

Oracle® Fusion Applications Financials Concepts Guide

11g Release 1 (11.1.1.5.0)

Part Number E22893-01

June 2011

Oracle® Fusion Applications Financials Concepts Guide

Part Number E22893-01

Copyright © 2011, Oracle and/or its affiliates. All rights reserved.

Authors: Seamus Moran, Kathryn Wahnoutka, Asra Alim

This software and related documentation are provided under a license agreement containing restrictions on use and disclosure and are protected by intellectual property laws. Except as expressly permitted in your license agreement or allowed by law, you may not use, copy, reproduce, translate, broadcast, modify, license, transmit, distribute, exhibit, perform, publish or display any part, in any form, or by any means. Reverse engineering, disassembly, or decompilation of this software, unless required by law for interoperability, is prohibited.

The information contained herein is subject to change without notice and is not warranted to be error-free. If you find any errors, please report them to us in writing.

If this software or related documentation is delivered to the U.S. Government or anyone licensing it on behalf of the U.S. Government, the following notice is applicable:

U.S. GOVERNMENT RIGHTS Programs, software, databases, and related documentation and technical data delivered to U.S. Government customers are "commercial computer software" or "commercial technical data" pursuant to the applicable Federal Acquisition Regulation and agency-specific supplemental regulations. As such, the use, duplication, disclosure, modification, and adaptation shall be subject to the restrictions and license terms set forth in the applicable Government contract, and, to the extent applicable by the terms of the Government contract, the additional rights set forth in FAR 52.227-19, Commercial Computer Software License (December 2007). Oracle America, Inc., 500 Oracle Parkway, Redwood City, CA 94065.

This software or hardware is developed for general use in a variety of information management applications. It is not developed or intended for use in any inherently dangerous applications, including applications which may create a risk of personal injury. If you use this software or hardware in dangerous applications, then you shall be responsible to take all appropriate fail-safe, backup, redundancy and other measures to ensure its safe use. Oracle Corporation and its affiliates disclaim any liability for any damages caused by use of this software or hardware in dangerous applications.

Oracle and Java are registered trademarks of Oracle Corporation and/or its affiliates. Other names may be trademarks of their respective owners.

Intel and Intel Xeon are trademarks or registered trademarks of Intel Corporation. All SPARC trademarks are used under license and are trademarks or registered trademarks of SPARC International, Inc. AMD, Opteron, the AMD logo, and the AMD Opteron logo are trademarks or registered trademarks of Advanced Micro Devices. UNIX is a registered trademark of The Open Group.

This software or hardware and documentation may provide access to or information on content, products and services from third parties. Oracle Corporation and its affiliates are not responsible for and expressly disclaim all warranties of any kind with respect to third-party content, products, and services. Oracle Corporation and its affiliates will not be responsible for any loss, costs, or damages incurred due to your access to or use of third-party content, products, or services.

Contents

1 Overview

Oracle Fusion Financials Concepts: Overview	1-1
Financial Business Process Model: Overview	1-2

2 Enterprise

Modeling Financial Applications for Your Enterprise: Example	2-1
--	-----

3 Oracle Fusion General Ledger

Oracle Fusion General Ledger: Overview	3-1
Oracle Fusion Accounting Hub: Overview	3-1
Oracle Fusion Accounting Hub Components: How They Work Together	3-2
Oracle Fusion General Ledger Features	3-5
Oracle Fusion General Ledger and Reporting	3-6

4 Business Units and Shared Service Centers

Business Units: Overview	4-1
Business Units and Ledgers: Example	4-2
Shared Service Center Models: Explained	4-3
Reporting and Business Units: Overview	4-5

5 Functional Setup Manager

Functional Setup Manager: Explained	5-1
---	-----

6 Financial Subledger Architectures

Financial Subledger Architectures: Overview	6-1
Dashboards and Work Areas: Overview	6-1
Invoice Imaging: Overview	6-1
Oracle Fusion Tax Architecture: Overview	6-2
Subledger Accounting Architecture: Overview	6-5
Reconciling Subledger Accounts Automatically: Explained	6-6

7 Security

Role Based Security: Explained	7-1
--------------------------------------	-----

Preface

This Preface introduces the guides, online help, and other information sources available to help you more effectively use Oracle Fusion Applications.

Oracle Fusion Applications Help

You can access Oracle Fusion Applications Help for the current page, section, activity, or task by clicking the help icon. The following figure depicts the help icon.



With a local installation of help, you can add custom help files to replace or supplement the provided content. Help content patches are regularly made available to ensure you have access to the latest information. Patching does not affect your custom content.

Oracle Fusion Applications Guides

Oracle Fusion Applications guides are a structured collection of the help topics, examples, and FAQs from the help system packaged for easy download and offline reference, and sequenced to facilitate learning. You can access the guides from the **Guides** menu in the global area at the top of Oracle Fusion Applications Help pages.

Note

The **Guides** menu also provides access to the business process models on which Oracle Fusion Applications is based.

Guides are designed for specific audiences:

- **User Guides** address the tasks in one or more business processes. They are intended for users who perform these tasks, and managers looking for an overview of the business processes. They are organized by the business process activities and tasks.
- **Implementation Guides** address the tasks required to set up an offering, or selected features of an offering. They are intended for implementors. They are organized to follow the task list sequence of the offerings, as displayed within the Setup and Maintenance work area provided by Oracle Fusion Functional Setup Manager.
- **Concept Guides** explain the key concepts and decisions for a specific area of functionality. They are intended for decision makers, such as chief financial officers, financial analysts, and implementation consultants. They are organized by the logical flow of features and functions.

- **Security Reference Manuals** describe the predefined data that is included in the security reference implementation for one offering. They are intended for implementors, security administrators, and auditors. They are organized by role.

To supplement these guides, which cover specific business processes and offerings, the following guides address common areas:

Other Information Sources

My Oracle Support

Oracle customers have access to electronic support through My Oracle Support. For information, visit <http://www.oracle.com/pls/topic/lookup?ctx=acc&id=info> or visit <http://www.oracle.com/pls/topic/lookup?ctx=acc&id=trs> if you are hearing impaired.

Use the My Oracle Support Knowledge Browser to find documents for a product area. You can search for release-specific information, such as patches, alerts, white papers, and troubleshooting tips. Other services include health checks, guided lifecycle advice, and direct contact with industry experts through the My Oracle Support Community.

Oracle Enterprise Repository for Oracle Fusion Applications

Oracle Enterprise Repository for Oracle Fusion Applications provides visibility into service-oriented architecture assets to help you manage the lifecycle of your software from planning through implementation, testing, production, and changes. In Oracle Fusion Applications, you can use the Oracle Enterprise Repository for Oracle Fusion Applications for:

- Technical information about integrating with other applications, including services, operations, composites, events, and integration tables. The classification scheme shows the scenarios in which you use the assets, and includes diagrams, schematics, and links to other technical documentation.
- Publishing other technical information such as reusable components, policies, architecture diagrams, and topology diagrams.

The Oracle Fusion Applications information is provided as a solution pack that you can upload to your own deployment of Oracle Enterprise Repository for Oracle Fusion Applications. You can document and govern integration interface assets provided by Oracle with other assets in your environment in a common repository.

Documentation Accessibility

For information about Oracle's commitment to accessibility, visit the Oracle Accessibility Program website at <http://www.oracle.com/us/corporate/accessibility/index.html>.

Comments and Suggestions

Your comments are important to us. We encourage you to send us feedback about Oracle Fusion Applications Help and guides. Please send your suggestions to oracle_fusion_applications_help_ww@oracle.com. You can use the **Send Feedback to Oracle** link in the footer of Oracle Fusion Applications Help.

Overview

Oracle Fusion Financials Concepts: Overview

Oracle Fusion Financial Applications are a subset of Oracle Fusion Applications. They are a family of products designed to capture and analyze financial data on a worldwide basis.

There are two Oracle Fusion Financial Offerings:

1. Oracle Fusion Financials, which include general ledger, receivables, payables, asset tracking, expense management, and cash management functionality.
2. Oracle Fusion Accounting Hub, providing the integration and reporting platform to effectively drive a coexistence strategy with your existing financial systems.

Many features of Oracle Fusion Financials, in particular the Oracle Fusion Accounting Hub, are designed to be deployed in coexistence with E-Business Suite, PeopleSoft, JD Edwards, and other enterprise resource planning systems.

The strategic intent of Financial Applications is to provide a comprehensive integrated financial management solution from beginning to end across the accounting cycle. This solution consists of streamlined and unified best-in-class features and capabilities.

Oracle Fusion Applications help you to transform your business into a next generation enterprise and are based on the following elements:

- Adaptability of the native service-oriented architecture
- Productivity of the embedded intelligence
- Manageability of the implementation and deployment
- Model ability of the enterprise wide business processes

Oracle Fusion Financials provide features for:

- Receivable and collection functionality within the Order Fulfillment process
- Asset Lifecycle Management

- Cash Management
- Payable and payment functionality within the Procurement process
- Financial Control and Reporting including taxation, subledger accounting, general ledger, consolidation, and reporting functionally
- Expenses management functionality within the Compensation Management process
- Multi-GAAP compliance including approaches for simultaneous compliance with corporate and national regulators and standards.
- Currency compliance including capabilities for accounting in denomination and accounting currencies and for translation to functional or reporting currencies as required in compliance with the relevant principles within both the International Financial Reporting Standards (IFRS) and United States Generally Accepted Accounting Principles (GAAP).

Financial Business Process Model: Overview

The business process model (BPM) is one of the driving forces in the design of Oracle Fusion Applications. Oracle Fusion Applications reflect the business processes with which you are familiar, and our publication of knowledge about Fusion is more easily navigated using a BPM approach than a traditional approach. Fusion analyzes the processes at five levels:

- Level zero (L0): A specific industry organized around raising capital, executing a business model, and reporting the resultant income to shareholders or investors. For example, Automotive, Communications, Education, Healthcare, and Utilities, to name a few of the approximately 30 identified industries
- Level one (L1): A specific business process area
- Level two (L2): A specific business process
- Level three (L3): A specific activity
- Level four (L4): Specific tasks involved in an activity

Note

The acronyms L0, L1, L2, L3, and L4 for industry, process area, process, activity, and task are often used as shortcut references.

All industries have an L1 business area defined for financial control and reporting, and within that, an L2 process for closing the period. Part of that is an L3 activity, Closing the General Ledger. The specific steps in closing the general ledger are the L4 tasks. The L4 tasks correspond to tasks and roles in Oracle Fusion Financials, while L0 to L3 provide a navigation structure for all areas of Oracle Fusion, including tasks, support, documentation, and online help.

Oracle Fusion Applications comprises 22 business process areas, most impacting Oracle Fusion Financials. Tools used to model these business process areas include the Oracle Business Process Analysis Suite, and the results are published in the Oracle Business Process Publisher using standard HTML. The BPM content was prepared from competitive analysis, research, and vision. Customer research workshops intensely reviewed the models so customers can adapt the BPMs to suit their circumstances and business processes.

