Best Practices Introduced		Other Enablers Proposed		
Customizations suggested (if any)				
SL	PARTICULARS	TYPE	LEVELS OF CUSTOMIZATION	
1				
Interfaces, if any (Only custom interfaces)				
SL	PARTICULARS	SYSTEM	BUSINESS LOG	
1				

Advances

Advances paid to Various Parties

Process Map



Process Overview (Text)

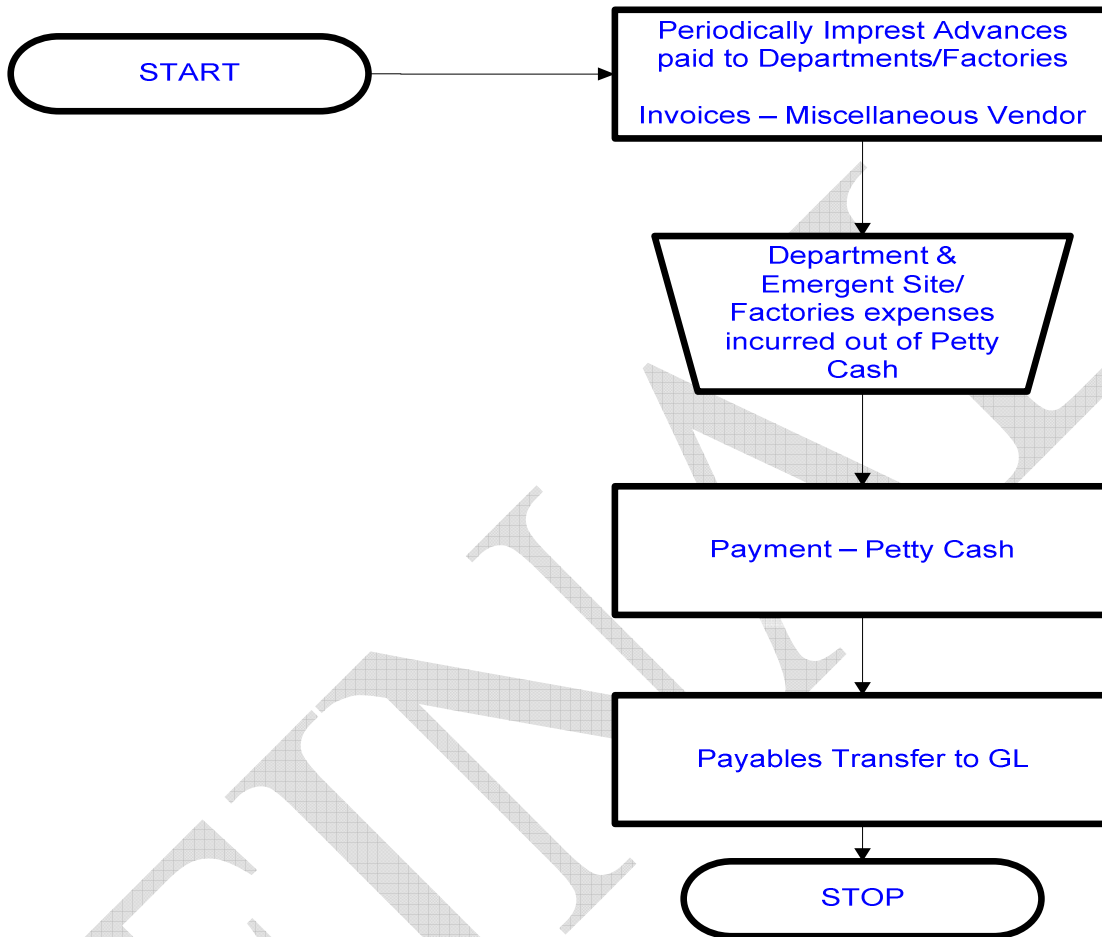
- Advances will be paid from Oracle Payables as per the payment terms of PO.
- Create a prepayment invoice to the supplier for advance and apply it against the original invoice whenever it comes for payment.
- Invoices will be entered, approved and paid in Payables. Permanent prepayment requires to be converted to temporary type before adjustment.
- LC payment/ad-hoc payments before receiving any material will be considered as advances.

