

Oracle® Fusion Applications Financials Concepts Guide

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Oracle® Fusion Applications Financials Concepts Guide

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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:

Guide	Intended Audience	Purpose
Common User Guide	All users	Explains tasks performed by most users.
Common Implementation Guide	Implementors	Explains tasks within the Define Common Applications Configuration task list, which is included in all offerings.
Information Technology Management, Implement Applications Guide	Implementors	Explains how to use Oracle Fusion Functional Setup Manager to plan, manage, and track your implementation projects, migrate setup data, and validate implementations.
Technical Guides	System administrators, application developers, and technical members of implementation teams	Explain how to install, patch, administer, and customize Oracle Fusion Applications.

For guides that are not available from the Guides menu, go to Oracle Technology Network at <http://www.oracle.com/technetwork/indexes/documentation>.

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.

The Oracle Fusion Accounting Hub is 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 accounting and reporting within the Asset Lifecycle Management process

- Cash management functionality within both the Order Fulfillment and Procurement processes
- 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.

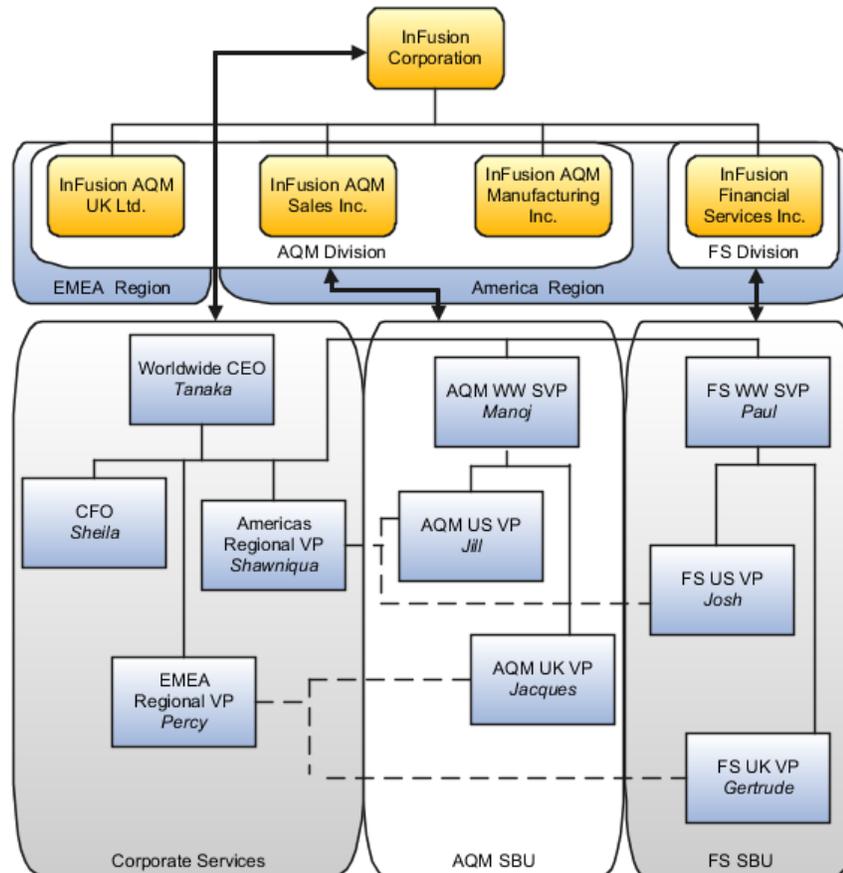
Scenario

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 and uses pounds sterling. InFusion AQM UK Ltd therefore uses a separate sterling 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

