

Oracle Financials Accounting Hub



KEY BUSINESS BENEFITS

Oracle Financials Accounting Hub is an accounting transformation solution, which enables you to:

- Meet compliance requirements with a single source of accounting truth for all external and legacy systems
- Store analytic information with accounting for reconciliation and reporting
- Maximize efficiency with an enterprise accounting rules engine
- Comply with multi-GAAP accounting requirements
- Audit GL balances with journal details
- Accountant and business user interface
- Control and monitor end-to-end processing of transactions through integration with Oracle BPEL Process Manager

Oracle Financials Accounting Hub (FAH) efficiently creates detailed, auditable, reconcilable accounting for external or legacy source systems. FAH includes an accounting transformation engine with extensive validations plus accounting and rules repositories. The transformation engine consistently enforces accounting policies; the repositories provide centralized control, detailed audit trails, and facilitate simultaneously meeting diverse corporate, management, and reporting requirements.

Fragmented Accounting Approaches Create Many Problems

Most organizations deploy multiple legacy systems to manage their day to day operations. For many of the system users this results in several problems:

- Difficulty enforcing corporate wide standards.
- Duplicate accounting treatments for each source system.
- Difficulty reconciling accounting with source systems.
- Accounting rule implementation hidden in disparate and opaque program code.

Oracle Financials Accounting Hub resolves these problems by centralizing the definition and maintenance of accounting rules in a business user orientated repository. Accounting journals are created with a rules transformation engine, validated, and stored in an auditable format in a single location. Your organization can enhance legal and management reporting, efficiently account for any subsystem, strengthen internal controls and, simultaneously meet diverse and mutually exclusive accounting requirements through multiple representations.

Create a Single Source of Accounting Truth

Oracle Financials Accounting Hub maintains user orientated configurable accounting rules in its rules repository. The repository is also home to the accounting rules for Oracle E-Business Suite applications.

Business events can be accounted one or more times in parallel using different accounting rules, currencies, calendars, and charts of accounts. When multiple accounting representations are created for a single business event they are linked and reconcilable.

Configurable contextual transaction information is stored with journals for reconciliation, and integrated program hooks allow the ability to add drilldowns to transactions from legacy source systems.

KEY FEATURES

- Integrated accounting rules repository
- Create accounting rules for every GAAP
- Accounting rules engine
- Multiple accounting representations
- Sophisticated error handling
- Supporting references
- Export and import accounting rules from test to production
- Subledger accounting inquiries
- Reporting on accounting rule definitions
- Manual adjustments
- Predefined validations
- Predefined BI Publisher templates
- Raw transaction and pass-through accounting

Store Analytic Information with Accounting for Reconciliations and Reporting

Transaction and supporting reference information can be stored in the accounting repository and used for reporting or to feed analytic systems. In the example below, the industry type is tracked as a supporting reference for analysis of this key business dimension.

Supporting Reference Balances					
Search					
Note that the search is case insensitive					
* Ledger	Vision ADB (USA)			* Supporting Reference	Industry Type
Account	Company.Branch.Account.Cost Center.Product			Industry Type	
* Period From	Jan-04				
* Period To	Dec-08				
<input type="button" value="Go"/> <input type="button" value="Clear"/>					
<small>*TIP For explanation of currency codes used in this page, see the currency key.</small>					
<input type="button" value="Export"/> Previous 1-10					
Industry Type	Period Name	Account	Currency	Period Activity	Period Ending Balance
AUTOMOTV	Dec-08	01.000.1121.0000.000	USD	3,582.54	3,582.54
AUTOMOTV	Dec-08	01.000.1121.0000.113	USD	42,122,438.24	42,122,438.24
AUTOMOTV	Dec-08	01.000.1121.0000.211	USD	774,095,689.72	774,095,689.72
AUTOMOTV	Dec-08	01.000.1121.0000.221	USD	128,997,868.80	128,997,868.80
AUTOMOTV	Dec-08	01.000.1150.0000.000	USD	<945,219,579.30>	<945,219,579.30>
CRAFT	Dec-08	01.000.1121.0000.211	USD	844,120.56	844,120.56
CRAFT	Dec-08	01.000.1150.0000.000	USD	<844,120.56>	<844,120.56>
EMPLOYES	Dec-08	01.000.1121.0000.000	USD	6,831.60	6,831.60
EMPLOYES	Dec-08	01.000.1121.0000.211	USD	131,310.74	131,310.74
EMPLOYES	Dec-08	01.000.1150.0000.000	USD	<138,142.34>	<138,142.34>

Figure 1. Supporting References Balance Inquiry in Oracle Financials Accounting Hub

You can register any business attribute associated with the external or legacy system as a “source”. Sources can be used to drive accounting rules, included in journal descriptions or stored as supporting references for subsequent reporting and analysis.

Optionally, Oracle Financials Accounting Hub can, calculate and store balances for supporting references. Supporting reference balances are a powerful analytic feature since, in effect, they extend the accounting flexfield for certain types of transactions without cluttering General Ledger with subledger detail. For example, geographies, channel, industry, investment type, fund manager or product category can be tracked as supporting references without including these key business dimensions in the accounting flexfield.