<ul style="list-style-type: none"> Payment of employee advance for site expenses or other project related expenses would be created as prepayment invoices and paid, later apply against the employee expense report. 				
Volume of Transaction for this process				
Frequency of occurrence of this process		As and when required.		
Accounting (If any)				
SL	PARTICULARS	DEBIT	CREDIT	REMARKS
1.	Accounting for advances	Advance to Supplier	Sundry Creditors	
2.	On disbursement	Sundry Creditors	Bank	
Process Improvements				
Problems Addressed:		Applications Features Leveraged		
Gaps as Identified in Oracle		Suggested Resolution In Oracle		
Best Practices Introduced		Other Enablers Proposed		
Customizations suggested (if any)				
SL	PARTICULARS	TYPE	LEVELS OF CUSTOMIZATION	
1				
2				
Interfaces, if any (Only custom interfaces)				
SL	PARTICULARS	SYSTEM	BUSINESS LOG	
1				
2				

Cash Expenses

Miscellaneous petty Cash payments

Process Map



Process Overview

- Miscellaneous petty payments will be expended from petty cash.
- These are expenses within specific limits and paid to one-time vendors.
- Departmental/project imp rest advance (if applicable) will be paid to departments by entering a standard invoice. The standard invoice will be paid through cash. The distribution line in the standard invoice will have imp rest advance as the debit line.
- The petty cash expenses will be paid and accounted for at the end of the day with a standard invoice created selecting miscellaneous vendor. The various expenses will be entered in the distribution lines.
- At year-end, the annual advance will be returned and accounted for by creating a credit memo, where imp rest advance will get credited. The advance amount will be taken back in cash by taking refund through credit memo.

Volume of Transaction for this process				
Frequency of occurrence of this process		As and when required.		
Accounting (If any)				
SL	PARTICULARS	DEBIT	CREDIT	REMARKS
1.	On creation of invoice	Petty Cash Expense	Sundry creditors	
2.	On payment	Sundry creditors	Bank	
Process Improvements				
Problems Addressed:		Applications Features Leveraged		
Gaps as Identified in Oracle		Suggested Resolution In Oracle		
Best Practices Introduced		Other Enablers Proposed		
Customizations suggested (if any)				
SL	PARTICULARS	TYPE	LEVELS OF CUSTOMIZATION	
1				
2				
Interfaces, if any (Only custom interfaces)				
SL	PARTICULARS	SYSTEM	BUSINESS LOG	
1				
2				

Office Overhead expenses				
Process Overview				
<ul style="list-style-type: none"> Offices overheads can be taken care through petty cash and define a vendor as petty cashier vendor Initially create a prepayment invoice against the vendor Create consolidated invoice of all overheads Make payment of prepayment invoice Apply consolidated invoice against prepayment invoice 				
Volume of Transaction for this process				
Frequency of occurrence of this process			As and when required.	
Accounting (If any)				
SL	PARTICULARS	DEBIT	CREDIT	REMARKS
1.	On creation of Prepayment invoice	Advance a/c	Sundry creditors	
2.	On payment of prepayment invoice	Sundry creditors	Cash	
3.	On creation of overheads invoices	Petty Cash Expense	Sundry creditors	
4.	On apply standard invoice against prepayment invoice	Sundry creditors	Advance a/c	
Process Improvements				
Problems Addressed:		Applications Features Leveraged		
Gaps as Identified in Oracle		Suggested Resolution In Oracle		
Best Practices Introduced		Other Enablers Proposed		
Customizations suggested (if any)				
SL	PARTICULARS	TYPE	LEVELS OF CUSTOMIZATION	
1				
2				
Interfaces, if any (Only custom interfaces)				
SL	PARTICULARS	SYSTEM	BUSINESS LOG	
1				