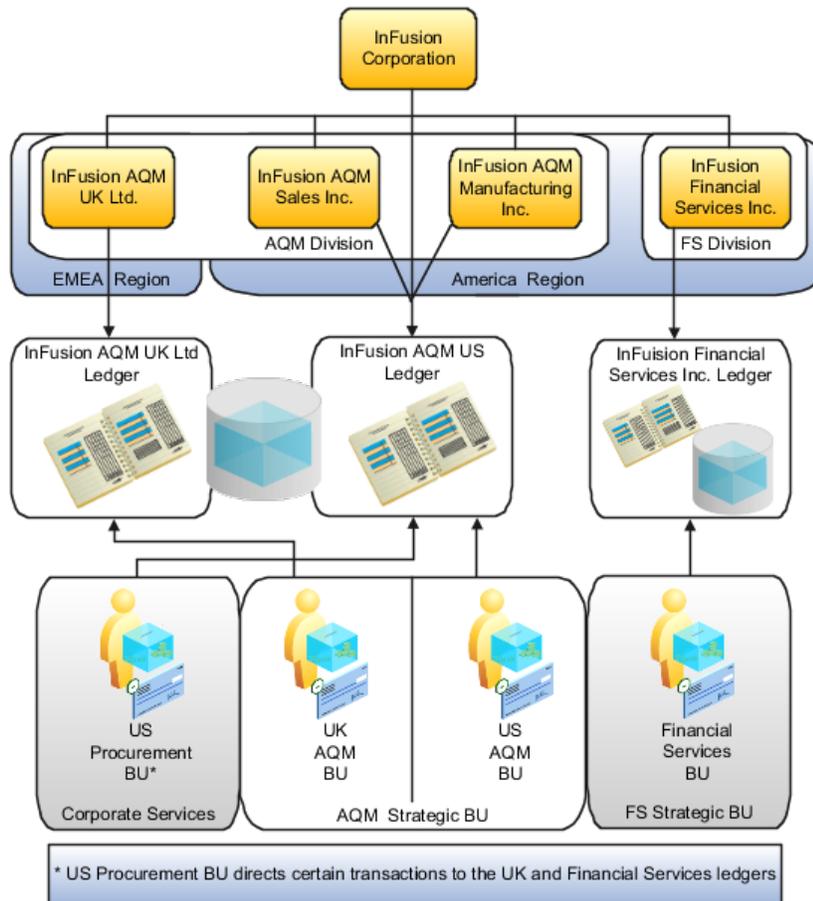
Business Unit Representation

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, and 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 processes requisitions transactions for the other InFusion companies. 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 directs 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 users 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, if licensed, to map the Oracle E-Business Suite, PeopleSoft, or JD Edwards organization to your organization's taxonomy or numbering system in Oracle Fusion.

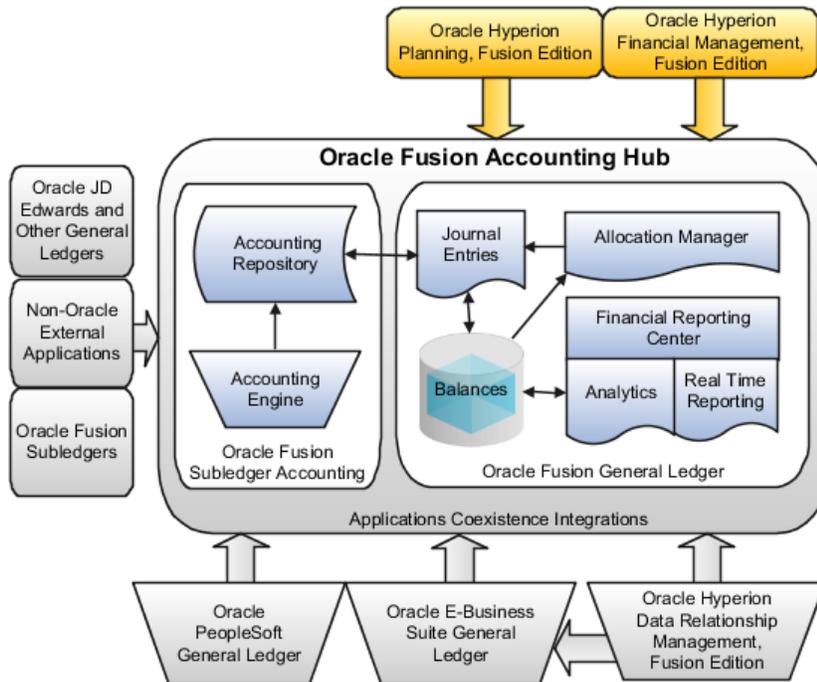
General Ledger Balances

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. An application programming interface (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:

- Accounting event 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

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.