Efficiently Create Accounting for Multiple Heterogeneous Source Systems

Oracle Financials Accounting Hub provides a flexible rules builder for business users to create accounting rules once and deploy them many times across different external and legacy systems.

Legacy systems that do pre-accounting can pass journals through the hub to validate and store the accounting in the accounting repository for a single, reliable, enterprise wide view.

The example below shows the Journal Line Definition user interface in Oracle Financials Accounting Hub to illustrate that you can define elaborate journal line descriptions, advanced account derivation rules and supporting references for your accounting journal lines.

RELATED PRODUCTS

Some of the products that share the centralized accounting repository with Oracle Financials Accounting Hub are:

- Oracle Assets
- Oracle Cash Management
- Oracle Inventory Management
- Oracle Order Management
- Oracle Payables
- Oracle Purchasing
- Oracle Projects
- Oracle Receivables

RELATED SERVICES

The following services support Oracle Main Product:

- Product Support Services
- Professional Services

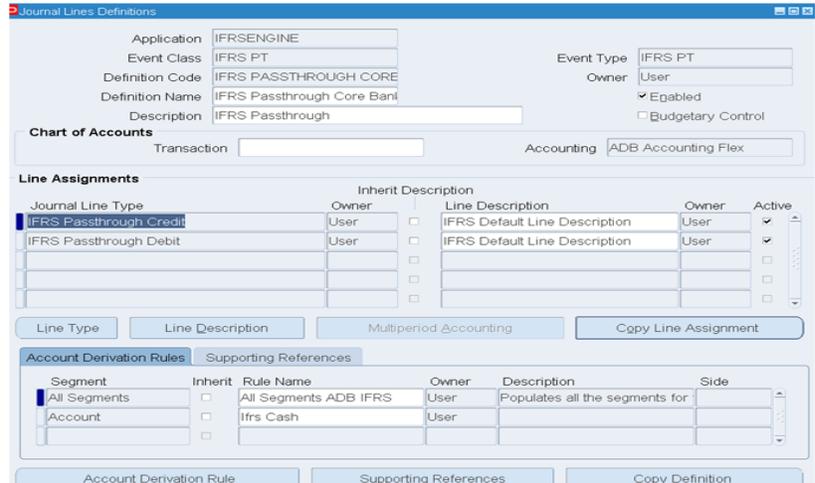


Figure 2. User Defined Journal Lines Definitions in Oracle Financials Accounting Hub

External and legacy systems that do not produce accounting can use the rules builder to map and transform raw transactions. This data can be used to control the journal lines created, build journal descriptions, summarize lines, and define journal line accounts.

The rules engine anticipates and uses transaction lifecycles. You can account using a transaction flow-based approach, recognizing that the same information can be used to account for related transactions. This facilitates reconciliation, simplifies rules, and reduces the burden on source systems.

The accounting engine offers flexible scheduling, processing, and event options.

- Create accounting for a specific business event, or all events for an application.
- Account for manual adjustments using a web-based user interface (refer to figure 2 below).
- Use integration with Fusion Middleware via Business Events to extend validation and / or send notifications to the appropriate users.

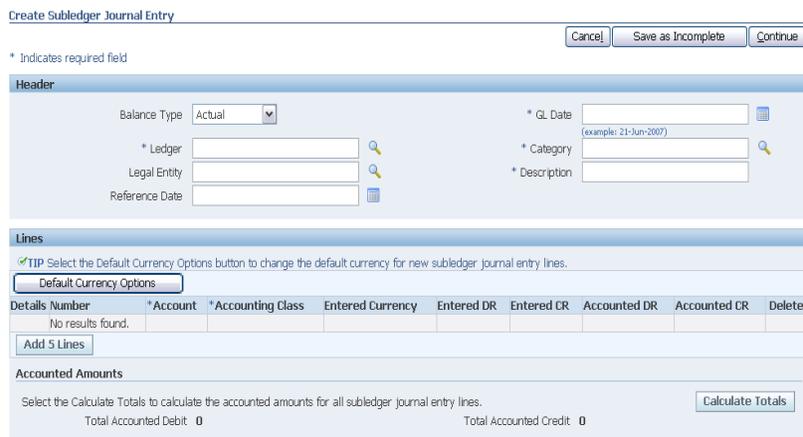


Figure 3. Manual Adjustment User Interface in Oracle Financials Accounting Hub

Quickly Update Accounting Rules to Meet New Requirements

Changes in accounting regulations or corporate structure are quickly accommodated with effective dating of rules. The dates of inbound events are used to determine which accounting rules to apply to incoming transactions. Users can implement the rules in a test system and import them into production. An automatic comparison feature allows users to preview the differences between old and new versions of the rules before completing the import.

User Interface for Accountants and Business Analysts

Oracle Financials Accounting Hub provides an intuitive, business oriented user interface. Users can create and update rules without IT intervention. For example, the user interface allows analysts to determine whether a line should be a debit or credit, its description, and how it should be summarized as shown in the Journal Line Types example below.

