PeopleSoft Cost Management

Oracle's PeopleSoft Cost Management provides the control and flexibility that you need to manage costs throughout your supply chain. With powerful features that support multiple methods of costing, comprehensive analysis, and accurate accounting and reporting, the Cost Management system enables you to model your business exactly as you require.

KEY FEATURES

- Multiple costing methods
- Accurate accounting and comprehensive analysis
- Control of your financial, government, and management reporting needs
- Flexible transactional accounting setup
- Option to include landed costs in inventory value
- Support of complex transfer price calculations
- Tools to assist with inventory and accrued liabilities reconciliation
- Calculation of production costs based on standard, weighted, average, or actual item costs
- Monitoring of your business processes to ensure that all period costs are accurately calculated and captured

KEY BENEFITS

- Supports simplified to complex accounting models
- Provides multiple methods of determining and analyzing costs
- Allows multiple cost books for financial, managerial, and governmental reporting

Flexible Accounting Model

PeopleSoft Cost Management supports multiple industries with an accounting model that you can tailor to your business. Whether you are purchasing and expensing material or managing a multiple business unit distribution chain or a complex manufacturing environment, Cost Management provides the flexibility to determine, monitor, and analyze costs throughout your company.

Multiple Methods of Cost Reporting

To support the need for financial, governmental and management reporting, you can maintain multiple costs and cost books within a PeopleSoft Inventory business unit in those environments that buy and sell inventory with no manufacturing. For items in each cost book, you define a profile consisting of a receipt cost method, a cost flow, and a deplete cost method to value inventory transactions. The costing approach you choose can be independent of how the inventory is physically moved. For example, you can use first in, first out (FIFO) picking methods for inventory shipments but cost the transactions using any costing method. PeopleSoft Cost Management supports:

- Non-cost.
- Standard.
- FIFO and LIFO actual.
- By specific Lot or Serial ID.
- Perpetual weighted average.
- Periodic weighted average.
- Retroactive perpetual average.

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Manufacturing environments support all the preceding costing methods except for Periodic Weighted Average and Retroactive Perpetual Average.

Figure 1: Flexible setup allows multiple cost books per Item ID

Inventory Accounting

PeopleSoft Cost Management provides a number of different methods for costing your inventory. In both PeopleSoft Inventory and Manufacturing, on an item-by-item basis, you can choose standard, weighted average, or actual costing methods. Accounting entries are defined for each inventory transaction, and you can choose the accounts based on specific items, item groups, distribution types, or even cost element. Once generated, accounting entries can be posted to PeopleSoft General Ledger or a third-party general ledger system. You can easily and selectively view accounting entries, accounting entry details, and item cost history. A drill-down and drill-back capability is provided, enabling you to analyze financial transactions originating in the General Ledger and drilling down to the individual transactions or starting at a transaction and drilling into the general ledger account to which it was ultimately posted.

Simplified Cost Foundation Setup

Within a Manufacturing environment, an easy cost foundation setup is provided so you can define unlimited cost types, including standard, weighted average, forecasted, current, activity-based, and more. For your purchased items, you can select the purchase prices option by which to base costs that is best for you to facilitate simulations and what-if analysis. Cost versions help maintain a history of the different costs calculated and can compare costs using the different methods. You have ultimate flexibility in calculating conversion costs, using labor or machine times and rates, as well as multiple means of applying overhead.

Cost Rollups

Within our standard costing environment, the cost of manufactured items, engineering changes, and configured items is automatically calculated based on an items' bill of material structure, routing, and applicable rates for the manufacturing business unit. You can perform cost rollups for a single item, a range of items, a group of items, or all items within a business unit as well as for any cost type. You can compare cost versions to determine the effect of changes on an item's cost. Rollups can be performed on both production and engineering BOMs, thus allowing for cost analysis before putting them into production. You can view errors encountered in the cost rollup, such as looping BOMs that make items with no BOMs or routings or purchased items with no purchase costs so corrective actions can be taken before moving costs into production.

Production Performance Management

PeopleSoft Cost Management enables you to manage and evaluate production cost performance efficiently. You can value work-in-process inventory on demand, detailing material, labor, and machine and overhead components. You can generate detailed reports that analyze the costing ramifications of production. You can analyze production variances before order close to ensure that all costs were properly collected.

Event-Driven Solutions

The PeopleSoft alerts and warnings framework can monitor your business processes and alert you so you can take preventive actions to avoid downstream problems. You can, for example, notify your Cost Accounting team when inventory transactions are not costed or accounted for, thereby preventing inventory reconciliation issues at period end. In manufacturing environments, you can proactively monitor production variances so they can be investigated before the production order closes.

CONTACT US

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