Business Process Modeling carries through to almost every aspect of Oracle Fusion Financials. Business Process Modeling:

- Manages the deployment, upgrade, integration, and configuration of the product
- Provides outlines for Oracle Fusion documentation
- Structures role-based access security so that tasks and activities are assigned appropriately
- Arranges messaging and online help
- Organizes field support efforts to examine and resolve issues
- Provides guidance for Oracle Fusion Sales and Consulting in the Oracle Unified Method and in presales solutions and setup

Enterprise

Modeling Financial Applications for Your Enterprise: Example

This example uses a fictitious global company, InFusion Corporation, to demonstrate the analysis that can occur during the financial applications configuration planning process. It focuses on aspects that are relevant to Oracle Fusion Financials. The wider impact of enterprise concepts are discussed in the Oracle Fusion Applications Enterprise Structures Concepts Guide.

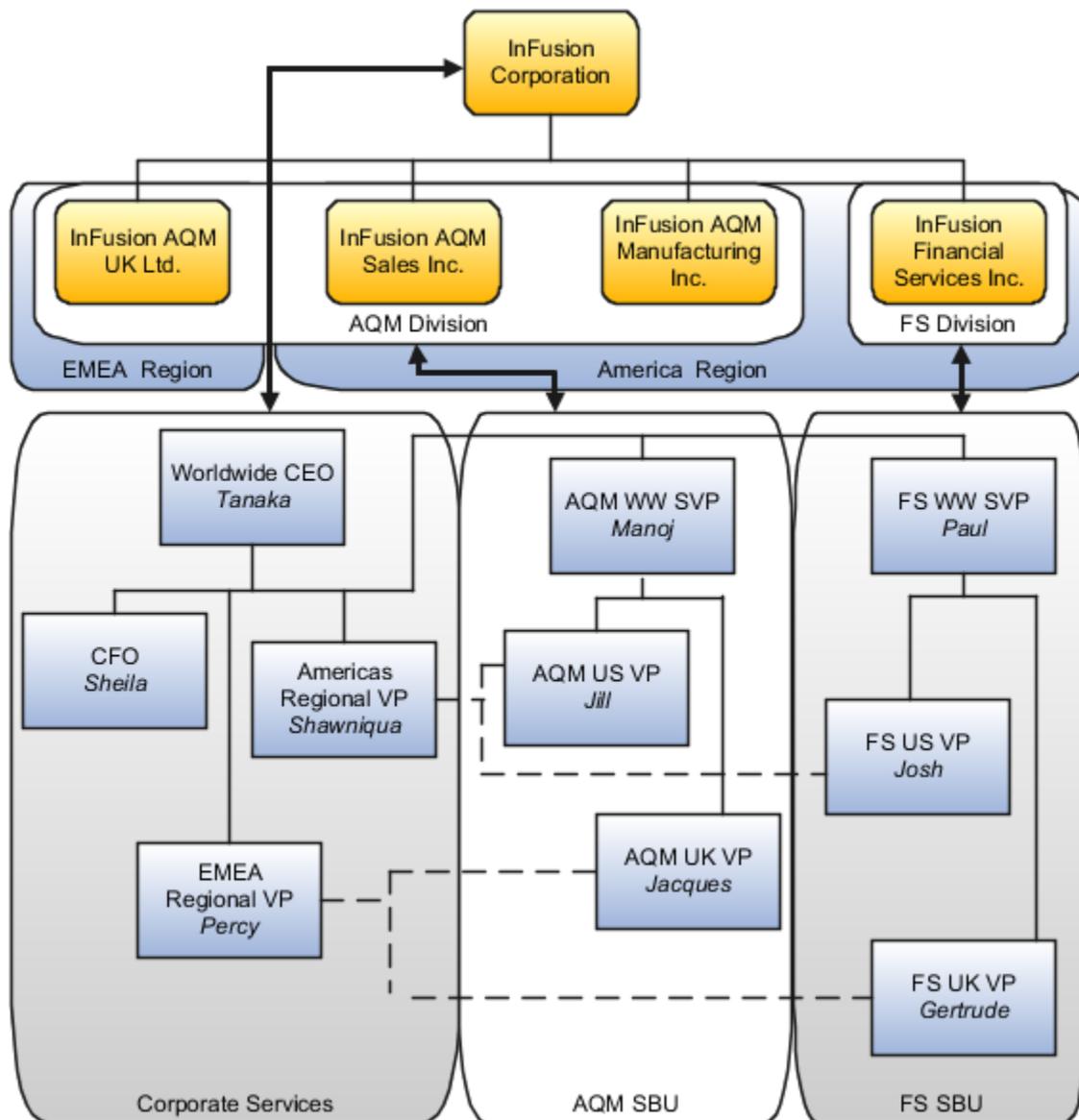
Scenario

Your company, InFusion Corporation, is a multinational conglomerate that operates in the United States (US) and the United Kingdom (UK) and plans to implement Oracle Fusion Financial Applications.

InFusion Corporation

InFusion Corporation has more than 400 employees and revenue of \$120 million. Your product line includes all the components to build and maintain Air Quality Monitoring (AQM) systems for homes and businesses. You also provide financial services to your customers through a separate division.

The following figure illustrates the InFusion enterprise structure.



Analysis

The upper part of the figure illustrates a holding company, InFusion Corporation, who owns or controls four subsidiary companies. Three of the subsidiaries operate the core business, two in the US and one in the UK. The fourth subsidiary, InFusion Financial Services, operates a financial services business.

The lower part of the figure illustrates the management structure. Management of the group is arranged according to a reporting structure in which corporate management reports to the board of directors. The two major business managers manage the AQM and the financial services businesses, respectively, and report to the Chief Executive Officer. Regional business managers are managed primarily (straight line directs) by worldwide business managers, and also have responsibilities (dotted-line) directed by the corporate regional vice presidents, who serve as general managers.

The AQM business, financial services business, and corporate services are each classified as strategic business units (SBUs). The Corporate Services SBU provides common administrative, payroll, and procurement services.

In the preceding figure, the strategic business units are linked by double-headed arrows to the companies that execute the transactions. Three companies enter into transactions that are classified as the AQM division: the US sales and manufacturing companies, InFusion AQM Sales Inc. and InFusion AQM Manufacturing Inc., and the UK sales company, InFusion AQM UK Ltd. One company enters into transactions for financial services exclusively. The holding company enters into transactions that can be classified as either division- or corporate-level transactions.

Financial Representation

Each InFusion company accounts for itself in Oracle Fusion General Ledger. All the companies except InFusion Financial Services, Inc. share the same chart of accounts.

- In the American region, InFusion Corporation, the holding company, and both of the AQM companies share the same ledger. Each company has a unique primary balancing segment value to identify it for reporting.
- InFusion Financial Services Inc. uses a separate ledger and chart of accounts for regulatory compliance reasons.
- InFusion AQM UK Ltd is in the EMEA region, uses Pounds Sterling, and therefore uses a different ledger.
- As the UK and US AQM ledgers differ only in currency, reporting for all of the InFusion AQM and InFusion Corporate business is generated from one balances cube. Reporting for the InFusion Financial Service business is generated from its own balances cube.

Oracle Fusion General Ledger

Oracle Fusion General Ledger, whether deployed with Oracle Fusion Applications or in coexistence as part of the Oracle Fusion Accounting Hub, provides a complete set of accounting features with unprecedented access to data. These features include:

- Three balancing segments providing detailed segment reporting
- Preaggregated balances in a dimensional balances cube reducing inquiry and reporting time
- Allocation Manager allocating costs across the enterprise
- Multidimensional, date effective hierarchies (called trees) providing flexible, organizational reporting
- Financial Reporting Center including Financial Reporting, Account Monitor, and Account Inspector for reporting and inquiry
- Smart View providing the ability to create and refresh spreadsheets to access real time account balance information
- Oracle Business Intelligence Publisher (BI Publisher), Oracle Transaction Business Intelligence, and Oracle Business Intelligence Analytics expanding reporting and inquiry options

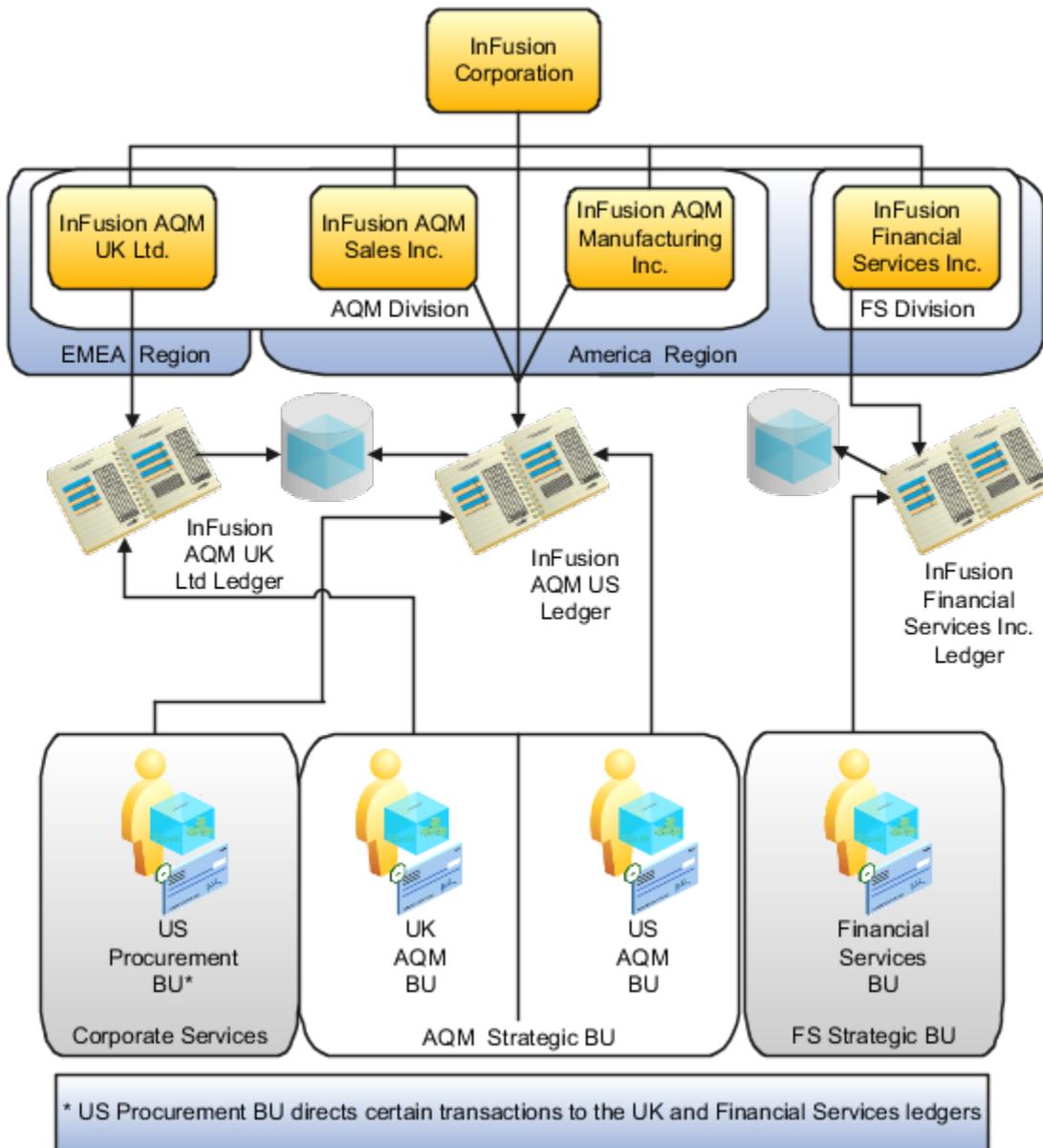
Business Unit Representation

InFusion management has established three strategic business units, Corporate, AQM, and Financial Services, which have the following business unit configuration:

- InFusion Financial Services accounts for itself in an exclusive ledger, therefore, has its own business unit.
- InFusion AQM UK Ltd has one UK AQM BU that tracks and generates transactions accounted to the InFusion AQM UK LTD ledger.

