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## **Understanding Accrual Reconciliation Process and Troubleshooting in R12**

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# Agenda

- Overview Of Accruals
- Setups
- Accrual Reconciliation Programs
- Reconciliation Data flow
- Common Reconciliation Issues
- Accrual Diagnostics Script
- Demonstration

# Overview Of Accruals

- Accruals are accumulation of expense that is recognized before cash is paid.
- Accruals are liabilities to pay for goods or services that have been received but have not been paid or invoiced.
- Examples
  - Wages payable
  - Sales tax payable
  - Rent payable

# Types of Purchase Accruals

- Types of Purchase Accruals
  - Online Accruals
  - Period end Accruals

Online Accruals	Period end Accruals
Inventory and Expense items	Only Expense items
Accruals generated while saving the receipts	Accruals generated during period end for uninvoiced receipts
Accruals can be viewed from View Accounting form	Cannot be viewed from View Accounting form
Accruals are knocked off when invoiced	Accruals are reversed in next period.
Accrue On Receipt = Yes	Accrue On Receipt = No

# Accrual Accounting Entries

## Online Accruals

Transaction	Accounting Entries	
Receive	Accrual	Cr
	Receiving Inspection	Dr
Deliver	Receiving Inspection	Cr
	Inventory Valuation	Dr
Invoice	Supplier Control	Cr
	Accrual	Dr

## Period end Accruals

Transaction	Accounting Entries	
Receive	Accrual	Cr (Dr)
	Expense	Dr (Cr)
Invoice	Supplier Control	Cr
	Expense	Dr

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# Setups

- Defining Expense Accrual Options
  - At Receipt
  - Period End
- Expense A/P accrual account
  - This account is used to accrue payables liability for expense items at time of receipt.
  - This account is used to accrue payables liability for expense items by receipt period end accrual process.
  - Navigation
    - Purchasing responsibility > Setup > Organizations > Purchasing Options



# Setup Expense AP Accrual Account

Purchasing Options - Windows Internet Explorer  
http://celalnx39.us.oracle.com:10307/OA\_HTML/RF.jsp?function\_id=2009&resp\_id=50578&resp\_appl\_id=201&security\_group\_id=0&lang\_code=US&params=ql.nP6Z-b6u9AcJ5Qugwk-9skLXYl8SK8

Operating Unit: Vision Operations

Document Control

Price Tolerance (%) 0  
Price Tolerance Amount (USD)  
Enforce Full Lot Quantity Advisory  
Receipt Close Point Received  
Cancel Requisitions Optionally  
\* Security Hierarchy Materials  
SBI Buying Company Identifier  
Output Format PDF  
Maximum Attachment Size (in MB) 50  
Email Attachment Filename Attachments.zip

Enforce Price Tolerance (%)  
Enforce Price Tolerance Amount  
Display Disposition Messages  
Notify if Blanket PO exists  
Allow Item Description Update  
Enforce Buyer Name  
Enforce Supplier Hold  
Gapless Invoice Numbering  
RFQ Required

Document Defaults

Requisition Import Group-By Item  
Internal Requisition Order Type Mixed  
Internal Requisition Order Source Internal  
Receipt Close Tolerance (%) 30  
Invoice Close Tolerance (%) 0  
Quote Warning Delay 7  
Acceptance Required Flag None

Line Type Goods  
Rate Type Corporate  
Match Approval Level 3 Way  
Price Break Type Non-Cumulative  
Price Type Fixed  
Minimum Release Amount (USD) 1.000

Receipt Accounting

Accrue Expense Items At Receipt  
Accrue Inventory Items At Receipt  
Automatic Offset Method Account  
Expense AP Accrual Account 01-000-2220-0000-000  
Company-Department-Account-Sub-Account-Product