Processing of Payments

Payment Batch				
Process Overview (Text)				
<ul style="list-style-type: none">After duly approving the Invoices, the user can create a payment batch to set up multiple payments in one go.Batch payments are used to generate a number of computer-printed cheques on pre-printed stationery.System would automatically select invoices for payments supplier site-wise, according to the selection criteria given.The user can deselect the invoices not to be paid through the batch. This enables the user to make his own selection.The cheque number is assigned by the system from the cheque series defined in bank setup for computer-generated payments.Before actual payment the system creates a payment advice, which details the invoices picked up for payment and the amount being paid.In case of any discrepancy, the user can cancel the batch, and the cheque reversal happens.One cheque is used for a combination of vendor and his site to pay off one or many invoices.For voucher numbering, a unique number can be generated from the system to track payment made from different bank accounts.				
Volume of Transaction for this process				
Frequency of occurrence of this process		As and when required.		
Accounting (If any)				
SL	PARTICULARS	DEBIT	CREDIT	REMARKS
1.	On creating accounting for the payment batch	AP Liability	Bank Account	
Process Improvements				
Problems Addressed:		Applications Features Leveraged <ul style="list-style-type: none">Automatic cheque printing, including remote cheque printing.Schedule payments on invoices depending on payment terms and terms date.		
Gaps as Identified in Oracle		Suggested Resolution In Oracle		
Best Practices Introduced <ul style="list-style-type: none">Use pre-printed stationeries to print checks directly from the system		Other Enablers Proposed		

Customizations suggested (if any)			
SL	PARTICULARS	TYPE	LEVELS OF CUSTOMIZATION
1	Cheque printing format	Report	
2			
Interfaces, if any (Only custom interfaces)			
SL	PARTICULARS	SYSTEM	BUSINESS LOG
1			
2			

FINAL

Quick Payment				
Process Overview				
<ul style="list-style-type: none">Quick payments are used to generate a single computer-printed cheque on pre-printed stationery.The user has to select the invoice(s) he wants to pay, from the list of approved invoices available for payment.User would be able to select multiple invoices paid for paying from the same cheque, for a combination of the supplier and his site.The cheque number would be assigned by the system from the cheque series defined in bank setup for computer-generated payments. List of unused documents can be obtained. System will not allow re-issuing used or void checks.For voucher numbering, a unique number can be generated from the system to track payment made from different bank accounts.				
Volume of Transaction for this process				
Frequency of occurrence of this process		Daily.		
Accounting (If any)				
SL	PARTICULARS	DEBIT	CREDIT	REMARKS
1.	On creating accounting for the payment	AP Liability	Bank Account	
Process Improvements				
Problems Addressed:		Applications Features Leveraged <ul style="list-style-type: none">Automatic cheque printing, including remote cheque printingSchedule payments on invoices depending on payment terms and terms dateChecks can be created in the system at one point of time and the formatted files can be used to generate the check on a pre-printed stationery from the system at another point of time.		
Gaps as Identified in Oracle		Suggested Resolution In Oracle		
Best Practices Introduced		Other Enablers Proposed		

<ul style="list-style-type: none"> Use pre-printed stationeries to print checks directly from the system 			
Customizations suggested (if any)			
SL	PARTICULARS	TYPE	LEVELS OF CUSTOMIZATION
1	A warning message is required when cheque is going to be over (out of the cheque book).(That is no check leaf is in remaining in check Book)	Report	
2			
Interfaces, if any (Only custom interfaces)			
SL	PARTICULARS	SYSTEM	BUSINESS LOG
1			
2			

Manual Payment				
Process Overview				
<ul style="list-style-type: none">Manual payments are used to record a payment made outside of Payables, basically for cheques not computer-generated, those prepared off-line.The user will record the cheque number against the account, which must be within the cheque series assigned for recorded disbursements in bank setup. For voucher numbering, a unique number can be generated from the system to track payment made from different bank accounts.User would be able to select multiple invoices paid from the same cheque for the same supplier.				
Volume of Transaction for this process				
Frequency of occurrence of this process		Daily.		
Accounting (If any)				
SL	PARTICULARS	DEBIT	CREDIT	REMARKS
1.	On creating accounting for the payment.	Sundry Creditor	Bank Account	
Process Improvements				
Problems Addressed:		Applications Features Leveraged		
Gaps as Identified in Oracle		Suggested Resolution In Oracle		
Best Practices Introduced		Other Enablers Proposed		
Customizations suggested (if any)				
SL	PARTICULARS	TYPE	LEVELS OF CUSTOMIZATION	
1				
2				
Interfaces, if any (Only custom interfaces)				
SL	PARTICULARS	SYSTEM	BUSINESS LOG	

Payments through Demand Drafts/TT				
Process Overview				
<ul style="list-style-type: none"> Oracle Payables does not directly support payments through Demand Drafts. For these, a dummy cheque series will be maintained, which can be used in Batch or Quick payments. Dummy series will consist of dummy document (check) numbers. 				