- The US AQM BU serves the sales and the manufacturing AQM companies. Transactions generated by the US AQM BU are accounted for in the InFusion Corporate ledger.
- The US Procurement BU both manages elements of the three corporate companies' (the holding company; AQM Sales; AQM Manufacturing) business as well as processes transactions for the other InFusion companies. The transactions it generates are accounted for in the InFusion Corporate ledger to the balancing segment representing the first party to the transaction. The other companies and their ledger account values are specified on the products and services US Procurement BU procures for them. The accounting is transferred to their ledgers according to the appropriate shared service model.

The following figure illustrates how the InFusion ledgers and business units (BUs) are modeled for the Oracle Fusion Financial Applications.



The Designed Financials Enterprise

Summary:

- Three strategic business units are served by four BUs
- The AQM strategic business unit has two BUs, one in the UK and one in the US.
- Two BUs generate transactions that are accounted for in the US AQM Ledger.
- The US Procurement BU associated with the US Corporate and AQM Ledger directs certain transactions to the BUs of companies that use the Financial Services and UK ledgers for completion.

Oracle Fusion General Ledger

Oracle Fusion General Ledger: Overview

Oracle Fusion General Ledger embeds Oracle Essbase technology to combine traditional general ledger functionality with dimension based reporting functionality. At the time users set up their ledger and complete the accounting configuration, the balances cube is created automatically. Later, if you make a change such as adding a cost center or modifying a date effective hierarchy, the General Ledger uses simple maintenance routines to easily update the dimensions. As transactions or journals are posted, the General Ledger automatically updates the multidimensional cube. Unlike a data warehouse, no batch programs need to be run to populate the balances cube; it happens when the journal is posted.

Oracle Fusion General Ledger also preaggregates balances at every possible summarization level across each dimension of the chart of accounts and accounting periods for multiple date effective hierarchies, which accelerates reporting and inquiry. Reports and analytics are refreshed immediately when an entry is made, without having to run a process or program, because the balances are precalculated and aggregated in real time. Multidimensional analysis is also instantaneous. Users can instantly view reports using different dimensions on the same data, and drill up, down, and through on any parent level.

Intelligence and analytics are embedded within the context of business transactions, such as journal entries, to help users to complete the transactions. For example, before users post a journal, the system indicates the impact the journal will have on the account balances. This eliminates the need to navigate to a separate page to run a query or run a report. End users are not distracted from the task at hand, reporting and process demand is reduced, and they can make smarter decisions in the context of the transaction.

Oracle Fusion Accounting Hub: Overview

Coexistence is the strategy of using the Oracle Fusion General Ledger and Subledger Accounting applications with Oracle E-Business Suite and Oracle PeopleSoft applications and, through an application programming interface (API), with Oracle JD Edwards, without having to perform a full-scale upgrade to Oracle Fusion Applications. This coexistence integration strategy uses the Oracle Fusion Accounting Hub.

The Oracle Fusion Accounting Hub leverages the Oracle Fusion General Ledger. The Accounting Hub provides prebuilt integration with the Oracle E-Business Suite and Oracle PeopleSoft General Ledgers and provides an open API for

Oracle JD Edwards, and third party general ledgers. The Accounting Hub creates the appropriate accounting to meet statutory, corporate, regulatory, and management reporting needs in a controlled and consistent manner. With this integration, you can leverage the Oracle Fusion Accounting Hub's exceptional reporting and analytics platform with minimal implementation effort and without disruption to your current financial management processes.

Two benefits accrue from leveraging this coexistence strategy:

1. First, it reduces your risk. For example, you can continue to use your E-Business Suite and PeopleSoft applications for processes such as your procure to pay or credit to collections without disruptions. You can continue to account for transactions in the E-Business Suite and PeopleSoft General Ledgers without changes to your accounting treatments.
2. Second, the coexistence strategy allows you to take advantage of the next generation of Oracle Fusion applications with minimal costs. You can continue to use your current applications with the Oracle Fusion Accounting Hub and immediately achieve a positive return on their investment by using the expanded reporting and analytical capabilities of the Oracle Fusion Accounting Hub.

Together, the products in the Accounting Hub process accounting adjustments and deliver formatted financial results immediately, faster than you can mentally precalculate them. They provide real time access to adjusted financial information. These capabilities could previously only be achieved using multiple systems and custom integrations. As such, you can avoid extra processing, resources, maintenance, data duplication, data reconciliation, and lag time with the Oracle Fusion Accounting Hub.

Oracle Fusion Accounting Hub Components: How They Work Together

The Oracle Fusion Accounting Hub is a set of accounting tools that provides a complete solution for accurately recording business transactions.

The Accounting Hub uses the following:

- Oracle Fusion General Ledger to process transactions using journal entries, which are posted to update the General Ledger balances.
- Oracle Fusion Subledger Accounting rules engine to account for transactions from Oracle Fusion subledgers, such as Payables, Receivables, Assets, Inventory, and additionally, from other data sources, by applying the desired treatment.
- Advanced intercompany accounting capabilities to provide a framework for effectively recording, managing, and reconciling intercompany transactions.
- Reporting and analysis tools to provide various types of user interaction experience and formatted report outputs to optimally fulfill your business requirements.
- Drill down capability to facilitate user review of summarized balances, drill down to detail balances, and trace balances to the source journal entries and originating transaction details.
- An allocation engine to support complex formulas to distribute revenue and costs throughout the organization by generating journal entries.

- Oracle Hyperion Data Relationship Management, Fusion Edition to map the non-Oracle Fusion organization to your organization's taxonomy or numbering system in Oracle Fusion, if licensed.

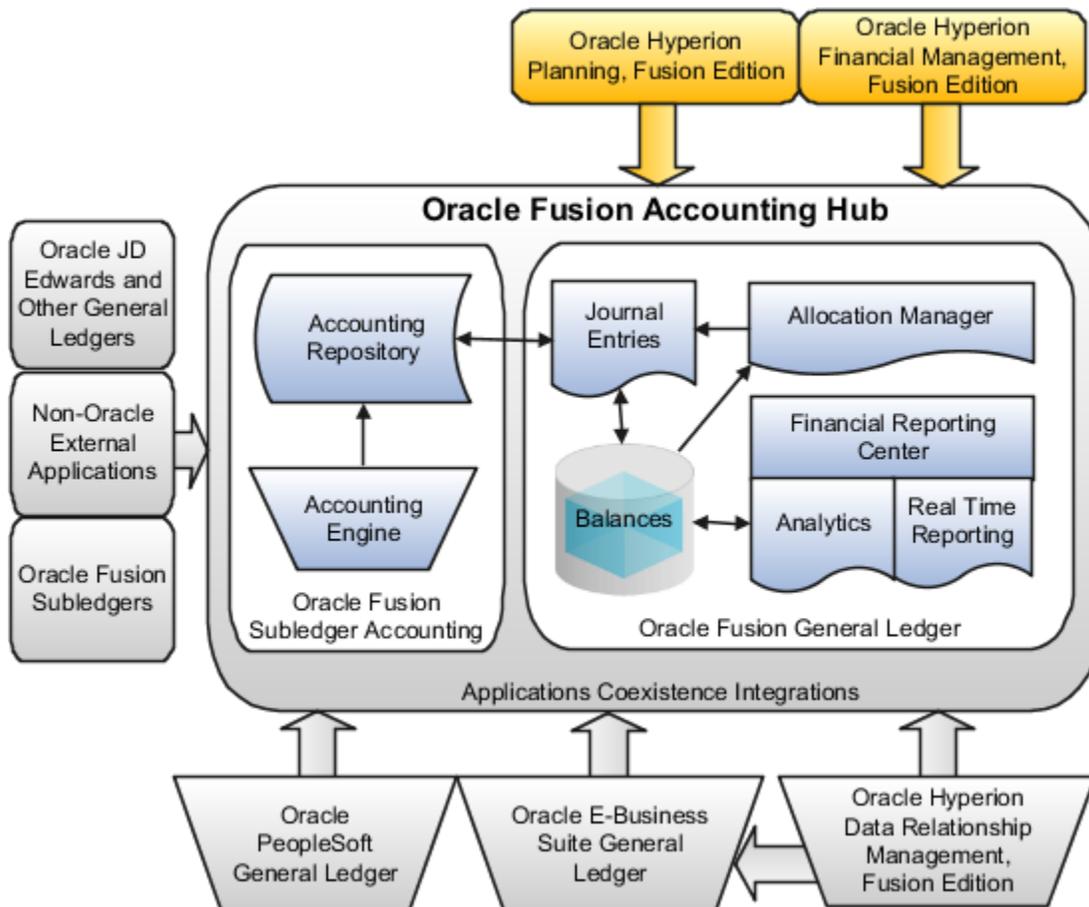
General Ledger Balances

Oracle Fusion General Ledger, which is based on both relational and dimensional database technology, facilitates dimensional analysis and reporting.

Subledger Accounting

The Accounting Hub process begins with accounting from Oracle and non-Oracle subledgers, Oracle E-Business Suite General Ledger, and other general ledgers that are linked to Accounting Hub, and flows through the Oracle Fusion General Ledger. The process ends with complete reporting and analysis solutions. Subledger and general ledger products that generate accounting recognition and valuation events, invoke the Oracle Fusion Subledger Accounting engine through the Create Accounting process to create journals.

The following figure illustrates the working of the Oracle Fusion Accounting Hub. It depicts a hub that transforms and integrates data from external systems, Oracle E-Business Suite, Oracle PeopleSoft, and Oracle JD Edwards General Ledgers as well as Oracle Fusion Subledgers into a controlled financial system. The financial system is capable of superior and real time reporting in itself, and publishes high quality output to Oracle Hyperion Enterprise Performance Management and other products such as, Oracle Hyperion Planning, Fusion Edition, and Oracle Hyperion Financial Management, Fusion Edition.