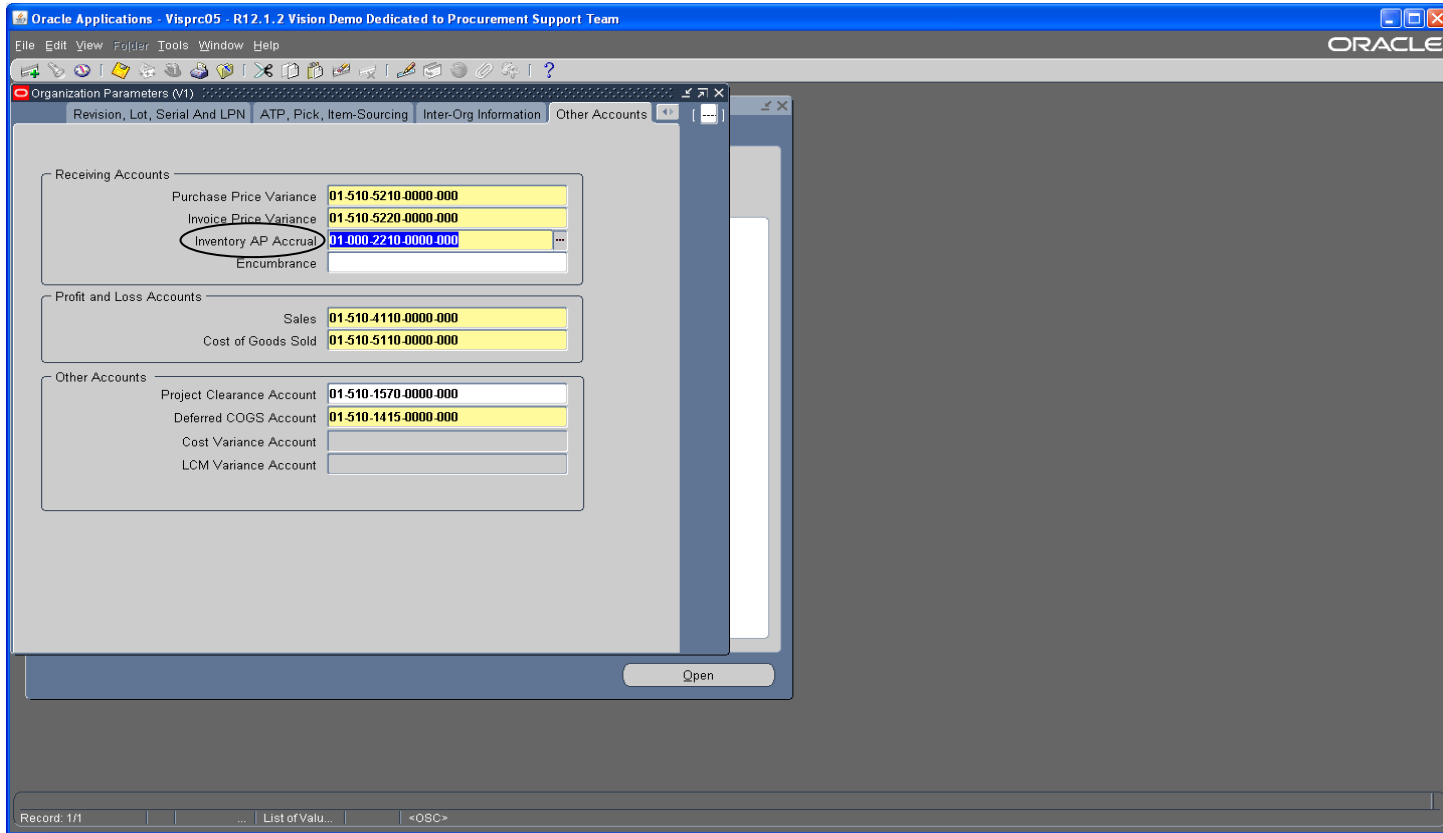
Document Numbering

select *expense\_accrual\_code,inventory\_accrual\_code,accrued\_code\_combination\_id*  
from *po\_system\_parameters\_all* where *ORG\_ID=&OU\_ID*

# Setup Inventory Accrual Account

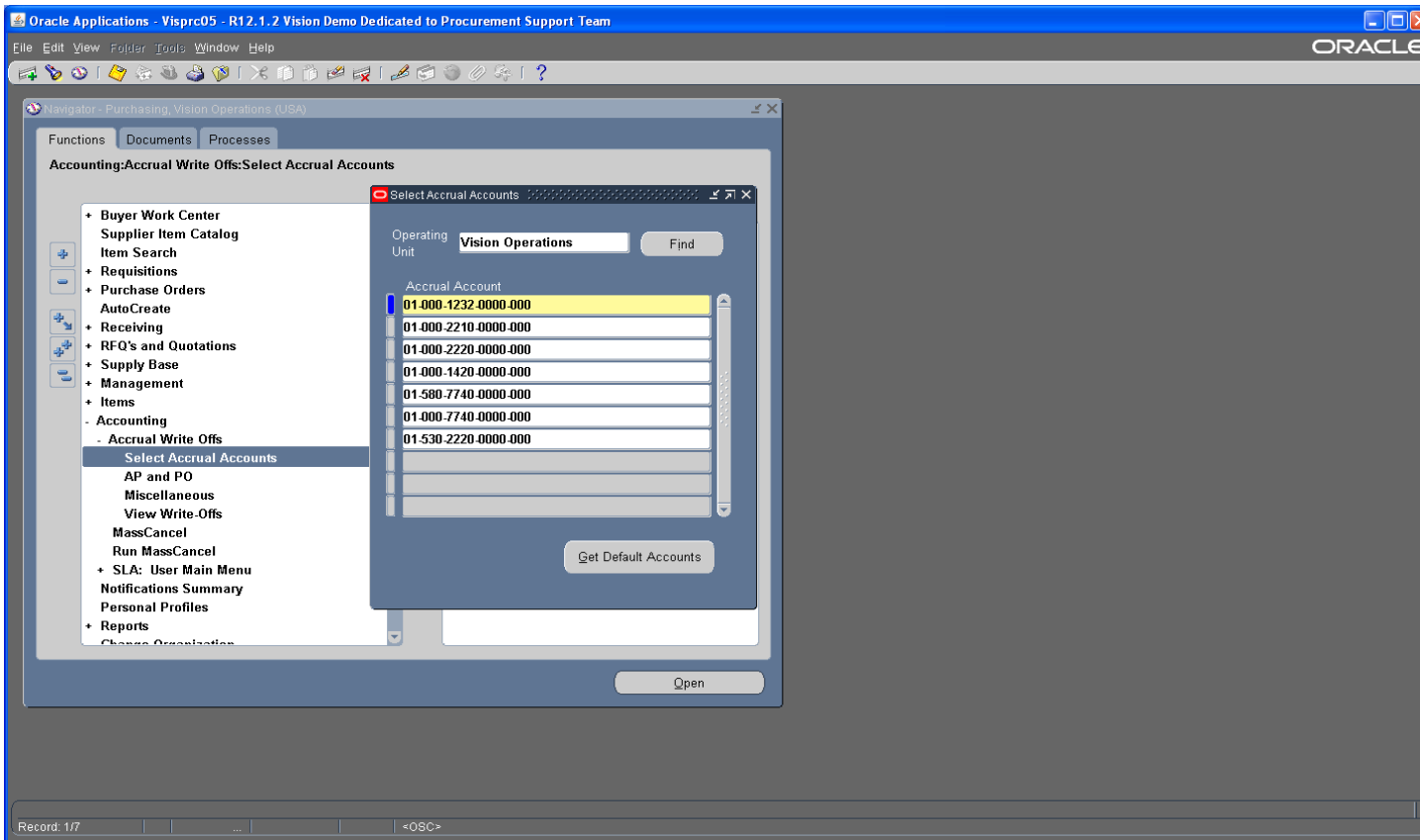
- Inventory A/P accrual account
  - This account is used to accrue payables liability when inventory items are received.
  - Navigation
    - Inventory responsibility > Organization >Parameters > Other Accounts
- Declare the accruals accounts
  - Before starting the reconciliation declare the accounts
  - Navigation
    - Purchasing responsibility > Accounting > Accrual Write Off > Select Accrual Accounts