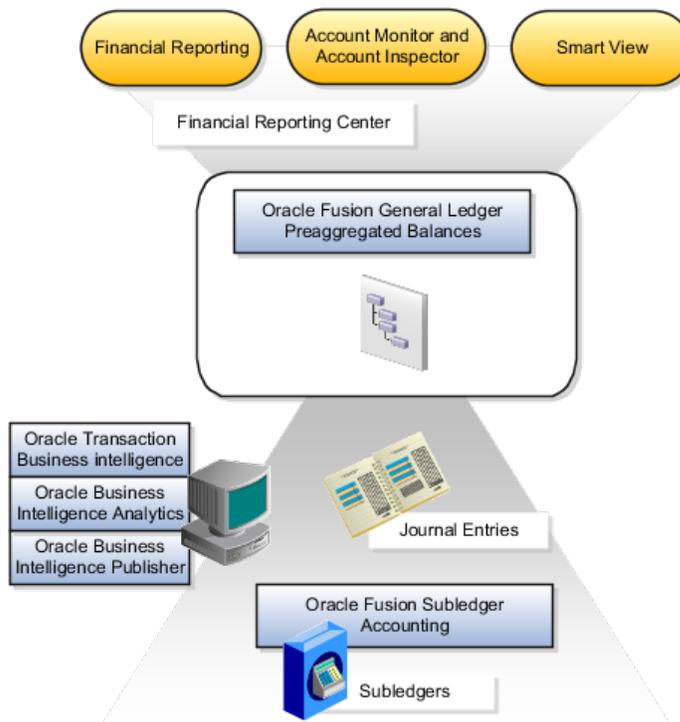
The General Ledger posting process updates your balances and stores these balances in a balances cube for efficient multidimensional analysis. This

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 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 value to the next parent or child value
- Expanding or drilling down from any child value 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 value 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 value to the next parent or child value
- Perform drill down from any child value 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 value to the next parent or child value
- Perform drill down from any child value 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.

Oracle Fusion Financial 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 Used with Oracle Fusion Financial Applications: 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 with Financial Applications: Overview

A business unit is a unit of an enterprise that performs one or many business functions that can be rolled up in a management hierarchy. A business unit can process transactions on behalf of many legal entities. Normally, it will have a manager, strategic objectives, a level of autonomy, and responsibility for its profit and loss. Roll business units up into divisions if you structure your chart of accounts with this type of hierarchy. In Oracle Fusion applications, you assign your business units to one primary ledger. This assignment is mandatory for your business units with business functions that produce financial transactions.

In Oracle Fusion applications, use business unit as a securing mechanism for transactions. For example, if you run your export business separately from your domestic sales business, secure the export business data to prevent access by the domestic sales employees. To accomplish this security, set up the export business and domestic sales business as two separate business units.

Business Units with Financial Applications Explained

Oracle Fusion Financial Applications use Business Units (BUs) to secure financial transactions in the subledgers; that is, accounted subledger transactions and their supporting detail are held distinctly in one BU rather than another. A user with access to one BU can be denied access to another. Common data can be made available to BUs though SetID. Access Control can allow a user or a process access to many BUs.

Each Business Unit specifies one ledger in which its financial transaction will be accounted. Many BUs can point to the same ledger, but one BU cannot point to more than one ledger. BUs point to Primary ledgers and are associated with Secondary Ledgers through the relevant Primary Ledger.

Many group companies (or other forms of legal entities) can use a single BU, as long as they use the ledger to which it points. They can also use any other BUs associated with their ledger. As the legal property rights that are updated by a financial transaction are vested in companies, a company is the first person on every financial transaction. The transacting companies are determined by data in the transactions, such as the employee placing the order or the location of the shipping dock. BUs do not alone determine the transacting company.

As BUs hold data distinctly and securely, they serve as boundaries for subledger transaction options. An option chosen for one BU will not apply in others. This can be useful in configuring local compliance. An option can be configured to

comply with regulations applicable to one company rather than another. For this reason, some people do set up a BU to serve a particular company.

In the same way, BUs serve as a boundary for the interaction of subledger documents and activity. A credit memo in one BU cannot be applied to an invoice in another BU.

BUs can be deployed to support many businesses within a company, businesses reporting transactions made by many companies in a ledger, or a business mapped precisely to one company. Their creation can be determined by security requirements, and are influenced by closing activities and processing requirements.