As indicated in the preceding figure, within the Oracle Fusion Accounting Hub, product integration facilitates the integration with Oracle E-Business Suite and Oracle PeopleSoft General Ledgers, and an API facilitates integration with other systems; Oracle Hyperion Data Relationship Management, Fusion Edition drives the integration of the system taxonomies and master data. Subledger Accounting captures the events, accounts for them under different accounting conventions, posts them in detail or summary to Oracle Fusion General Ledger, and stores them in financially oriented and standardized accounting subledgers. Oracle Fusion General Ledger tracks the accounting at a distilled level that is specified by you, and preaggregates the balances in the balances cube. The Financial Reporting Center provides financial reporting and inquiry with the Account Monitor and Account Inspector. Smart View provides spreadsheet analytics and Oracle Transaction Business Intelligence, Oracle Business Intelligence Analytics, and Oracle Business Intelligence Publisher provide key performance indicators (KPI), dashboards, and flexible reporting.

Oracle Fusion Subledger Accounting creates accounting for external systems and for Oracle Fusion Subledgers.

Using Subledger Accounting in the Accounting Hub provides the ability to exercise granular, transaction level control, and achieve consistency with International Financial Reporting Standards (IFRS) accounting requirements and US Generally Accepted Accounting Principles (GAAP) compliance.

The Accounting Hub's inclusion of Subledger Accounting provides an accounting transformation engine that powers integration in several directions, for example, from different external systems to Oracle Fusion General Ledger or from one general ledger to another. Functionality includes:

- Data captured, along with references from multiple sources, through an open interface, which accommodates a high volume of data.
- Accounting rules created for events, with support for multiple representations.
- Accounting transactions transferred and posted to Oracle Fusion General Ledger where they are aggregated for analysis and financial reporting.
- Transformation engine used to enforce accounting policies and provide centralized control and detailed audit trails, while simultaneously accommodating diverse corporate, management, and reporting requirements.

Note

The Accounting Hub can be deployed in many situations. For example, you could take data from one system and use the Accounting Hub to post it according to US GAAP and IFRS to create two different representations for external reporting.

Data Relationship Management

If licensed, Oracle Hyperion Data Relationship Management, Fusion Edition is used by the Oracle Fusion Accounting Hub to load and synchronize your chart of accounts and date effective hierarchies. For example, Data Relationship Management provides the mapping between your cost centers or natural account codes in an external system and those in Oracle Fusion General Ledger. Alternative chart of accounts and related mappings simplify your analytics and reporting.

Oracle Fusion General Ledger Features

Oracle Fusion General Accounting Dashboard: Overview

Whether you use the Oracle Fusion Accounting Hub in a coexistence environment or the Oracle Fusion Applications environment, the Oracle Fusion General Accounting dashboard is the entry point to the Oracle Fusion General Ledger.

The objective of the dashboard is to present immediately observable information that you need to know and the actions you need to take as you move through the application. Changes, activities, and expectations can be immediately evaluated. Embedded data tabulations provide you with the information that is needed to make better decisions.

The General Accounting dashboard displays information about:

- Items that you or others need to approve
- Items that you need to complete
- Errors that have occurred and the actions that you need to take
- Counts of issues, which assist you in determining the volume of work
- Status of the self-monitoring processes
- Information to quickly resolve exceptions, expedite approvals, and focus on understanding the business results

The first level of reporting appears in the General Accounting dashboard. You can save the data in portlets on the dashboard to a spreadsheet, analyze it using the spreadsheet functionality, and report on it separately.

Account Hierarchies: Overview

General Ledger Account Hierarchies leverage the common date effective tree model employed throughout Fusion Applications. A given segment in the chart of accounts can have multiple hierarchies, and each hierarchy can have multiple versions.

Accountants and analysts can analyze financial results from any accounting period using any version of any account hierarchy.

Three Balancing Segments: Overview

Oracle Fusion General Ledger facilitates the use of up to three balancing segments.

A balancing segment is a segment of the chart of accounts that generates receivable and payable balancing entries between the different values in the segment when the entry crosses those values. The effect is to allow equity to be tracked accurately in each segment.

Following is an example of how balancing a transaction works. Both General Ledger and Oracle Fusion Subledger Accounting also support more sophisticated calculations.

You are accounting for an adjustment that has an impact on three companies and four divisions for which you want to create separate balance sheets: companies 99, 01, and 02 and divisions ZZ, A1, C2, and B3. Your adjustment is a debit in 99-ZZ and credits to 01-A1, 01-C2, and 02-B3.

Account	Debit Amount	Credit Amount
99-ZZ-inventory	\$10,000	
01-A1-inventory		\$1,000
01-C2-inventory		\$3,000
02-B3-inventory		\$6,000

The application adds lines to the entry as shown in bold:

Account	Debit Amount	Credit Amount
99-ZZ-inventory	\$10,000	
99-ZZ-interco-01		\$4,000
99-ZZ-interco-02		\$6,000
01-A1-inventory		\$1,000
01-C2-inventory		\$3,000
01-A1-interco-99	\$1,000	
01-C2-interco-99	\$3,000	
02-B3-inventory		\$6,000
02-B3-interco-99	\$6,000	

As a result, Company 99 is in balance, as are companies 01 and 02. Equally, divisions A1, C2, B3, and ZZ are balanced. The balancing entries are eliminated on consolidation.

In Oracle Fusion Applications, you can deploy three such segments. The first one is called the Primary segment and is required. The intercompany segment, if you use one, is associated with the Primary segment. The Primary segment normally represents legal entities or companies. A value in the segment is assigned to each legal entity during accounting configuration.

The other two balancing segments are optional and can represent other parts of your enterprise, such as divisions or strategic business units. Balancing segments are the appropriate chart of accounts segment to use when you want to monitor an organization's retained earnings and your investment in it, or track its assets, liabilities, and equity (net balance sheet).

Oracle Fusion General Ledger and Reporting

Reporting in Oracle Fusion General Ledger: Overview

Oracle Fusion General Ledger, whether leveraged in an Oracle Fusion Financials implementation or in an Oracle Fusion Accounting Hub environment, underwrites excellent reporting capabilities.

The General Ledger posting process updates your balances and stores these balances in a balances cube for efficient multidimensional analysis. This preaggregated functionality provides for efficient reporting. Oracle Fusion General Ledger uses the balances cube in several reporting paradigms.

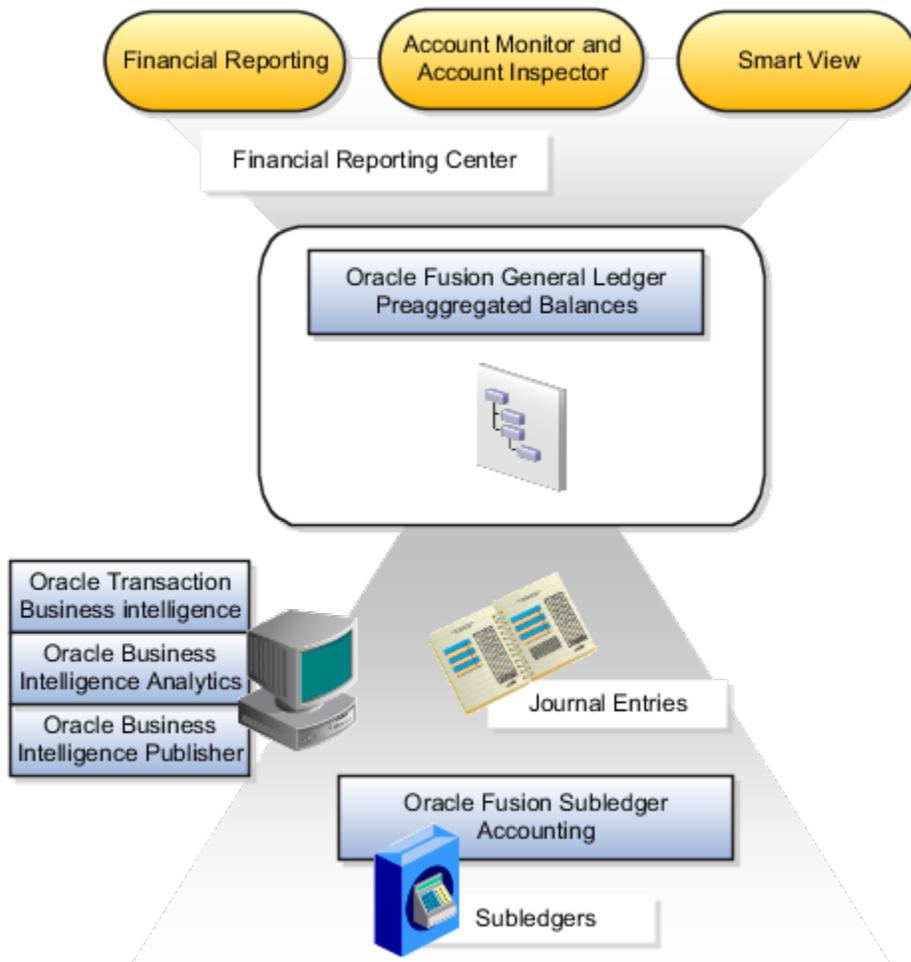
You access reports in several ways in Oracle Fusion Financials:

- The Reports and Analytics work area provides a central place for you to quickly view or run any operational or analytical report relevant to your

work. You can select **Navigator, Tools, Reports and Analytics** to go to the Reports and Analytics dashboard.

- The Financial Reporting Center provides inquiry and reporting through the Financial Reports functionality and the Account Monitor.
- Oracle Hyperion Smart View for Office, Fusion Edition provides access from your desktop spreadsheet product.
- The product work areas provide information users need to perform tasks they need to do. The Account Monitor is located on the General Accounting dashboard, as well as in the Financial Reporting Center. You can view the impact of a general ledger adjustment in the Projected Balances pane of the Create Journals page before completing the transaction.

The following figure illustrates the Oracle Fusion General Ledger preaggregated dimensional balances and journal entries together with the principal reporting capabilities. The Financial Reporting Center includes financial reporting, snapshots, new reports, and dissemination; and the Account Monitor and Inspector provides drill and pivot views of your balances. Smart View provides desktop driven ad hoc, formal, and spreadsheet integrated reports. Oracle Fusion Transactional Business Intelligence provides day-to-day key performance indicators (KPIs) of any item in the Oracle Fusion Financials, Oracle Business Intelligence Analytics for portal monitoring, and Oracle Business Intelligence Publisher (BI Publisher) for formatted reports and documents.



The following table lists some major financial reporting needs and the products and features that you can use in Oracle Fusion Financials to meet those needs:

Reporting Need	Solution
Boardroom ready financial statements with live drill down to your source transactions	Financial Reporting in the Financial Reporting Center
Exception based account monitoring with multidimensional analysis and drill down capability	Account Monitor and Account Inspector in the Financial Reporting Center and from the General Accounting Dashboard
Spreadsheet financial reports with multidimensional analysis, pivoting, and drill down capability	Oracle Hyperion Smart View for Office, Fusion Edition
High volume operational reporting with configurable templates. Examples include Journal Batch Summary, Collections Aging 4 Bucket, Asset Additions, Payables Cash Requirement, and many more.	Oracle Business Intelligence Publisher (BI Publisher)
Ad hoc queries of transactions	Oracle Fusion Transactional Business Intelligence
Key performance indicators (KPIs), metrics, and highly summarized queries from a data warehouse	Oracle Business Intelligence Analytics

Financial Reporting Center: Explained

The Financial Reporting Center is a single point of entry to General Ledger balances financial reporting functions. It provides secure, self-service access to reports that use real time account information.