# Setup Inventory Accrual Account



**`select ap_accrual_account from mtl_parameters where organization_id=&INV_ORG_ID;`**

# Setup Accrual Accounts



```
select * from cst_accrual_accounts where operating_unit_id=&OU_ID
```

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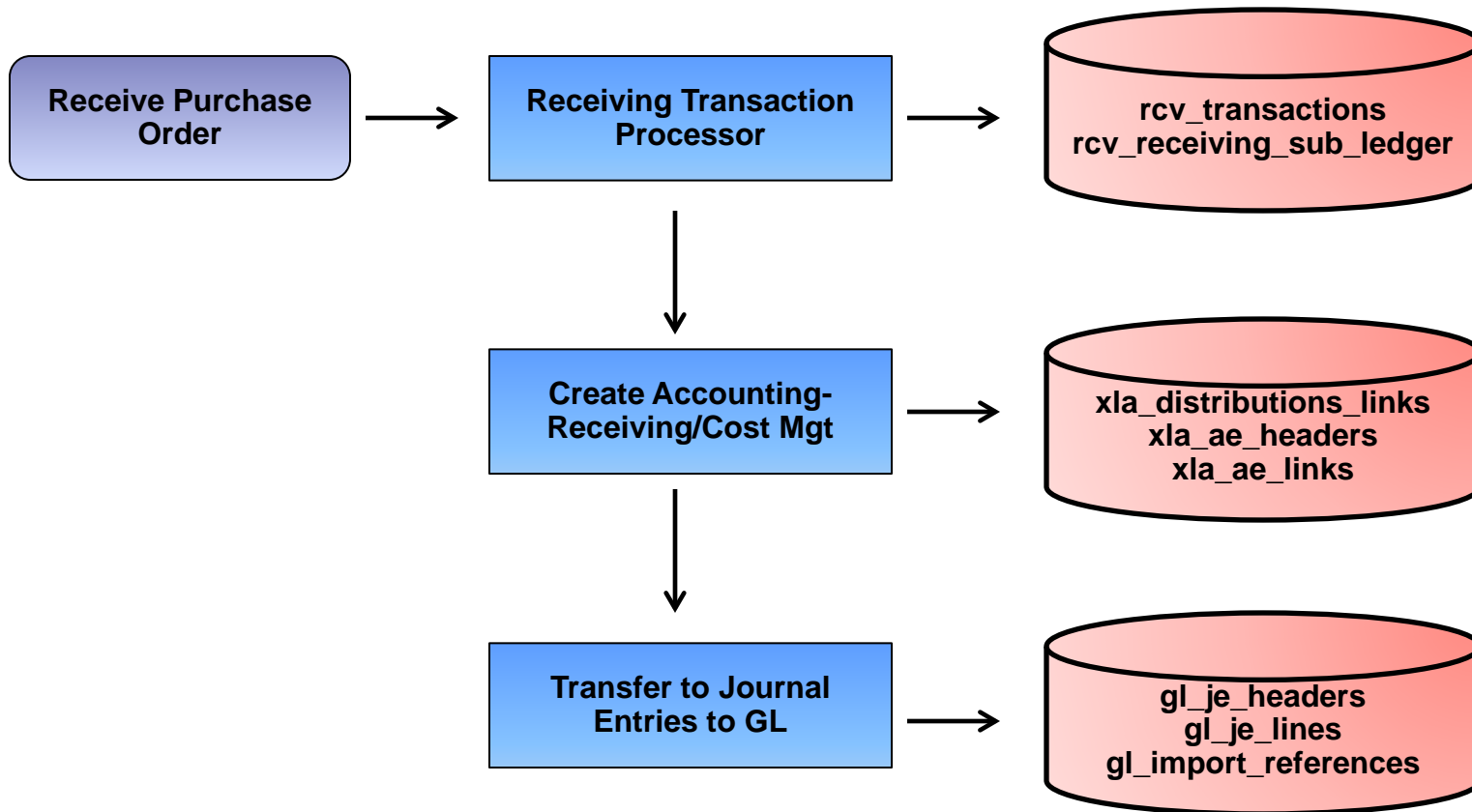
# Accrual Reconciliation Programs

- Below programs are used for online accrual reconciliation process
  - Create Accounting – Receiving / Cost Management
  - Transfer Journal entries to GL
  - Accrual Reconciliation Load Run
  - AP and PO Accrual Reconciliation Report
  - Miscellaneous Accrual Reconciliation Report
  - Summary Accrual Reconciliation Report
  - Account Analysis Report