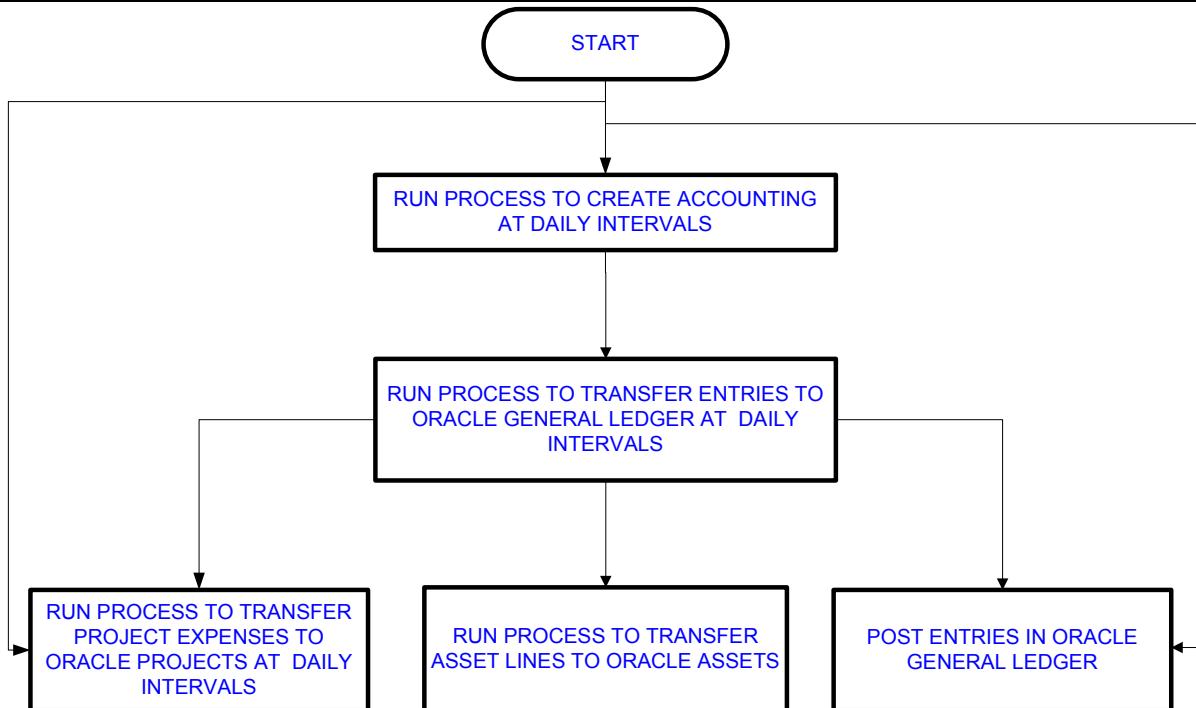
<ul style="list-style-type: none"> The process will be the same as for the Batch or Quick payments with a separate DD Format printing program, which will be issued to bank with a letter stating that they need to issue DD/TT for the parties mentioned therein. . 				
Volume of Transaction for this process				
Frequency of occurrence of this process		Daily.		
Accounting (If any)				
SL	PARTICULARS	DEBIT	CREDIT	REMARKS
1.	On creating accounting for the payment	AP Liability	Bank Account	
Process Improvements				
Problems Addressed:		Applications Features Leveraged		
Gaps as Identified in Oracle		Suggested Resolution In Oracle		
Best Practices Introduced		Other Enablers Proposed		
Customizations suggested (if any)				
SL	PARTICULARS	TYPE	LEVELS OF CUSTOMIZATION	
1				
Interfaces, if any (Only custom interfaces)				
SL	PARTICULARS	SYSTEM	BUSINESS LOG	
1				