The Financial Reporting Center provides integrated access to both live and prepublished reports and books, which are collections of reports. You can view:

- Prepublished snapshot reports for point-in-time reporting
- Multiple output formats
- Live financial statements

The Financial Reporting Center also facilitates efficient, secure distribution of reports to authorized individuals. You can perform multidimensional analysis and drill down from any of the live reports.

You can choose to review reports in your preferred format such as, HTML, PDF, or Microsoft Excel.

The Financial Reports functionality includes:

- Running live reports and books in various formats
- Viewing published snapshot reports and books from previously defined and scheduled batches in various formats
- Creating embedded charts and graphs
- Refreshing report data using runtime points of view or parameters

- Expanding or drilling down from any parent to the next parent or child level
- Expanding or drilling down from any child level to detail balances, journal lines, and subledger transactions
- Building multidimensional reports, with multiple hierarchies, using a client based tool, Oracle Hyperion Financial Reporting Studio, Fusion Edition
- Distributing reports automatically across your organization using e-mail or other distribution mechanisms
- Storing reports in a repository folder structure, using various formats, including PDF, HTML, and spreadsheets

Account Monitor and Account Inspector

Account Monitor provides Oracle Fusion General Ledger users with a tabulation of self-selected accounts and balances, with self-defined deviances from standards for those balances. The users can see anomalies against the thresholds that they define. Account Monitor provides efficient monitoring and tracking of key account balances in real time and is continually updated, at every level of the dimension and hierarchy. It is a powerful tool for real time, multidimensional account analysis. It is available in the General Accounting Dashboard and in the Financial Reporting Center.

A user defines tolerance rules in order to create self-monitoring accounts. The output from the rules is presented in a tabulation with various options as to what is shown or hidden. Any accounts that exceed the tolerance limits are automatically displayed, and therefore, eliminate the surprise of account anomalies during your close process and enable your accountant to initiate an appropriate business or accounting response to the implicit situation.

When you select a balance, you can drill down through the multilevel hierarchies, or up to the next parent level. You can navigate directly to any level in the hierarchy and to any detail.

Account Monitor is fully integrated with the online multidimensional analysis tool called the Account Inspector. With the Account Inspector, the user can:

- Perform ad hoc multidimensional pivot table analysis
- Review charts based on the Account Monitor data
- Use drill down from the Account Monitor from any parent to the next parent or child level
- Perform drill down from any child level to detail balances, journal lines, and subledger transactions

Oracle Hyperion Smart View: Explained

Oracle Hyperion Smart View for Office, Fusion Edition provides common Word, PowerPoint, and Excel interfaces designed specifically for Oracle Hyperion

Enterprise Performance Management, Oracle Business Intelligence Enterprise Edition, and Oracle Fusion General Ledger. Using Smart View, you can view, import, manipulate, distribute, and share data in Excel, Word, and PowerPoint interfaces. It is a comprehensive tool for accessing and integrating Enterprise Performance Management, Business Intelligence, and General Ledger content from Microsoft Office products.

Smart View provides the ability to create and refresh spreadsheets to access real time account balances and activity. You can use the Smart View for:

- Ad hoc or free form analysis
- Predefined form interaction
- Report design

Ad Hoc or Free-Form Analysis

Smart View uses the Excel environment to interactively investigate the data contained in the sources. Users start with templates that begin the process or a blank sheet where they begin shaping and altering the grids of data as they use the exposed functionality.

Predefined Form Interaction

As an Oracle Fusion user who executes predefined input or reporting forms, you will find Smart View a convenient way of completing tasks within the Microsoft Office environment. Use Smart View if you have a desire to work in the Excel environment either for consistent experience compared to the web application or to tie other spreadsheet-based models into your process. For example, use Smart View with Oracle Hyperion Planning, Fusion Edition in order to incorporate data that is still housed in spreadsheet and workbook based models.

Report Design

Report design is another dimension of Smart View, which leverages the capabilities of Oracle Fusion General Ledger data. Once the data is available within Smart View you can create reports as needed based on a combination of data sources. For example, planning and financial management data can be used to compare actual to budget. Reports can be made more complex by providing the ability to compare multiple scenarios for different periods. The power of Smart View is used to create reports and is refreshed periodically, as needed.

Smart View provides the ability to create and refresh spreadsheets to access real time account balance information. You can use Smart View to:

- Perform ad hoc multidimensional pivot analysis with full spreadsheet functionality
- Drill down from any parent to the next parent or child level
- Perform drill down from any child level to detail balances, journal lines, and subledger transactions
- Analyze actual, budget, and forecast information

- Increase visibility with charts and graphs
- Apply date effective hierarchies to past, present, or future hierarchies to change the financial data reported in your financial reports. For example, to compare 2010 to 2011 results, realign the data in your 2010 reports by applying the 2011 organization hierarchy.

Reports and Analytics: Overview

Navigate to the Reports and Analytics work area by selecting the **Navigator** then clicking **Tools** and then **Reports and Analytics**. The Reports and Analytics work area contains links to all the reports that you can access.

Report Links

The Reports and Analytics work area contains links to reports and analytics from the Oracle Business Intelligence Presentation Catalog in an organized hierarchy. In the Reports and Analytics work area, business intelligence analysis and dashboards are categorized as Analysis and Oracle Business Intelligence Publisher reports are categorized as Reports.

Multiple instances of the same report but with different parameters may exist in one work area and within the same folder in that area. Links to the same report may be in multiple folders.

Business Intelligence Analysis and Dashboards

In the Reports and Analytics work area, you can view or edit any business intelligence analysis or dashboard. Any changes made to existing reports are reflected wherever the analysis or dashboard is used in Oracle Fusion Applications, unless the changed report is saved in a user's My Folder area.

Business intelligence analyses and dashboards are created from the Reports and Analytics toolbar. They can be saved privately or shared.

Reports and Analytics Products: Overview

The following are additional Oracle Fusion Financial reporting and analysis products:

- Oracle Fusion Business Intelligence Publisher (BI Publisher)
- Oracle Fusion Transactional Business Intelligence
- Oracle Business Intelligence Analytics
- Spreadsheet Integration

Oracle Fusion Business Intelligence Publisher

Oracle Fusion Business Intelligence Publisher provides the ability to create and format high quality reports across Oracle Fusion Applications in general, including Oracle Fusion General Ledger. It applies templates, designed by your users in familiar desktop tools, to standard extracts and reports.

- Report layouts using familiar desktop tools, such as Adobe Acrobat PDF, Word, and Excel
- Ability to create one template to provide reports in many languages
- Reports published in various outputs such as Word, Excel, PDF, RTF, and HTML
- Scheduled reports for delivery to a wide range of destinations

Oracle Fusion Transactional Business Intelligence

Oracle Fusion Transactional Business Intelligence (Transaction BI) is a reporting tool that provides embedded analytics. Transaction BI supports online inquiry for most transactions, reducing the need to build and maintain customized reports. Transaction BI also provides:

- The ability to perform ad hoc queries directly from transactional tables
- Drag-and-drop functionality to build the report layout, and immediately run the report to obtain real time results
- Shared queries and reports using the Report Catalog, a reporting option used to view or save specific definitions

Oracle Business Intelligence Analytics

Oracle Business Intelligence Analytics in Oracle Fusion:

- Supports real time, ad hoc queries from an Oracle Fusion balances cubes and external data warehouses
- Contains prebuilt key performance indicators (KPIs) and metrics that deliver information throughout all levels of the organization
- Preaggregates data to summarize information across multiple data sources for faster queries

Spreadsheet Integration

Throughout Oracle Fusion General Ledger and Oracle Fusion Financials, in addition to the spreadsheet features in Financial Reporting, Account Monitor and Account Inspector, Smart View, and Business Intelligence, you can transfer data easily and promptly to spreadsheets. Watch for the XLS icon on the toolbar associated with a tabulation of data. Selecting the icon creates a spreadsheet tab with the displayed information.

Oracle Fusion Financials facilitates importing data by using prepared spreadsheet templates that include validation and control features.

Caution

When working with these spreadsheets, changes are not recorded in Oracle Fusion Applications until the spreadsheet is uploaded. The upload will appropriately fail unless users follow the conventions, statuses, search requirements, refresh requirements, and other instructions associated with the spreadsheet.

Business Units and Shared Service Centers

Business Units: Overview

A business unit (BU) reflects the deployment of management to drive the business.

When the transactions in a business unit have met recognition and valuation criteria, that is, are ready for accounting, they will be accounted for in your subledgers and general ledger. The choice of ledger is dependent on the BU that developed the business transaction.

Business transactions generated in a particular business unit are said to be partitioned or held separately from business transactions generated in other business units. This provides for a control on access to that data, and provides operational limits to the options used in the tracking and creation of that data. For example, invoices in one BU might be prepared under the regulations applicable in country A, and those in another might be prepared under the regulations of country B. Partitioning reduces the error rate, because, unless facilitated by specific features, data in one BU cannot be associated with data in another BU.

In general, transactions from a given business unit are accounted for in one particular general ledger. Accounting originating in many business units can be entered in the same ledger. You expressly assign each business unit to one primary ledger. The particular general ledger associated with a specific business unit is always used to account for documents processed by the BU, such as payables invoices.

Note

This assignment of a BU to a primary ledger is mandatory for those BUs with business functions that produce financial transactions

A business unit can support one or many business functions. An example of a business unit supporting one business function might be a procurement business unit that only performs procurement transactions. An example of a BU that contains many business functions is a BU that represents an overseas sales subsidiary. The transaction data that a BU holds is based on the business flows it supports.