# Accrual Reconciliation Programs

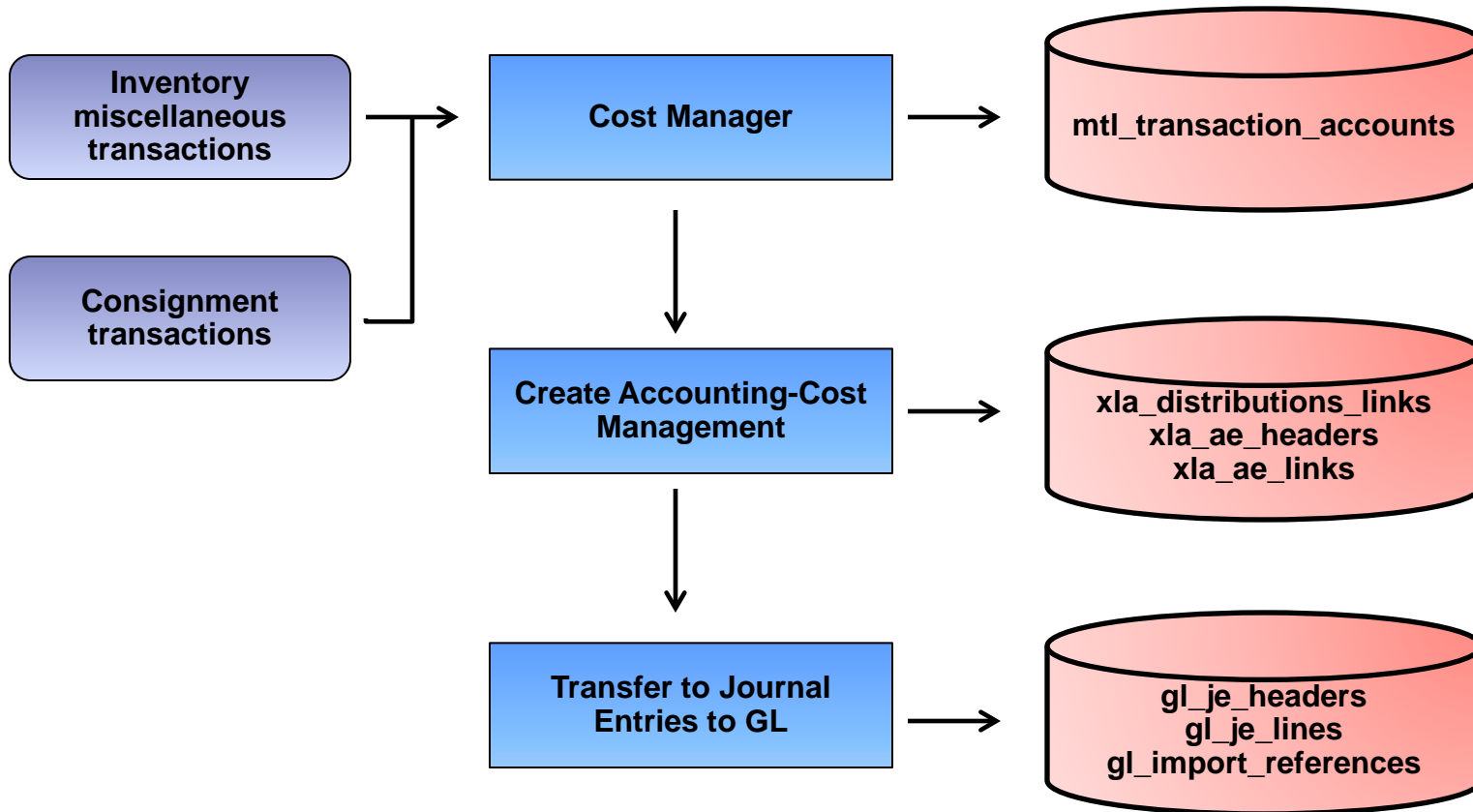
- Create Accounting – Receiving / Cost Management
  - Transfers the data from receiving/ inventory subledgers to SLA.
  - Create journals in SLA .
  - Transfer and posting journals to GL can also be done.
- Transfer Journal Entries to GL
  - Transfers journals entries to GL
  - Posting the transferred journals can also be done.