Foreign Currency Payments				
Process Overview				
<ul style="list-style-type: none"> To every bank account, its currency is attached, which can be changed at time of payment entry if multiple currency payments are allowed through the account and payment format is attached. The invoices in a specific currency can be paid in that currency only. AKG will make payment through designated bank account by any of the methods (batch, manual, quick), which will have a currency of BDT (functional currency) but multiple currencies enabled. The process will be the same as for the Batch or Quick payments with a separate Format printing program for multiple currencies, which will be issued to bank with a letter stating that they need to issue payment in foreign currency for the amount mentioned therein. For invoices received in foreign currency, AKG have to request the bank to remit corresponding payment. The bank charges are to be borne by AKG. <p>Bank charges shall be made as negative miscellaneous receipts in accounts receivable.</p>				
Volume of Transaction for this process				
Frequency of occurrence of this process		Daily.		
Accounting (If any)				
SL	PARTICULARS	DEBIT	CREDIT	REMARKS
1.	On creating accounting for the payment	AP Liability Bank Charges/Commission Realized gain/loss a/c (if payment exchange rate < > invoice exchange rate)	Bank Account	
Process Improvements				
Problems Addressed:		Applications Features Leveraged		
Gaps as Identified in Oracle		Suggested Resolution In Oracle		
Best Practices Introduced		Other Enablers Proposed		
Customizations suggested (if any)				
SL	PARTICULARS	TYPE	LEVELS OF CUSTOMIZATION	
1				
Interfaces, if any (Only custom interfaces)				
SL	PARTICULARS	SYSTEM	BUSINESS LOG	

Closing and Reporting

Daily Process

Process Map



Process Overview (Text)

Creating Accounting entries in Oracle Payables:

- Central Administrator will run the Payables Accounting Process at pre-specified intervals to create accounting entries for Invoices and Payments. This can also be scheduled. Since these process posts all entries for the specified period it is better to have a central control on submission of the request.

Posting of accounting entries from Oracle Payables to Oracle General Ledger:

- 'Payables transfer to General Ledger' concurrent program will be run at day end to post the invoices and payments to General Ledger. In the parameters, the submit journal import option would be chosen to be yes, with a summary level posting summarized by accounting date.
- On running this program, an unposted batch for every period (separately for invoices and payments) would be created in GL, wherein approved and unposted Invoices/Payments having a GL Date before or on the Run-through date would be transferred. The open liabilities will show up in the Accounts Payables Trial Balance report, but will not reflect in GL reports until the batches are posted by GL.
- No change would be allowed in GL for the batches created by import from Payables.
- No change shall be allowed in AP once the GL posting is done

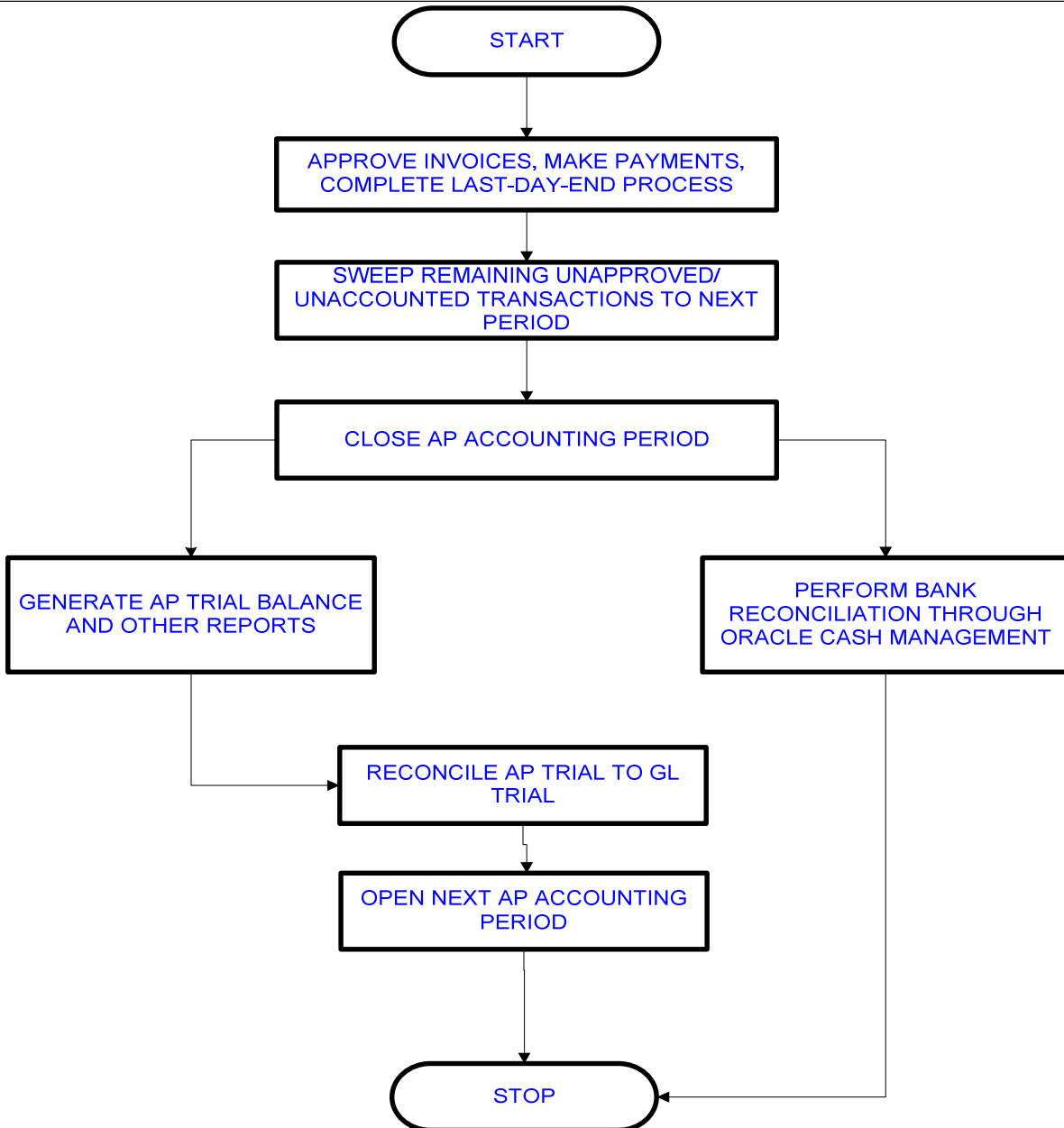
Transferring entries to Oracle Assets:

- The 'Mass Additions Create' program would be run centrally periodically after transfer of accounting

<p>entries from Oracle Payables to Oracle General Ledger. This would create asset lines from the invoice distribution lines provided the following conditions are fulfilled:</p> <ul style="list-style-type: none"> ○ The line is charged to an account set up as an Asset or CIP clearing account ○ The account is set up for an existing asset category as either the asset clearing account or the CIP clearing account ○ The Track As Asset check box is checked. ○ The invoice is approved and accounted for ○ The invoice line distribution is posted to Oracle General Ledger from Payables. This is not possible without any distribution line. ○ The general ledger date on the invoice line distribution is on or before the date specified for the create program ○ The same set of books is assigned to Payables and the Assets corporate book <ul style="list-style-type: none"> • The asset lines can then be reviewed in the Mass Additions window and assets created as required. 				
Volume of Transaction for this process				
Frequency of occurrence of this process		At least Daily for create accounting, and transfer to GL.		
Accounting (If any)				
SL	PARTICULARS	DEBIT	CREDIT	REMARKS
Process Improvements				
Problems Addressed:		Applications Features Leveraged		
		<ul style="list-style-type: none"> • Payables Transfer to General Ledger for posting of accounting entries • Payables linkage to Fixed Assets through Create Mass Additions • Payables linkage to Oracle Projects through Supplier Invoice Transfer to Projects 		
Gaps as Identified in Oracle		Suggested Resolution In Oracle		
Best Practices Introduced		Other Enablers Proposed		
Customizations suggested (if any)				
SL	PARTICULARS	TYPE	LEVEL OF CUSTOMIZATION	
1				
Interfaces, if any (Only custom interfaces)				
SL	PARTICULARS	SYSTEM	BUSINESS LOG	
1				

Monthly Process

Process Map



Process Overview (Text)

Bank Reconciliation:

This would be done through Cash Management, which will pick up bank-related entries from Oracle Payables, Oracle Receivables and Oracle General Ledger. The bank statement has to be entered or interfaced (after conversion to required format by System administrator). The user will run Auto-reconciliation which will reconcile

entries based on field cheque number for Oracle Payables, receipt number for Oracle Receivables and cheque number captured in description for Oracle General Ledger. The user will record manual reconciliation for entries that cannot be auto-reconciled.

Oracle Payables Accounting Period Closing:

Payable does not allow closing of an AP accounting period until all transactions with an accounting date in that period are posted. If there are unposted invoices or payments that can be moved forward into the next accounting period, the Unposted Invoice Sweep program would be submitted, which would transfer unposted invoice distributions and payments to the period specified by updating their GL dates to the first day of the new period. To review the invoices and payments that would be moved to the new period, this program can be run with 'No' specified to the 'Sweep Now' option, which would generate the Preliminary Invoice Sweep Report.