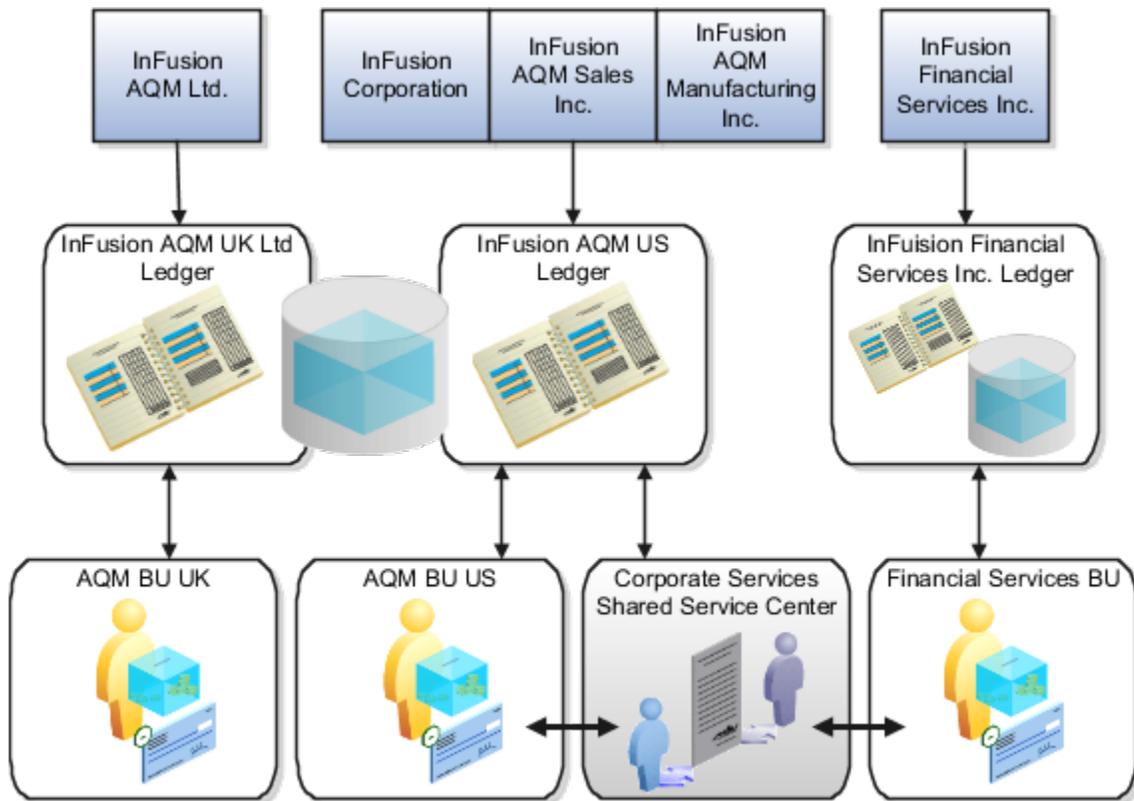
BUs track business flows and process transactions entered into by one or more companies or legal entities. Certain business units can complete certain business flows initiated in other business units. In a procurement business unit, you can specify other business units to complete and account for the transaction. For example, a procurement BU can place orders for goods or services, and specify another company (legal entity) and business unit to accept delivery and invoicing for that order.

Business Units and Ledgers: Example

Business units (BUs) track business flows and process transactions incurred by companies or legal entities on behalf of management. They also support business flows from other business units.

Scenario

The following figure illustrates a potential company, business unit, and ledger relationship using the fictitious InFusion Corporation and its associated companies.



The five InFusion companies operate through four business units, which are used to track business that is accounted for in three ledgers and reported from two balances cubes.

- InFusion AQM Ltd. uses a different currency than the parent and domestic companies. Its own BU develops its business transactions at an overseas operation. InFusion AQM Ltd accounts for itself in its own ledger.

- InFusion Corporation, InFusion AQM Sales Inc., and InFusion AQM Manufacturing Inc. account for themselves using balancing segments in a single ledger in the domestic currency.
 - Transactions are accounted for in this ledger from a BU that is exclusively dedicated to the ledger.
 - Transactions are also accounted for in this ledger that were initiated in the by Corporate SSC (Shared Service Center). using its Procurement BU.
 - Transactions in the procurement BU for InFusion AQM Sales Inc. and InFusion AQM Manufacturing Inc. are completed and accounted though the dedicated BU.
 - Transactions incurred by InFusion Corporation in the Procurement BU are accounted for directly in InFusion Corporation's balancing segment in the ledger it shares.
- The ledger containing InFusion AQM Ltd. and the ledger containing InFusion Corporation, InFusion AQM Sales Inc., and InFusion AQM Manufacturing Inc., both share a chart of accounts, and therefore use a single balances cube.
- InFusion Financial Services Inc. uses a different chart of accounts and so accounts for itself in a separate general ledger and balances cube. Its transactions originate from its own BU and the procurement BU operated by InFusion Corporation.

In summary, the figure shows four of the many different working relationships between companies, business units, and ledgers that can be implemented:

- One company, one BU, one ledger
- Many companies, one ledger, many BUs
- One procurement BU, many ledgers
- Many ledgers, one balances cube

Shared Service Center Models: Explained

Business Units (BUs) are designed to reduce cost by facilitating the sharing of services. A shared service is a service provided to companies in a group by one of the companies in the group in compliance with a formal intercompany agreement called a service level agreement. Within a large single company, informal service level agreements and shared service centers are used to manage arrangements between internal service groups. Service sharing eliminates duplication of work and ensures consistency across a group of companies.

An example of a formal shared service center is InFusion Corporation (a California corporation) provides information technology (IT) services to Infusion Financial Services, Inc. (a New York corporation), InFusion AQM Manufacturing, Inc., and InFusion AQM Sales, Inc. (both Delaware corporations). InFusion Corporation and its client companies have a formal SLA to provide these services at a fair cost.

An example of informal shared services is the Austin Information Technology (IT) providing IT services to the Credit and Collections department in New York City, the Manufacturing department in Torrance, and to the Corporate Headquarters in Des Moines, all departments under one company, InFusion America, Inc. Although there are no parties to the service level agreement, a service level agreement-like document is used to evaluate the performance of the Austin IT services. Strictly speaking, informal shared services are not shared services, but the term is often used that way.

BUs are used to model both formal and informal shared service arrangements. Oracle Fusion Applications permits defining relationships between business units to outline which business unit provides services to the other business units.

Three fundamental models of shared service centers are all equally well supported in Oracle Fusion Applications:

- Personnel Provider, Shared Service Center staff log on to client companies' BUs to act
- Service Provider, Shared Service Center company provides services to client companies
- Warehousing Provider, Shared Service Center company buys and holds goods until client company buys from them

Personnel Provider

The shared service center can use data access from Business Unit Security, known in Oracle E-Business Suite as Multi-Org Access Control, to provide the shared service center personnel with access to other entities' BUs to initiate and close transactions incurred by many different companies and accounted for in their individual or shared ledgers.

This is available whether or not the Shared Service Center is incorporated separately from client entities. If it is incorporated separately, key performance indicators (KPIs) are available that enable the Shared Service Center to determine satisfaction and bill the clients for the work done as appropriate.

Service Provider

In Oracle Fusion Applications version 1.0, the service provider model centralizes the procurement business function. BUs that have the requisitioning business function enabled can define relationships with BUs that have the procurement business function enabled. These service provider BUs will process requisitions and negotiate supplier terms for their client business units.

This functionality is used to frame service level agreements and drive security. The definition of service provider relationships provides you with a clear record of how the operations of your business are centralized.

The shared service center's business unit initiates transactions that are closed in the client's business unit. The shared service center initiated financial transactions are incurred by the client company rather than shared service center's company, and accounted for in the client company's ledger.

For example, a shared service center can initiate the procurement activity by processing requisitions and purchase orders on behalf of the requesting BUs,

who then close the transactions by receiving the goods or services, recording the payable, and paying the invoice from their own company.

In initiating the procurement process, the Shared Service Center acts as an agent for the procuring companies. The purchaser and owner of the goods or services and holder of the liability are defaulted from the target BU as nominated during the procurement process.

As with the Provisioning Personnel model, KPIs are available that provide data for the calculation of the shared service center's cross-billing to the client companies.

Warehousing Provider

The shared service center company can use its own business unit to enter into transactions, close the transactions, account for them, and post them in its ledger. The shared service center can then use intercompany processing to sell the goods or services to other companies in their group.

Reporting and Business Units: Overview

The concept of a business unit (BU) is a different concept than the concept implicit in a value in the chart of accounts.

Chart of account values have a taxonomical reference. That is, if you have assigned the natural account value 8000 to Revenue, you can expect it to mean revenue for all companies that assign that value to a transaction amount, and you can expect to be able to aggregate all of the 8000s to calculate total revenue. Accounting processes ensure that, at the point of the close, the balance in the total of the 8000s meet the corporate and Generally Accepted Accounting Principles (GAAP) definition of revenue, and is stated accurately.

The same principle applies to the other chart of account values, such as cost center and balancing segment. A cost center identified as France-Finance may have the same cost center code as one identified as Germany-Finance so that Finance Cost can be aggregated worldwide.

Chart of accounts values are attached to data in different environments so that they can be aggregated in the consolidation process.

Business transactions generated in a particular business unit are said to be partitioned or held separately from business transactions generated in other business units. BUs distinguish one set of transactions from another by keeping them distinct from each other. They are not reporting codes that can be attached to data in different environments in the way chart of account values can be attached.

Because of this, reporting for BUs has certain characteristics that influence how you report on them.

- Many subledger reports run against BUs. For example, an AR Aging is typically run against a particular BU. With Business Unit Security, subledger reports can be directed to run against many BUs.

- BUs can be deployed to represent the element of a strategic business unit (SBU) that is accounted for in a given ledger. To aggregate a worldwide profit and loss statement and balance sheet for the SBU, the relevant BUs can have their transactions default to balancing segment values that roll up to the SBU.
- BUs can be deployed in the service of informal shared service centers within a large legal entity. The shared service center's transactions will be reported by the SBUs it serves, rather than itself, and the shared service center BU's expenses will be reported by the cost center, for example, IT or Finance that operates the BU. It is unlikely that such a BU has its own balancing segment value.
- BUs can be deployed in the service of a particular legal entity. It can be convenient to limit subledger localizations and compliance to a particular company using a BU or selection of BUs. Often, the company code in the legal balancing segment corresponds to the BU's transaction data, and no further reporting code is required. Sometimes, you might wish to create general ledger reporting in respect of a BU, and assign a BU a unique balancing segment value.
- BUs can be deployed in a shared service model when a formal shared service center serving several companies (clients) is provided services by another group company (provider). Businesses at the clients report the shared service transactions in their ledgers through their own BUs and balancing segment values. The Shared Service Center reports itself as a legal entity using or sharing a ledger and balancing segment values. The shared service center optionally can deploy a unique BU for its own revenue and expenses.
- A worldwide business, division, or strategic business unit uses balancing segment values to create dimensions in General Ledger and perhaps in Oracle Hyperion Financial Management, Fusion Edition that allow it to aggregate its income and balance sheet statements. In doing so, it might deploy the General Ledger trees feature and Oracle Hyperion Data Relationship Management, Fusion Edition capabilities. It will manage and drive its subledger transactions through BUs associated with the ledgers of the companies that transact on its behalf.

At manufacturing locations and in companies operating in large markets, a business might have:

- Sufficient subledger volume to deploy its own BUs
- A distinct registered company (legal entity)

Such decisions are based on the degree to which the market requires management attention, a group has invested in assets or inventory, has exposure to income taxation, and so on.

In small markets, it might share a BU with other businesses in the same market, and many times, a group will have a single in-country company transacting for many businesses from a single business unit.

Both of these situations are well served by the chart of accounts elements. In the large cases, the BU defaults its entries to a balancing segment value.

In the small cases, the BU assigns each entry to a different balancing segment value.

Functional Setup Manager

Functional Setup Manager: Explained

To set up your companies, ledgers, and business units (BUs), Oracle Fusion Applications provide the Functional Setup Manager. The Functional Setup Manager empowers enterprises to decentralize the change management process and enables business users to change Oracle Fusion applications to fit their evolving business needs, because, in today's global economy, companies need to constantly change their business processes to survive. The enterprise applications need to change frequently and rapidly to match changing business needs.