# Purchase Accrual Process

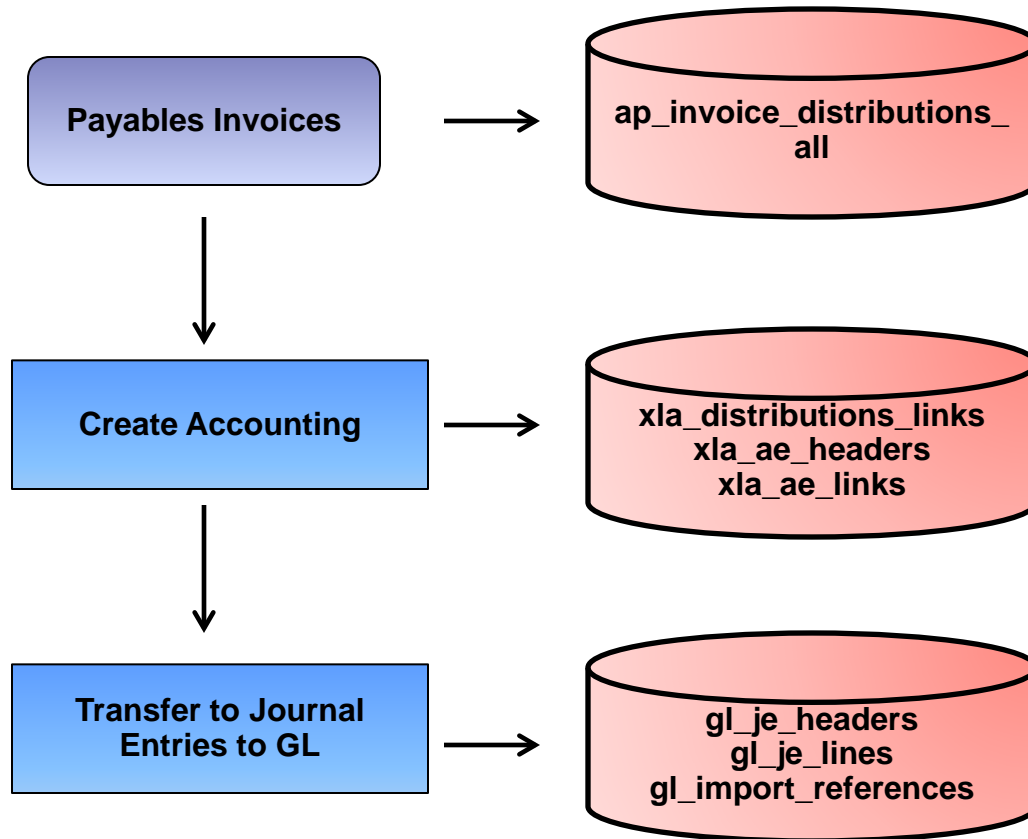




# Inventory Accrual Process



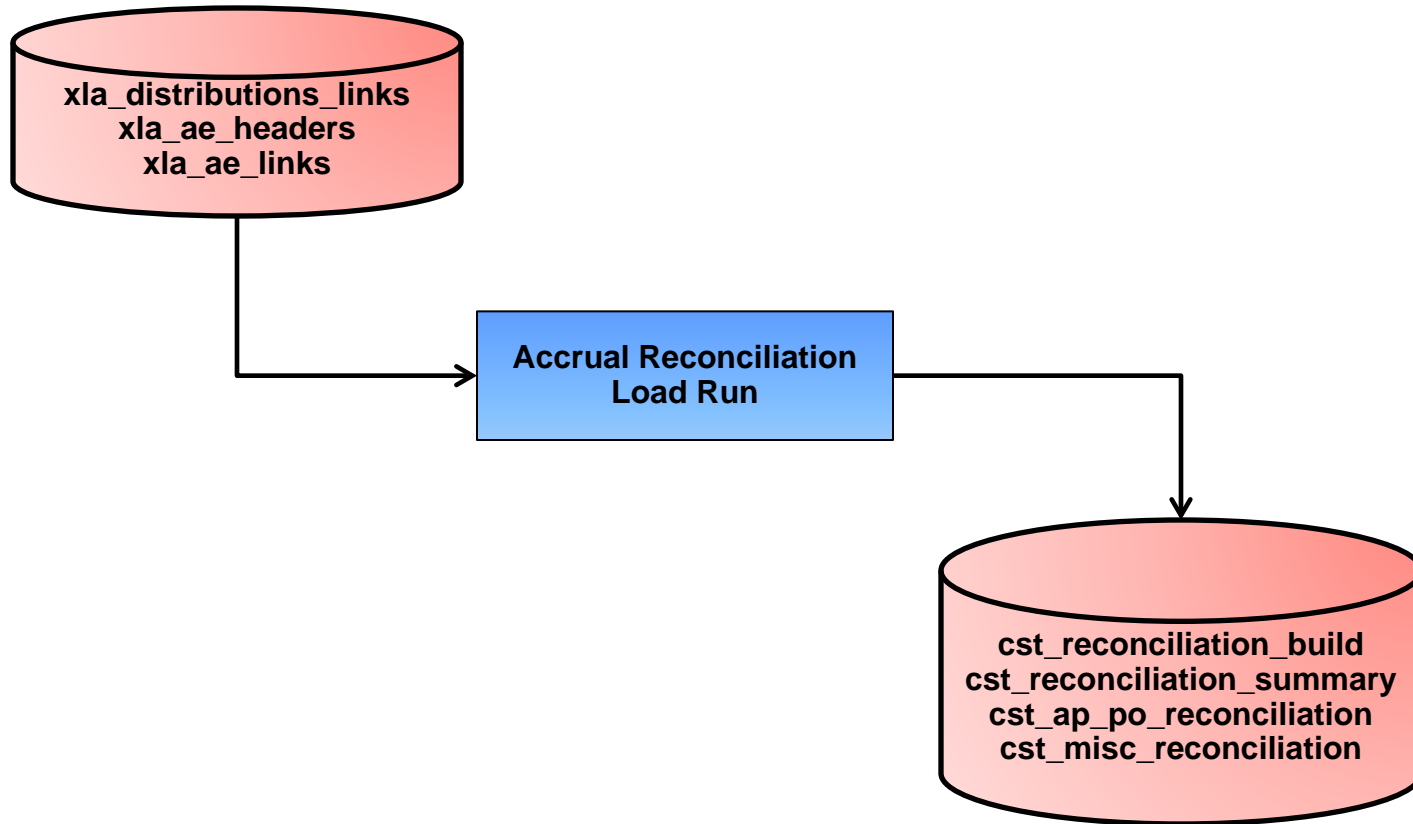
# Payables Accrual Process



# Accrual Reconciliation Load Run

- Accrual Reconciliation Load Run
  - The Load program is used to populate the accrual reconciliation tables with all the necessary transaction data needed to perform the reconciliation process.
  - All the affected Po distributions within the date range will be deleted first and current/updated values for the transactions in the date range will be appended to existing data
  - In upgraded instance Ignores the '*From Date*' specified and runs from the start of transaction history
  - In upgraded instance upgrades the write off transactions from 11i and loads them into `cst_write_offs` and `cst_write_off_details` table.