The screenshot displays the 'Journal Line Types' configuration interface. Key fields include:

- Application:** IFRSENGINE
- Event Class:** IFRS PT
- Line Type Code:** IFRS PT CREDIT
- Name:** IFRS Passthrough Credit
- Description:** IFRS Engine Passthrough Credit Line
- Owner:** User
- Accounting Class:** Liability
- Rounding Class:** Asset
- Enabled:**
- Options:**
 - Balance Type:** Actual, Budget, Epcumbrance
 - Side:** Debit, Credit, Gain/Loss
 - Switch Debit/Credit:** Yes
 - Merge Matching Lines:** No
 - Subledger Gain/Loss:** No
- Chart of Accounts Transaction:** (Empty field)
- Business Flow:** Method: None, Class: (Empty field)
- Multiperiod:** None, Accrual, Recognition
- Transfer to GL:** Summary, Detail (J)
- Condition:** Accounted Credit >0 OR ENTERED_CR >0

Figure 4. User Defined Journal Line Types in Oracle Financials Accounting Hub

Rapidly Integrate New Systems

Many organizations need to efficiently integrate new industry-specific systems or recently acquired companies into their existing environment.

Oracle Financials Accounting Hub implementations can be done gradually, reducing the implementation risk. In a single Oracle Financials Accounting Hub environment, both journal pass-through solutions as well raw transaction-based accounting solutions can be implemented. Customers can move from a pass-through solution to raw transaction-based accounting as they require. New systems can be added and new products can be launched whilst the system is in use.

Sharing and Reusing Accounting Rules

The rules repository allows users to separately define and reuse setups for each component of a journal entry such as the journal lines, descriptions, and summarization criteria. These setups can be reused to rapidly integrate new source systems into Oracle Financials Accounting Hub. Users can quickly create rules, copy and reuse them to meet similar, yet distinct requirements. For example, if several systems are

expected to book fee income, cash receipts, or disbursements to the same general ledger account, a single rule can be created and used to account for each of these systems.

Accelerate the Monthly Close

The period close process is one of the most closely watched financial processes. From staying on top of new financial reporting regulations to increasing the efficiency of the current close process, there is always a focus on this key financial process.

Sophisticated Error and Exception Handling

A rapid daily and monthly close requires prompt resolution of accounting errors. Oracle Financials Accounting Hub stores not only the error messages but also the entire journal when it encounters errors. Users can quickly isolate, research, and resolve exceptions with business oriented exception management and on-line inquiries.

Error status journals are automatically reprocessed each time the accounting engine executes until they are successfully accounted. Routing and resolution of exceptions can be accelerated using predefined error limits for accounting engine processing.

Integrate Source Systems with Oracle BPEL Process Manager

The Oracle Financials Accounting Hub is based upon a service-oriented architecture and takes advantage of Oracle's SOA platform and Fusion Middleware. The integration can be used to control and monitor the end-to-end processing of accounting transactions (e.g., retrieval of transactions, pre-processing, error-handling, post-processing and write-back to feeder systems).

Enhance Internal Controls and Auditability

The centralized architecture of Oracle Financials Accounting Hub provides a number of enhancements to your internal control structure to ensure successful audit and compliance reviews. Some of the best practices features that are available include the following:

- The name and version of the applied rules is stored with each journal entry in the accounting repository.
- Active rules can be locked to prevent changes.
- Rules cannot be used until validated.
- On-line inquiries allow users to view journals based upon the version and name of the rules used to generate the accounting and the ability to view the associated names of the journal line definitions and the journal line types.
- Reporting on accounting rule definitions to enable easy review of all the accounting rules defined.
- Separate security for viewing accounting by role and user.
- Transaction security policies hooks can limit drilldown to source system information.
- Manual adjustments can be restricted by role and user

Auditors and compliance officers can use the rules and accounting repositories as a basis for their engagements.

The Oracle Financials Accounting Hub takes full advantage of Oracle Application Object Library and database security features.

Transparent, Extensible Validations for Sarbanes-Oxley Compliance

Enforcing consistent accounting validations is difficult in a heterogeneous systems environment. The common accounting rules engine includes a robust collection of validations and balance and control routines. These validations are fully documented for complete transparency, a key requirement for Section 404 Sarbanes-Oxley compliance.

Minimize Manual Corrections with Draft Accounting

The draft accounting feature of Oracle Financials Accounting hub minimizes error corrections by allowing users to preview their accounting both on-line and in reports reducing the need for adjusting journals. The rules and transaction information can be corrected before accounting is finalized.

Audit Trail from General Ledger Balances to Business Events

Users can drill from Oracle General Ledger balances to the specific journal lines in the accounting repository that comprise that balance. Embedded bi-directional flows allow users to drill from journal lines either to the supporting business events and the accounting details.

Summary

The core strengths of Oracle Financials Accounting Hub include its ability to create a single source of accounting truth for multiple external and legacy systems using business user-defined accounting rules. This enables you and your organization to complete a finance transformation of the back-office operations to make them efficient and compliant.

CONTACT US

For more information about Oracle Financials Accounting Hub, visit oracle.com or call +1.800.ORACLE1 to speak to an Oracle representative.



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