Functional Setup Manager:

- Provides a predefined, guided list of tasks for a full end-to-end visibility to all setup requirements enabling business users with self-service to implement quickly what they need and when they need it.
- Provides configurability of the Oracle Fusion offerings to mold the offerings to fit the business needs.
- Provides the export and import capability to let companies setup one instance and reuse it several times.
- Provides a guided process making it easy to navigate through planning, implementation, deployment, and ongoing maintenance.
- Provides a set of comprehensive reports to give full visibility to setup at any time.

An example of intuitive set up and configuration is the area of allocations. For example, accountants need to understand the source and target balances, and specify calculations using different dimensions. Oracle Fusion delivers the graphical, wizard-driven rule designer that simplifies creating allocations in a multidimensional environment.

Functional Setup Manager Process

Functional Setup Manager is a one stop planning to deployment application that enables a rapid start of Oracle Fusion applications implementation. It provides a

single interface for all of the setup and maintenance phases across the complete life cycle.

The different phases in the Functional Setup Manager process are:

- Getting Started
- Setting Up the Task List Manager
- Setting Up Import and Export
- Maintaining the Functional Manager

Getting Started

This phase is also known as the Plan and Configure phase. It is the first phase in the process.

In this phase, the implementation manager:

- Plans and discovers what offerings, options, and features are available in Oracle Fusion applications
- Researches the requirements
- Analyzes the impact of the change
- Selects the most suitable offering, options, and features based on the requirements
- Creates the implementation project and assigns tasks

Setting Up the Task List Manager

This phase is also known as the implementation phase. In this phase, the functional user:

- Reviews and executes assigned setup tasks
- Updates the status of the tasks
- Adds attachments and notes
- Validates the implementation

Setting Up Import and Export

In this phase, the implementation manager:

- Creates configuration packages and exports setup data
- Imports the configuration package in another instance
- Analyzes setup data reports

Maintaining the Functional Manager

In this phase, the functional manager:

- Maintains the environment with ongoing setup changes
- Updates setups due to event or time-based changes

Financial Subledger Architectures

Financial Subledger Architectures: Overview

Oracle Fusion Financials enjoys a solid foundation of subledger functionality and architectures, in addition to the business unit architecture. These subledger architectures include:

- Work areas functionality
- Invoice imaging function
- Tax architecture
- Subledger accounting functionality

Dashboards and Work Areas: Overview

Oracle Fusion Financials embraces the concept of dashboards to bring the work that needs to be done and the information needed to do it to the front and center of each user's attention.

All Oracle Fusion Financials applications deploy dashboards. On a dashboard, work areas display tabulations of the tasks that a given role needs to accomplish. These are updated by incoming work load in real time. In Payables, for example, newly scanned invoices are tabulated for the Payables Specialist to process. In General Ledger, the accounts monitored by the accountant are updated at each journal posting. In Receivables, new invoices and receipts pending further actions are listed for the Billing Specialist and Receivables Specialist to process.

The tabulations are designed to be easily adjusted to suit your needs in several ways and can be modified, prioritized, and even replaced. Portlets to other Oracle and non-Oracle sources can be added.

The work areas monitor processes and provide updates on status. Items awaiting approval, for example, are listed, as are items with issues, such as incomplete invoices and unposted journals. Social tools are available, so that any person who needs to act, such as an approver, can be contacted immediately. The tabulations support searching by example, saved searches, export to spreadsheet, and other actions, so that the work can be moved along without using menus or navigating away from the work area.

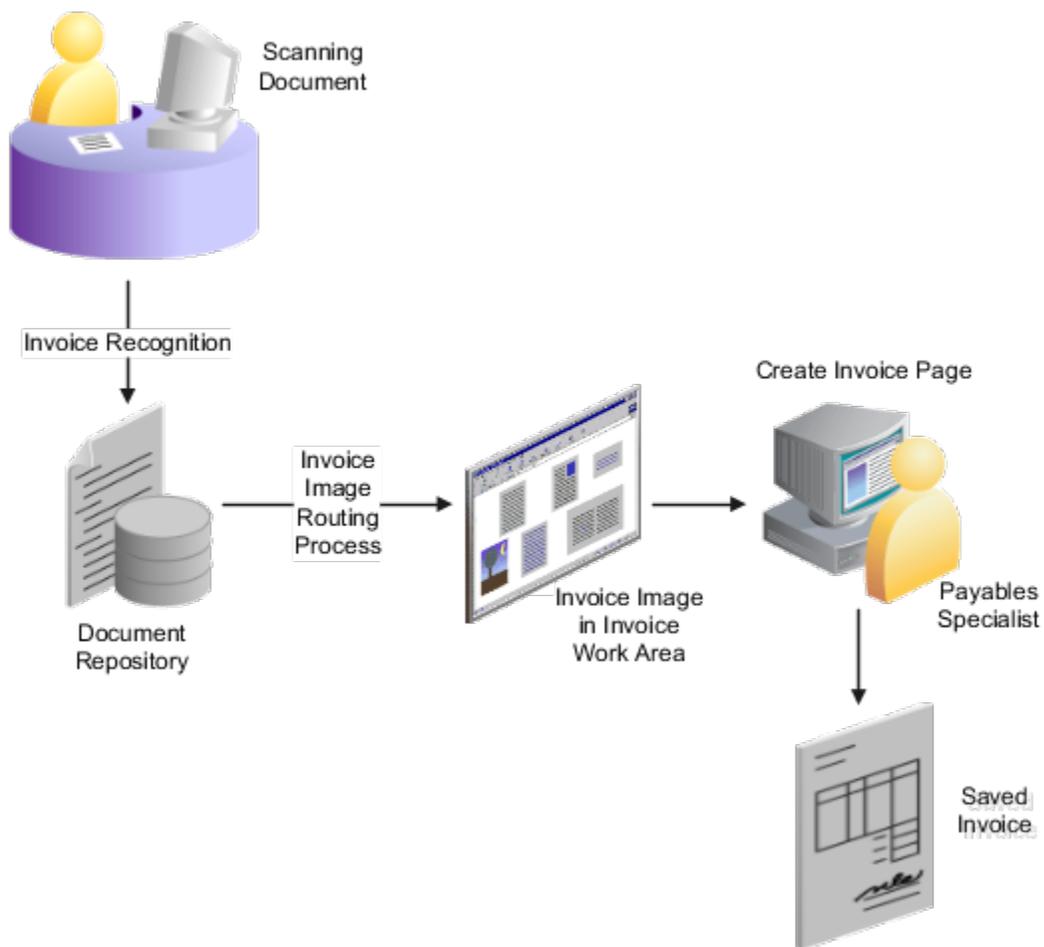
Invoice Imaging: Overview

In Oracle Fusion, image scanning is not just a plug in or add-on. The accounts payable process has been rearchitected to simplify data capture and eliminate work costs and activities.

You can scan the invoice from any location, for example, from Leeds in England or San Diego in US, that is, decentralized scanning. The scanned invoice is routed to the shared service center in any part of the world for centralized processing. The image is read by the system through smart optical character recognition centrally and the invoice data pages are largely prepopulated from the images. Imaging and routing facilitates speedy processing, as the invoice is complete and appears immediately in the work area of the Accounts Payables (AP) specialists. The AP specialists can compare the image and the data before approving it.

Oracle Fusion Applications manages the file network system, document repository, image processing server, and the routing process with little or no human involvement.

The following figure illustrates how images are processed.



Oracle Fusion Tax Architecture: Overview

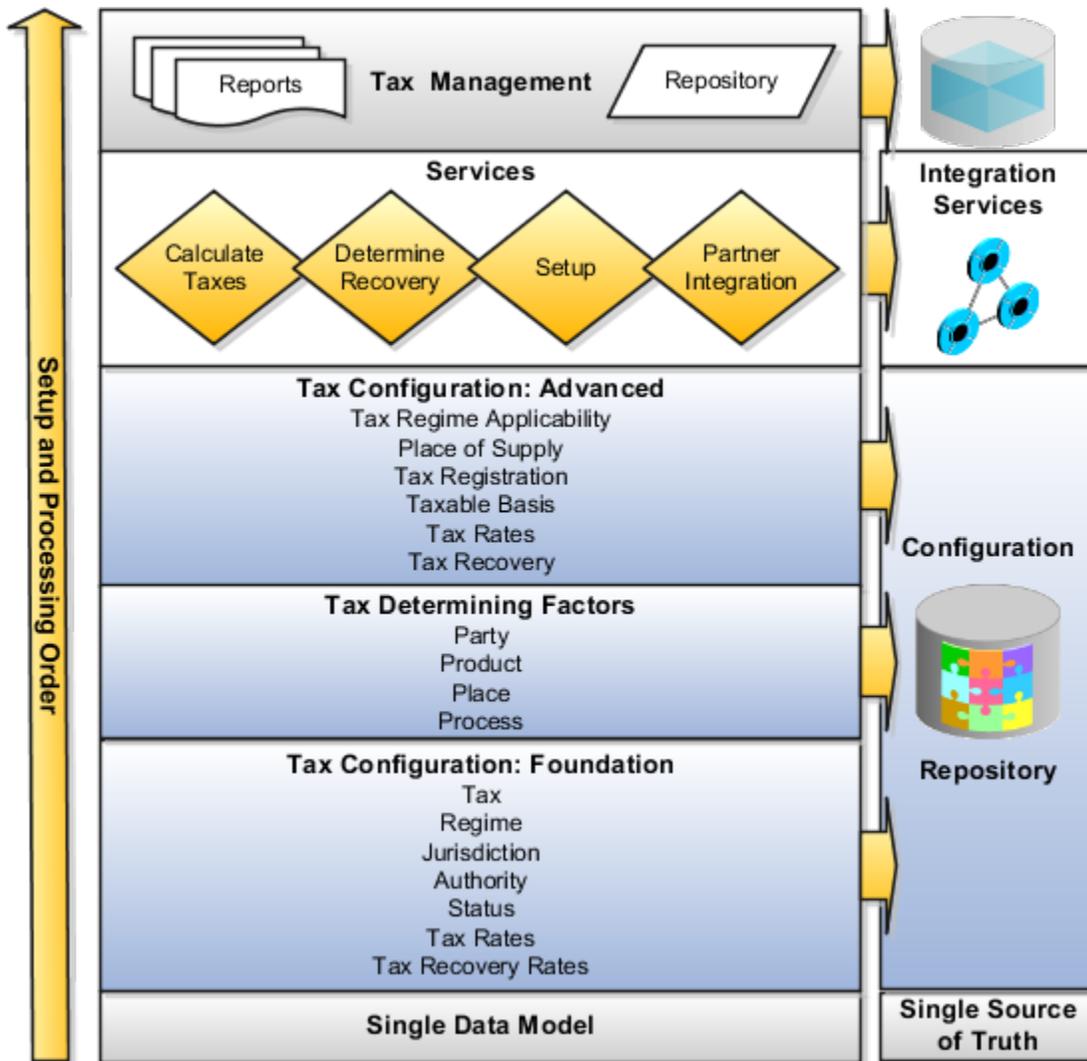
Countries, states, and federations around the world derive substantial parts of their income by taxing business transactions. A major part of your operating cost is compliance with various transaction tax rules and regulations. There are many kinds of transaction taxes, including sales tax, value-added tax (VAT), goods and services tax (GST), and customs duties.