# Load Run Data Flow



CSTACCLB.pls is file associated to Accrual Reconciliation Load run program

# Load Run Log file

## Accrual Reconciliation Load Run program log file

```
CSTACRLR module: Accrual Reconciliation Load Run
+-----+
**Starts**17-DEC-2012 14:57:37
**Ends**17-DEC-2012 14:57:37
+-----+
Start of log messages from FND_FILE
+-----+
start_accrual_load +
  l_stmt_num :5
  p_from_date :2012/11/01 00:00:00
  p_to_date :2012/11/30 00:00:00
  l_operating_unit:228
accrual_load+
  p_operating_unit:228
  p_from_date := 2012/11/01 00:00:00
  p_to_date := 2012/11/30 00:00:00
  l_stmt_num:5
  l_req_arg:2012/11/01 00:00:00
  l_req_running:1
  l_stmt_num:10
  l_acc_accounts:0
EXCEPTION FND_API.g_exc_error IN accrual_load
  l_stmt_num :10
  x_msg_count:0
  x_msg_data :
  accrual_load - l_err_status:E
  accrual_load - l_err_count :0
  accrual_load - l_err_data :
start_accrual_load-
+-----+
End of log messages from FND_FILE
+-----+
```

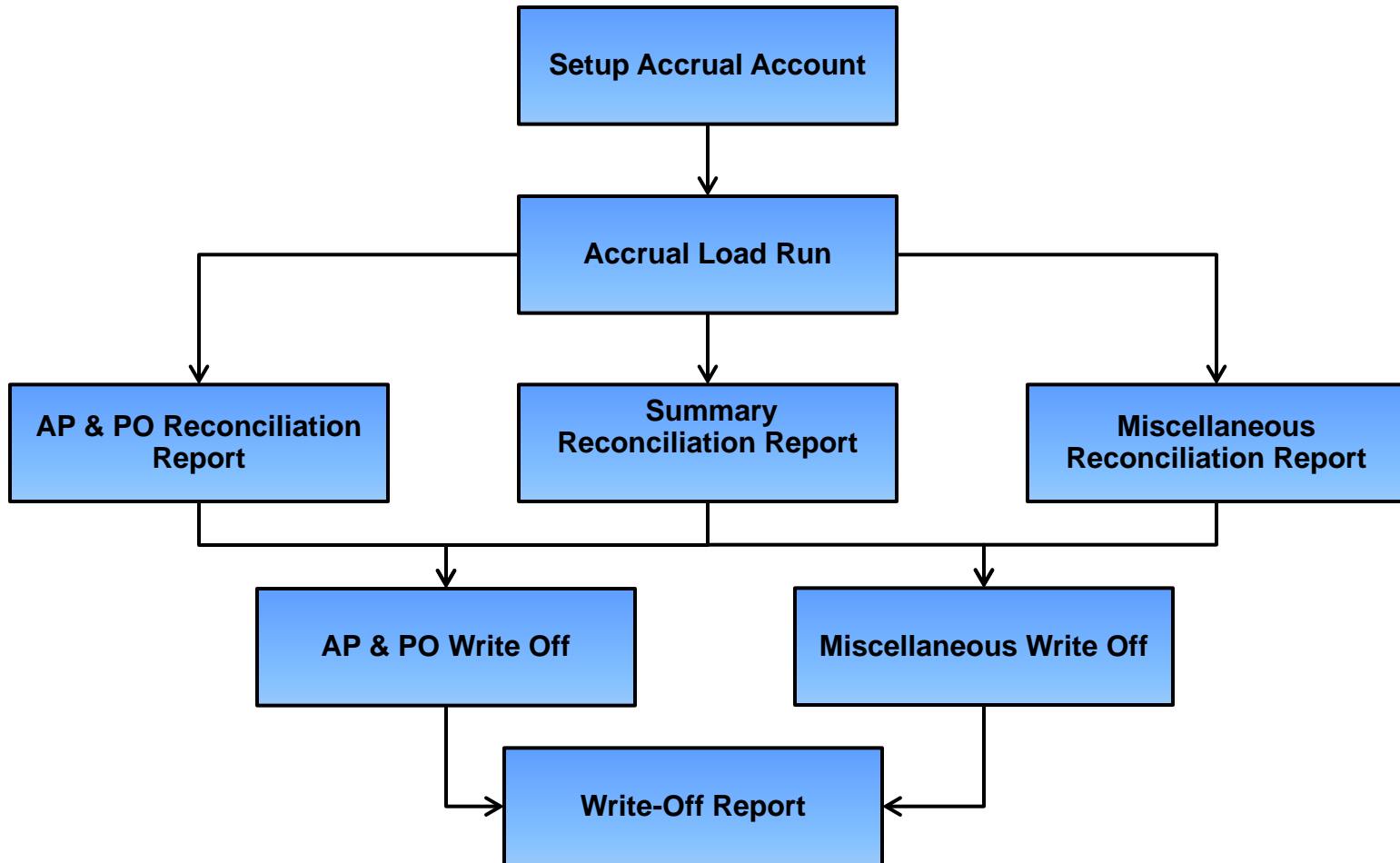
# Accrual Reconciliation Reports

- AP and PO Accrual Reconciliation Report
  - Shows the transaction details based on each accrual account for each PO distribution with the Receiving transaction amount and invoice transaction amount with a net balance greater than zero.
- Miscellaneous Accrual Reconciliation Report
  - Shows the transaction details based on each accrual account which got hit because of Miscellaneous Inventory transactions and AP NO PO transactions.
- Summary Accrual Reconciliation Report
  - Shows the total balances for each accrual account without any distribution details and individual transaction amount.