Business Units perform business functions, such as "procurement". They can provide "all" functions, or a selection of functions. A BU performing a function on behalf of another is called a "service provider". In Oracle Fusion V1, a requisitioning BU can provide requisitioning service to a procurement BU.

All BUs performing functions that require accounting must specify a ledger, including service provider BUs. When associated with a ledger, the service provider can support the other BUs associated with that ledger. If the BU does not perform functions requiring accounting, it need not be assigned to a ledger, and can provide services to BUs attached to many ledgers.

Access Control allows users of a BU to access other BUs. If they are employees of a shared service center company, they can provide services to the companies that use the BU they sign onto. For example, employees of a shared service company sign onto to a BU operated by a sales company, and process sales orders for that company and its related businesses.

Companies can also buy, hold, sell, and hold consignment inventories, and sell to sales subsidiaries in the group, forming centralized inventory and bonded warehouses.

These capabilities support the configuration of shared services. If the company executing the service provider BU business is different from the company executing the client BU's transactions, same ledger or not, it is formal cross company shared services. Formal shared service arrangements imply profit and tax management, and intercompany billing. If the same company is executing both the shared service and client BU transaction, there is no profit and tax management, and the business classification can be done by cost center allocations, or grossed up with care to avoid exposure to transaction tax (intracompany).

A company (or other kind of legal entity) that is using a unique BU exclusively will often have representation in the chart of accounts: the company code in the primary balancing segment. When this is case, the BU profitability can be read from General Ledger using that company code.

Subject to the availability of subledger data, a BU can tag transactions with any value in the chart of accounts associated with its ledger. A BU can therefore perform transactions for other businesses, and tag them correctly for financial reporting.

A business will usually have a code or group of codes in the chart of accounts, in one of potentially two secondary balancing segments, or in non-balancing segments. Prefinancial transactions, which have not yet been stamped with the chart of accounts value, will be classified by the BU only. To ensure prefinancial subledger reports have common elements in addition to ledger and company with accounted reports, you can align a series of management codes in the chart of accounts with your BUs.

BUs that perform as service providers by definition will have the services provided accounted for in other BUs, and will not report profitability for those transactions. However, they can measure their own transactions, either through their own accounting or through a distinct BU.

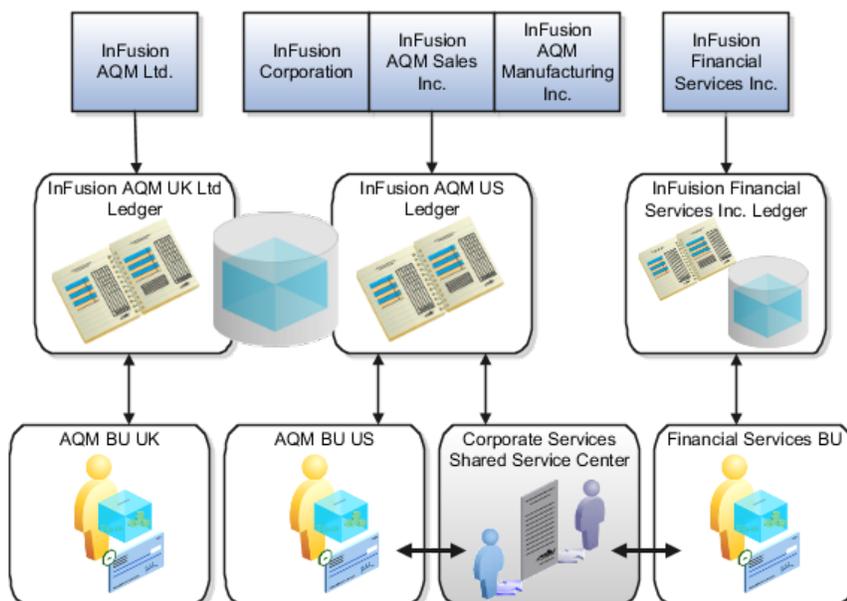
Business Units assist management to track business transactions from initiation until documentation (e.g. invoicing) as a financial transaction. Oracle Fusion Subledger Accounting and Oracle Fusion General Ledger track each company's accounting and its classification of transactions as required (cost center, management entities, expense and revenue, etc.) Subledger accounting and general ledger transactions are bounded and secured by ledger, rather than by BU.

