ORACLE CASH MANAGEMENT

Release 12 Features
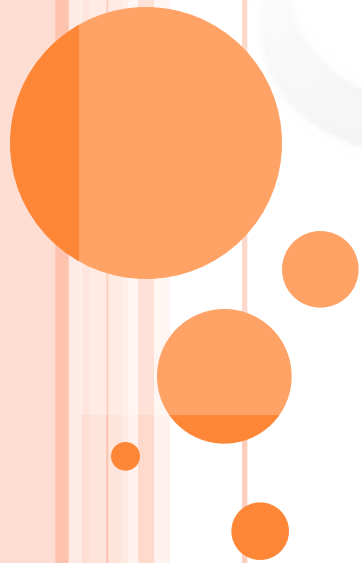
TOPICS

- Bank Account Model
- Bank Account Balances and Interest Calculations
- Bank Account Transfers
- Subledger Accounting
- Bank Statement Reconciliation
- Multi-Org Access Control and Security
- Cash Pooling

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AGENDA

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BANK ACCOUNT MODEL DEFINITION

- Defines and tracks all bank account information in a central place.
- Grants explicitly account access to multiple operating units/functions and users.
- Uses Multi-Org Access and UMX-based security.
- Provides ownership of bank accounts by legal entities with the option to grant account use to Operating Unit (Payables, Receivables), Legal Entity (Treasury), Business Group (Payroll).

BANK ACCOUNT MODEL INTEGRATION

Trading Community Architecture (TCA)	Cash Management

Bank

Bank Branch ──< Bank Account

Payables

Receivables

Payroll

Treasury

BANK ACCOUNT MODEL BENEFITS

- Reduces number of access points to manage bank accounts.

- Centralizes user interface.

- Improves visibility and control of bank accounts.

- Simplifies bank reconciliation.

- Provides reconciliation of a single bank statement across multiple Operating Units.

- Increases percentage of automatically reconciled transaction.

- Adds flexibility by using bank account level reconciliation parameters.

CASH MANAGEMENT SECURITY COMPONENTS

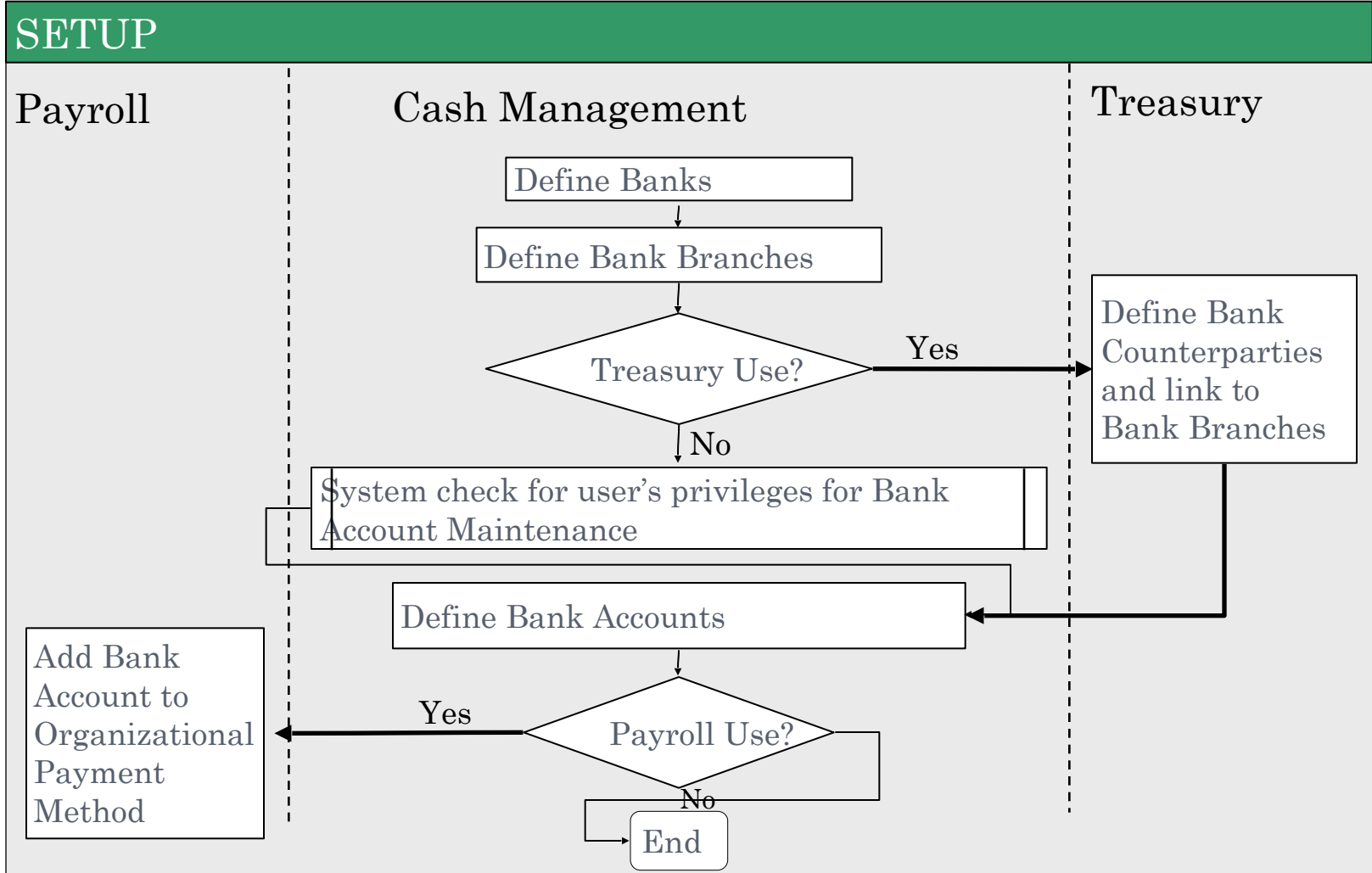| UMX Security Wizard:	Use – Create/View/Reconcile CE Cashflow Transactions Maintenance – Create/Update Accounts Bank Transfers – Create Bank Account Transfers
Bank Account Setup:	Bank Owner - LE Organization Use – LE, OU, BG
Security Profiles:	MOAC – AR, AP Treasury Payroll Bank Account Use – CE Cashflow Transactions
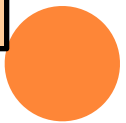
BANK ACCOUNT MODEL SUMMARY