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# Reconciliation Data Flow





# Table Information

- **cst\_reconciliation\_build**
  - A record is inserted into this table each time Accrual Reconciliation Load run program is submitted.
  - To verify whether Accrual load run program is run for the period this table data has to be checked.
- **cst\_reconciliation\_summary**
  - Summary Accrual Reconciliation report picks data from cst\_reconciliation\_summary which gets populated during the load run process.

# Table Information

- **cst\_ap\_po\_reconciliaiton**
  - AP and PO Accrual Reconciliation Report picks data from cst\_ap\_po\_reconciliaiton which gets populated during the load run process.
- **cst\_misc\_reconciliation**
  - Miscellaneous Accrual Reconciliation report picks data from cst\_misc\_reconciliation which gets populated during the load run process.
- **cst\_write\_offs**
  - Write off data is stored in cst\_write\_offs
  - Write off report picks data from this table.

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# Common Reconciliation Issues

- Data not transferred from sub ledgers to SLA
- Data not transferred from SLA to GL
- Data corruption like
  - Negative Ledger id in GL Tables
  - Data marked as transferred in SLA but not reached GL.
  - Data marked as not transferred in SLA, but reached GL
  - Records missing gl sl link id
- Accrual account not unique.
- Periods are not upgraded in R12 instance which is migrated from 11i

# Upgrade Process

- The below options are available to upgrade 11i accrual transactions
  - SLA Pre-Upgrade,
  - SLA Post-Upgrade and
  - Hot Patch.
- During the upgrade, existing accounting data from the subledgers (i.e., Costing, Payables) is upgraded into the new Oracle Subledger Accounting (SLA) data model. For more information refer note
  - Note 604893.1 -R12.0 and R12.1: FAQ for the SLA Upgrade: SLA Pre-Upgrade, Post-Upgrade and Hot Patch

# Accrual Balance before Upgrade

In 11i

Transaction Type	Transaction Date	Transaction Qty	Accrual Balance (\$)
Receive	01-DEC-2011	10	-100
Invoice	01-JAN-2012	10	100

Net accrual balance = 0

Pre upgrade done from 01-JAN-2012 to 31-OCT-2012

# Periods upgraded before R12 Upgrade



Data in this date range is upgraded using SLA Pre-Upgrade program

# Accrual Balance after Pre-upgrade

In R12

Transaction Type	Transaction Date	XLA Accrual Balance (\$)	GL Accrual Balance (\$)
Receive	01-DEC-2011	0	-100
Invoice	01-JAN-2012	100	100

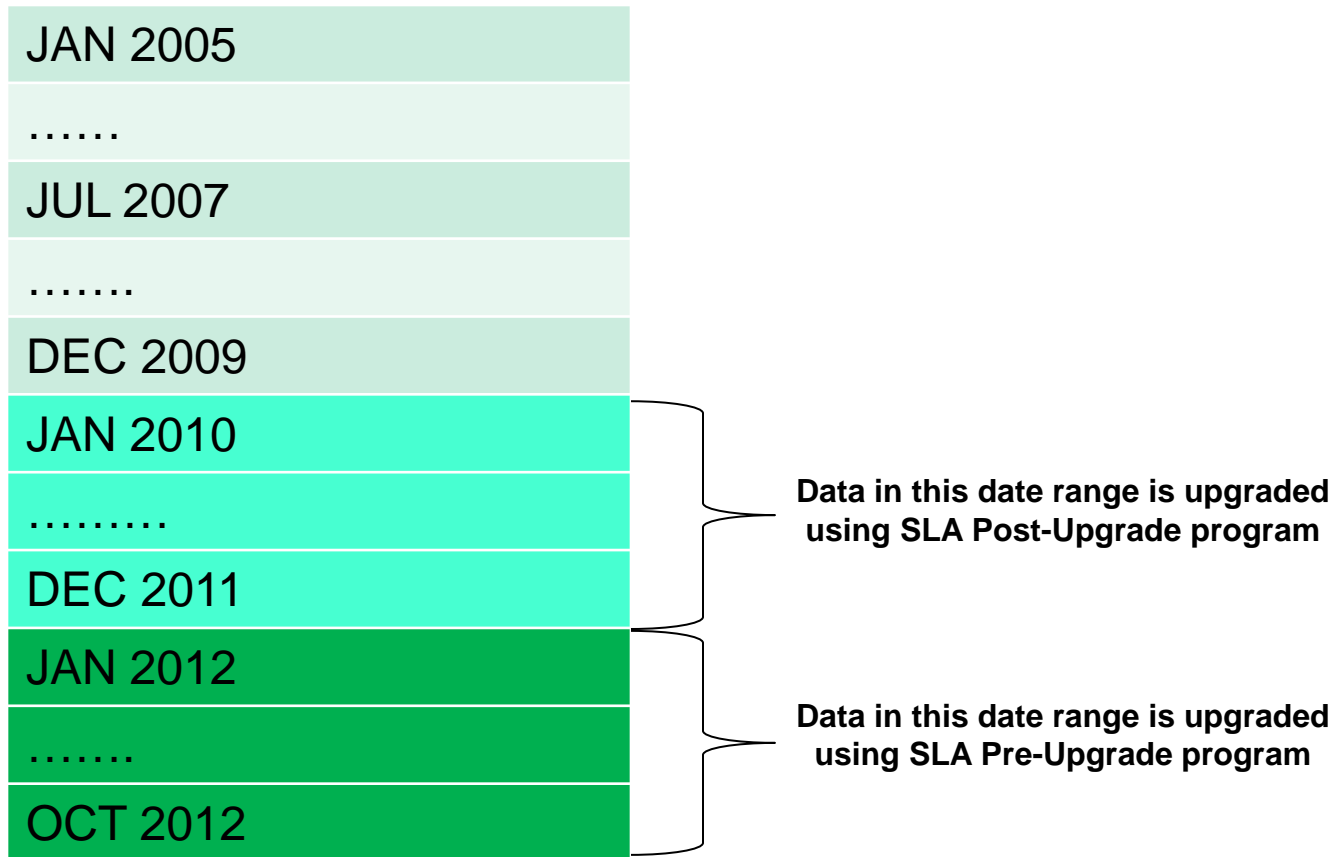
Net accrual balance in XLA =  $0+100= 100$