Transactions in subledgers are posted to the general ledger as part of the close process. Post routines are flexible, and are driven by calendars maintained by Payables, Receivables, other subledgers, and the general ledger. When all of the transactions in a BU are posted, the BU can be closed. There are closing routines associated with BUs, such as reconciliation and reporting.

Business units in the subledgers provide a natural boundary for subledger reporting. Access Control provides an ability to aggregate reports from many BUs, currency permitting. Data that has been stamped with account combinations can be reported at less than a BU level. You can run an aging, for example, on a company code or a secondary balancing segment code (management entity) within a BU. In this way, BUs provide subledger reporting in respect of businesses, processing centers, and companies. When the BUs are aligned with chart of account values, they provide an extension to values in the ledger. For example, a BU subledger report against receivables, such as an aging, can expand the general ledger balance analysis for a business, listing which open and aged invoices are attributable to or classified by that business, or for a company, listing which receivables are owned by and due to that company.

Example

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 Primary balancing segments in a single ledger in the domestic currency of the group.
- Because the AQM UK Ledger and the AQM US Ledger share the chart of accounts, they also share a common balances cube.
- Transactions are accounted for in this ledger from a the AQM Unites States BU that is dedicated to the ledger, and serves both Infusion Corporation, InFusion AQM Sales Inc., and InFusion AQM Manufacturing Inc.
- InFusion Corporation operates a Requisition BU as a service provider to AQM US BU and the Financial Services BU. This BU does not generate any accounting in its own right, and therefore is not associated with a ledger. Its requisitions are completed by the Procure to Pay processes in the 2 BUs to which it provides services.

Functional Setup Manager

Functional Setup Manager for Oracle Fusion Financial Applications: 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 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:

- Dashboard and work areas
- Invoice imaging
- Tax
- Subledger accounting
- Reconciling subledger accounts

Dashboards and Work Areas for Oracle Fusion Financial Applications: Overview

Oracle Fusion Financial Applications 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.