To complete the close process in Payables:

- Approve any remaining unapproved invoices in the period
- Create accounting for transactions in the period
- Run Payables Transfer to GL for the last day of the period as given above.
- Move any unresolved posting exceptions to the next period by submitting the Unposted Invoice Sweep Program.
- Close the period in Payables.

The Accounts Payable Trial Balance Report can be used to verify that total accounts payable liabilities in Payables equal those in the general ledger. Compare the cumulative total liability provided by this report with the total liability provided by general ledger to reconcile these balances.

Volume of Transaction for this process				
Frequency of occurrence of this process		At least Daily for create accounting, and transfer to GL.		
Accounting (If any)				
SL	PARTICULARS	DEBIT	CREDIT	REMARKS
Process Improvements				
Problems Addressed:		Applications Features Leveraged <ul style="list-style-type: none">Automatic Bank Reconciliation through Oracle Cash ManagementFacility for closing AP accounting periods independently of Oracle General LedgerInvoice ageing period's definition, including future aging.		
Gaps as Identified in Oracle		Suggested Resolution In Oracle		

Best Practices Introduced <ul style="list-style-type: none"> All transactions completed before period closed. Transaction processing prevented once period is closed. Prior period entries are entered in an unavoidable situation by re-opening the period. Management reports run once period is closed, to minimize rework. 		Other Enablers Proposed	
Customizations suggested (if any)			
SL	PARTICULARS	TYPE	LEVELS OF CUSTOMIZATION
1			
Interfaces, if any (Only custom interfaces)			
SL	PARTICULARS	SYSTEM	BUSINESS LOG
1			

List of Accounts Payable Reports

S. No.	Name of Report	Nature	Remarks
1	Creditor Ledger report	Seeded	Ledger report of a vendor.
2	Credit Memo Matching Report	Seeded	Lists credit memos and debit memos that match the supplier and date parameters.
3	Invoice Aging Report	Seeded	To view your unpaid invoices.
4	Invoice on Hold Report	Seeded	To identify invoices on hold.
5	Prepayments Status Report	Seeded	To review the unapplied prepayments and unpaid or partially paid invoices for a supplier.
6	Cash Requirement Report	Seeded	To forecast your immediate cash needs for invoice payments.
7	Accounts Payable Trial Balance Report	Seeded	To verify that total accounts payable liabilities in Payables equal those in the general ledger.
8	Future dated payment report	Seeded	Lists invoices used in PDC and marks their maturity date.
9	Unaccounted Transactions Report	Seeded	To identify and review all unaccounted invoice and payment transactions and see the reason that Payables cannot account for a transaction.
10	Insurance details report.	Custom	Policy wise payment, expiry and other details.
11	Fund Based /Non fund based utilization report	Custom	
12	LC registers.	Custom	All details pertaining to LC transactions

** All the customized reports requirement related to loan instruments has been covered in CM To –Be document.

OPEN AND CLOSED ISSUES

No	Open Issues	Response


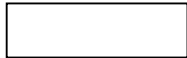
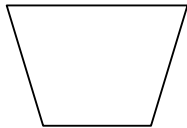
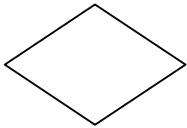



ANNEXURE I

List of Reports Identified

S. No	Name	Description/Purpose of the report
1.	Details of Landing cost calculation (LC wise, Product wise)	Final amount which will hit the the Inventory
2.	Material- In -Transit Ledgers	It will contain all the cost heads information LC wise (containing LC No.).
3.	Bank Wise LC Report	It will contain the following details for a particular product: LC No. ,Item, LC Qty/Amount, Inventory Qty/Amount, Balance /Pending Qty/Value, Basic Cost in BDT & Country Origin
4.	Company Wise – Month wise statement -for all the LC related (different cost heads/expenditures)	
5.	Insurance details report.	
6.	Fund Based /Non fund based utilization report	

ANNEXURE II

Legend for Process Maps

	Terminator to denote Start and End of a process
	Oracle or Oracle Assisted Process
	Manual Process
	Decision Point
	Process external to Oracle or Oracle assisted process
	Connector within the same process.
	Customized process