Net accrual balance in GL =  $- 100 +100 = 0$



# Periods upgraded in R12

Periods upgraded after R12 upgrade



# Accrual Balance after Post-upgrade

In R12

Transaction Type	Transaction Date	XLA Accrual Balance (\$)	GL Accrual Balance (\$)
Receive	01-DEC-2011	-100	-100
Invoice	01-JAN-2012	100	100

Net accrual balance in XLA =  $-100+100 = 0$

Net accrual balance in GL =  $- 100 +100 = 0$

# Recommendations

- If all periods are not upgraded (partial upgrade) then as on date accruals balances in XLA and GL will never match.
- If some accruals transactions in the upgraded periods have data missing in XLA tables then follow below note
  - Note 1472099.1 - Missing Accounting Entries In SLA For Transactions In Upgraded Periods

# Recommendations

- Use different accruals account for period end and online accruals.
- Ensure accrual account is not same as the below accounts
  - Charge account
  - Receiving Inspection account
  - Budget account
  - Variance account
  - Supplier liability account
- Do not use Uninvoiced Receipt Report to reconcile online accruals.

# Recommendations

- Upgrade the CSTACCLB.pls file version to the highest version.

Product Ver.	Latest file Ver.	Patch
R12.0.X	120.23.12000000.47	12951241:R12.BOM.A
R12.1.X	120.27.12010000.39	13630026:R12.BOM.C

- Run the Accrual Load program for incremental periods.
- Run the Accrual Load program for overlapping periods only if back dated transactions are done.

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# Accrual Diagnostics script

- The Accrual Diagnostics script is designed to be run when there is a reconciliation issue between subledger and GL.
- The script is designed to spool full table contents to a html file.
- The script is being created to allow customers to run a single script to retrieve all data from various tables instead of having to run individual scripts - spooling to multiple files.
- The script is applicable only for R12 customers.
- The script is applicable only for discrete manufacturing and not process manufacturing customers.
- This script is not applicable for customers using Period Average Costing.

# Script Input Parameters

It requires below as inputs :

- **Accrual Code Combination ID**
  - Enter the Accrual Code Combination ID for the problematic Accrual Account
- **Start Date**
  - Enter the Start Date of Reconciliation in Format: DD-MON-YYYY
- **End Date**
  - Enter the End Date of Reconciliation in Format: DD-MON-YYYY
- **Ledger ID**
  - Enter the Ledger ID for the reconciliation
- **Operating Unit ID**
  - Enter the Operating Unit ID for the reconciliation



# Reconciliation Steps

- What is accrual balance in GL for Cost Management and Payables sources ?
- What is accrual balance in SLA for Cost Management and Payables sources ?
- Whether GL and SLA balances are matching ?
- If not matching check for known causes
  - In upgraded instance
    - Is the respective periods upgraded ?
    - Is there records missing gl sl link id ?
  - Is there is any unposted journals ?
  - Any data with Negative Ledger\_id in GL tables. ?
  - Any data marked as transferred in SLA but not reached GL. ?
  - Any data marked as not transferred in SLA, but reached GL ?

# KM Notes

- 1478292.1 -R12 Accrual Reconciliation Diagnostics And Troubleshooting Guide
- 1107953.1 -R12 Accrual Balance Mismatch Between Accrual Reconciliation Report and GL - Troubleshooting
- 1117353.1 - R12: Discrepancies with Accrual Reconciliation Report - Troubleshooting
- 866733.1 -How To Diagnose Inventory Accruals And Accrual Write Off Issues
- 1126025.1 -R12: Discrepancies With Accrual Reconciliation Report For Consigned Items - Troubleshooting
- 883557.1 -R12: How To Avoid and Fix Corruption in Data Transfer from SLA - Negative Ledger\_ID, Not Reached GL, Duplicate in GL
- 604893.1 -R12.0 and R12.1: FAQ for the SLA Upgrade: SLA Pre-Upgrade, Post-Upgrade, and Hot Patch
- 1472099.1 -Missing Accounting Entries In SLA For Transactions In Upgraded Periods

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