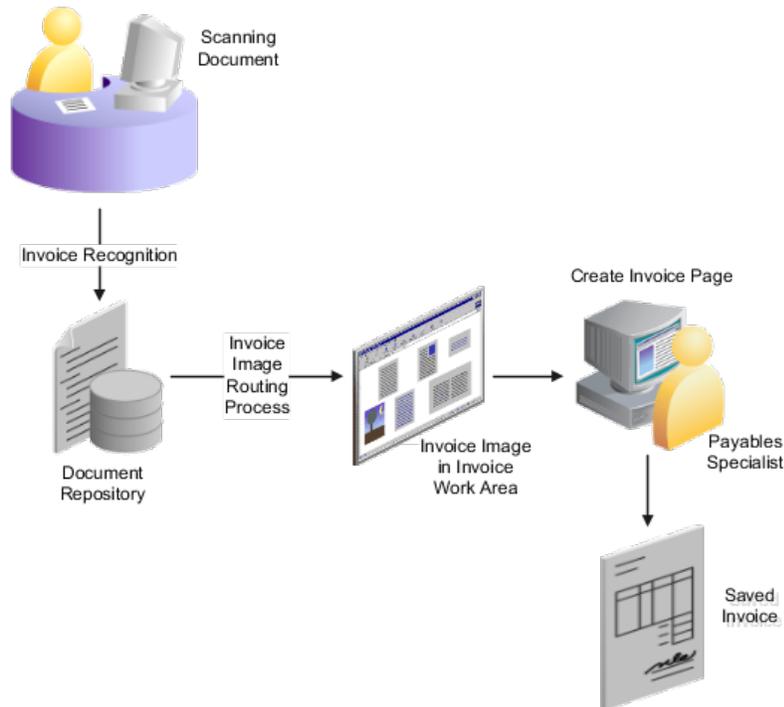
Invoice Imaging: Overview

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

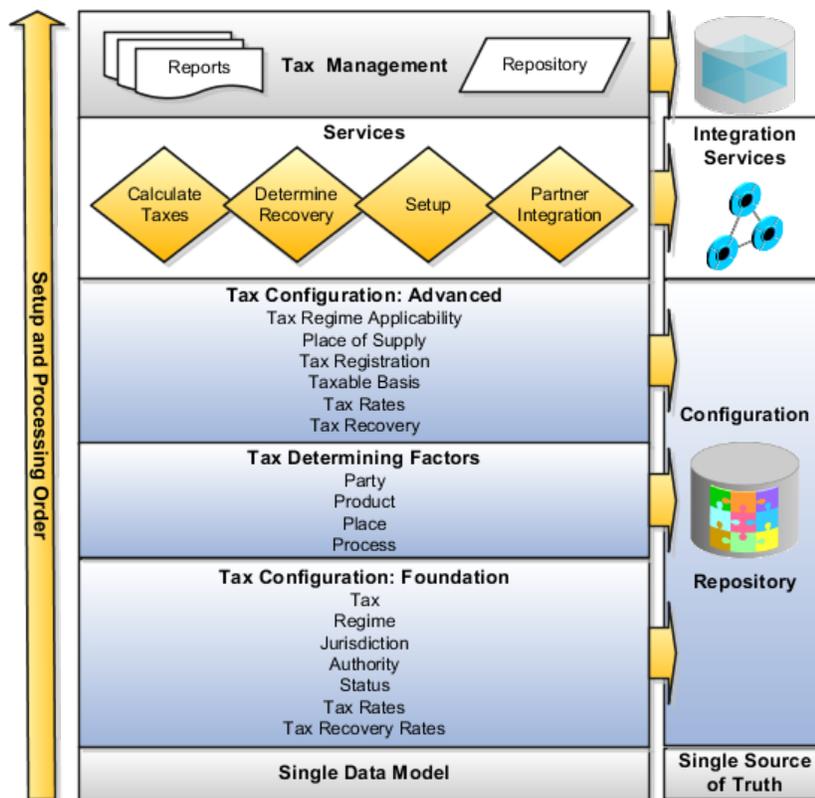
is compliance with various transaction tax rules and regulations. There are many kinds of transaction taxes, including sales tax, value-added tax (VAT), goods and services tax (GST), and customs duties.

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:

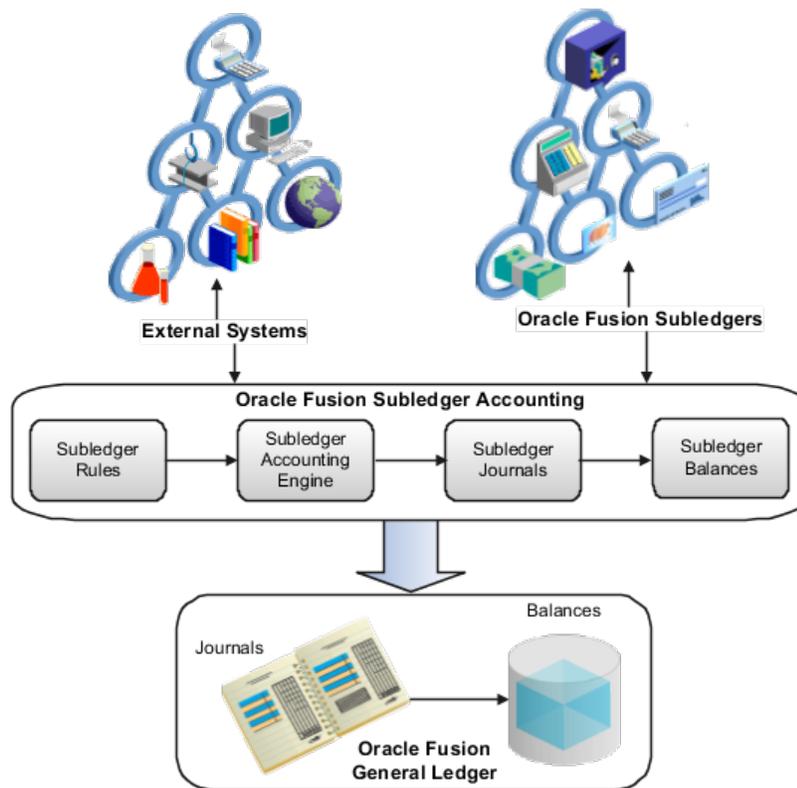
- Transaction taxes and related data that are stored in tax repositories and are delivered with reports. Standard reports are provided that you can use or copy to customize to meet your tax reporting requirements.

- 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.