Oracle Fusion Tax empowers you to focus on tax calculations even for transactions that include locations remote from the taxing jurisdiction. Friendly user interfaces aid you to rapidly familiarize yourself with your transaction tax details in Oracle Fusion Tax.

The tax architecture includes the following tiers:

- Tax Configuration: Foundation
- Tax Determining Factors
- Tax Configuration: Advanced
- Services
- Tax Management

The following figure illustrates the different tiers of the tax architecture.



The Tax Configuration: Foundation tier consists of:

- Tax regimes and taxes, such as GST, VAT, and sales tax

- Tax jurisdiction and tax authorities, such as California and Ireland
- Tax status of different types of transactions, such as taxable or nontaxable transactions
- Tax rates including recovery rates

The Tax Determining Factors tier identifies the factors that participate in determining the tax on an individual transaction. These taxability factors are:

- Parties to the transaction, such as your companies, vendors, and customers
- Products such as food, books, automobiles, and furniture, with each product having a different tax arrangement
- Places of shipment and delivery
- Business processes involved, such as sales, purchases, and inventory management

For example, you could be a legal entity registered for tax in Illinois and selling a product to another legal entity that is registered in Toronto. To sell your product, you must take into account, the following taxes:

- Illinois sales taxes
- US export taxes
- Canadian import taxes
- Toronto taxes

The processes can be internal. For example, the internal processes for determining tax can be different when cars are sent for painting versus when they are sent for washing.

The Tax Configuration: Advanced tier leads you away from mainstream compliance into specialist cases. For example, the advanced configuration includes setting up tax rules to determine:

- Tax regimes
- State sales tax versus a national customs tax
- Shipment and delivery details
- Registrations, both yours and your customers and vendors
- Tax basis that results from the combinations of the above considerations
- Tax rates and recovery rates

Tax or recovery is calculated based on these and other factors. Tax recovery uses the Services tier to return the appropriate tax or recovery for the product to the entity requesting it. Other services include setup and partner integration services. Third-party tax partners deliver external data, such as tax rates, simplifying your tax processing.

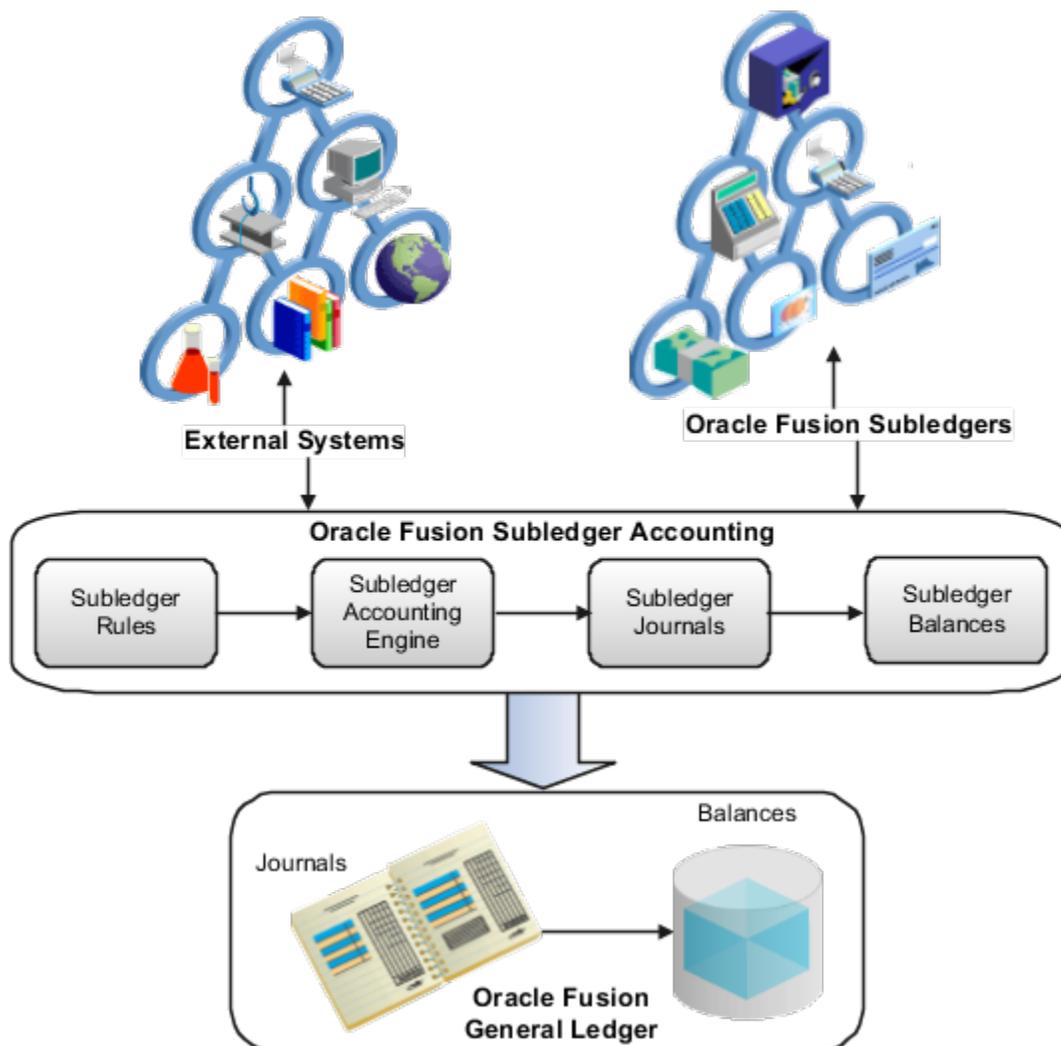
The Tax Management tier includes:

- Transaction taxes and related data that are stored in tax repositories and are delivered with reports. Standard reports are provided that you can use or copy to customize to meet your tax reporting requirements.
- Configuration data that is stored in a configuration repository. Tax records are stored in a tax record repository.

Subledger Accounting Architecture: Overview

Oracle Fusion Subledger Accounting takes data from both external and Oracle Fusion applications and accounts for that data in Oracle Fusion General Ledger, populating the balances cube and preparing data for the sophisticated reporting capabilities available in the General Ledger, as shown in the following figure. As a result, Subledger Accounting is a key part of the Oracle Fusion Accounting Hub.

The following figure describes the working of Subledger Accounting.



Subledger Accounting uses a set of rules that it applies to subledger transaction data to determine the accounts to which the data is posted, and to format and present the entries appropriately. Using the rules, the Subledger Accounting engine generates subledger journals and stores them in the subledger accounting repository, as the preceding figure illustrates. It creates subledger balances by customers and vendors. Subledger Accounting populates the subledger balances and creates general ledger journals based on the frequency, detail, and formatting options that you specify. The general ledger journals are recorded in the general ledger balances table and cube.

Subledger Accounting is capable of generating entries for the same data according to different rules, facilitating reporting compliance to different conventions, such as statutory and corporate, or such as the old and the new principles when a new accounting principle is promulgated. It is anticipated that the Convergence of International Financial Reporting Standards (IFRS) and US Generally Accepted Accounting Principles (GAAP) will involve retrospective reporting under Leases, Revenue Recognition, and Financial Instruments for all US GAAP and IFRS filing groups between 2011 and 2017.

This capability of generating entries for the same data according to different rules can also be used to create both thick and thin general ledgers for the same business.

Reconciling Subledger Accounts Automatically: Explained

Powerful account reconciliation tools include automated reconciliation of key payables and receivables subledger balances to the General Ledger.

The subledger transactions must be accounted and posted to the General Ledger as a prerequisite to the reconciliation process. The posting process updates the General Ledger balances after which reconciliation reports can be run to start the reconciliation process.

Oracle Fusion Payables and Oracle Fusion Receivables enable you to quickly reconcile your General Ledger to these subledgers. Compare the open payables and receivables balances in the subledger modules to their corresponding account balance in your General Ledger for a given accounting period.

Exceptions are automatically identified.

Comprehensive Account Analysis reports include beginning and ending account balances along with all journal entries that constitute the accounts activities, and contain activity source, category, and references, which are fully documented to easily trace back to the origin of the balance.

The Payables to Ledger Reconciliation and the Receivables to Ledger Reconciliation reports expand account balance information from summarized to detail data for optimal reconciliations. There are other reports that aid in the reconciliation process.

Subledger reconciliation is easiest when several best practices are followed. There is a discussion of the most relevant information in *Reconciling Accounts: How It Works with the Subledgers*.

Note

The specific subledger to ledger reconciliation reports are designed for the automatic reconciliation process and therefore not available for editing. It is straightforward to create similar reports. The Payables to Ledger Reconciliation report is designed for use in conjunction with the AP Trial Balance report.

Role Based Security: Explained

Oracle Fusion Financial Applications contains a new paradigm for security: role-based security. The concepts involved include:

- Job roles and their types
- Duties
- Privileges
- Functional security
- Data security

Functional security establishes that before a user can perform a duty associated with a job role, the user must have the appropriate privileges assigned. This three-way link between user, role & duty, and privilege is the core concept of functional security.

Data security interacts with functional security to limit access to these financial areas that you specify:

- Business units for subledger documents
- Ledger for general ledger journals and balances
- Asset book, for property, plant, and equipment
- Intercompany organization for intercompany activities

In Oracle Fusion, users may have several different roles. For example, a user may have an employee role, an accountant role, and a manager role.

Each of these roles grants the user with specific and different privileges. For example, the accountant role may grant the user a set of privileges that are different from the privileges associated with the manager role.

As an accountant, the user may also have data access to ledgers that might not be accessible with just being a manager.

Roles have different aspects: data, duty, job, and abstract. Data and job roles are assigned directly to individuals through the Oracle Identity Manager, and

specify to which job areas and data the individuals have access. Duty roles are associated with job rules, not individuals, using the Oracle Authorization Policy Manager.

A data role is a job role with a security dimension, and calls out the data access very explicitly. By comparison, job roles and abstract roles can be assigned without specifying data access, but often incorporate implicit security. For example, employees can only edit their own expense reports.

Glossary

dashboard

Collection of information summaries that enable users to monitor different objects and data within a functional area of interest, based on the user's roles. It offers quick navigation to a work area or transaction page.

financial reporting book

Comprised of reports and other documents such as text, PDF, PowerPoint, Excel and Word files. When run, the report data is dynamically retrieved from the database; the snapshot data remains static.

Oracle Essbase

Stores balances from multiple data sources in multidimensional cubes. Users interact, report, and analysis data in real time and along business dimensions and hierarchies.

snapshot report

Read-only reports previously run. Data is static as of the specific run time.

tree

Information or data organized for display into a hierarchy with one or more root nodes connected to branches of nodes. Each node corresponds to data from one or more data sources. A tree must have a structure.

work area

A set of tasks, reports, business intelligence, searches, and other content that a user needs to accomplish a business goal.