- Single bank account definition can be used across different organizations and functions
  - Centralized maintenance
  - Explicit usage permission
- Simplified reconciliation
  - Cross-unit reconciliation
  - Bank account level reconciliation parameters
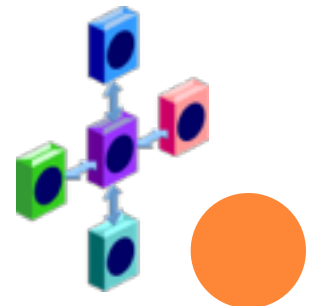
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BANK ACCOUNT MODEL SETUP AND PROCESS

SETUP

Payroll	Cash Management	Treasury

Define Banks

↓

Define Bank Branches

↓

◇ **Treasury Use?** —— Yes →

No ↓

Define Bank Counterparties and link to Bank Branches

System check for user's privileges for Bank Account Maintenance

↓

Define Bank Accounts

↓

Add Bank Account to Organizational Payment Method ← Yes —— ◇ **Payroll Use?**

No ↓

End

IMPLEMENTATION CONSIDERATIONS

- Trading Community Architecture: Bank and Bank Branches
- Human Resources: Organizational hierarchy
  - Business Group
  - Legal Entity
  - Operating Unit
- General Ledger: Accounting FlexFields
- Payroll (if used)
- Treasury (if used)

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BANK ACCOUNT BALANCES AND INTEREST CALCULATIONS DESCRIPTION

- Centralizes balances and interest. Tracks balances of all internal bank accounts in a single location.
  - Reports on the accumulated bank account interest.
- Allows manual entry and automatic upload.
- Compares actual historic vs. projected balances.
- Provides flexible reports onscreen and through XML.
- Provides reusable interest rate schedules.

BANK ACCOUNT BALANCES AND INTEREST CALCULATIONS
BENEFITS

- Improves visibility of bank account balances.
  - Single place to maintain balances for all internal bank accounts.
- Verifies bank account interest charges.
  - Flexible tool to calculate interest due.
- Improves balance reporting.
  - Keep track of and report on multiple balance types, including actual vs. projected balances.

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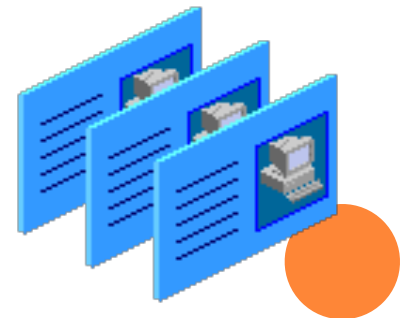
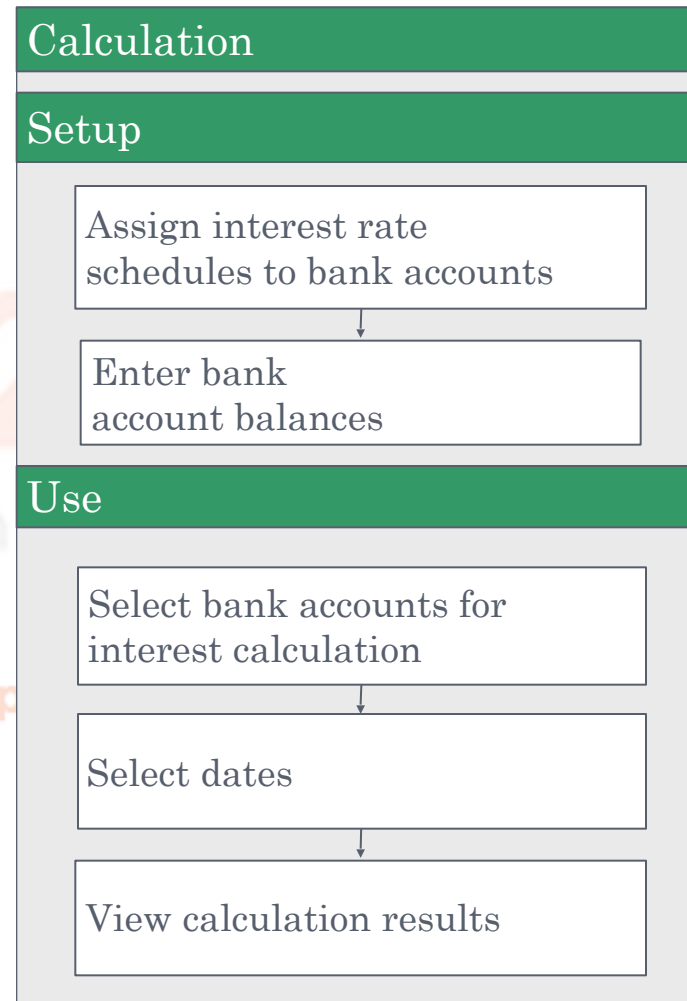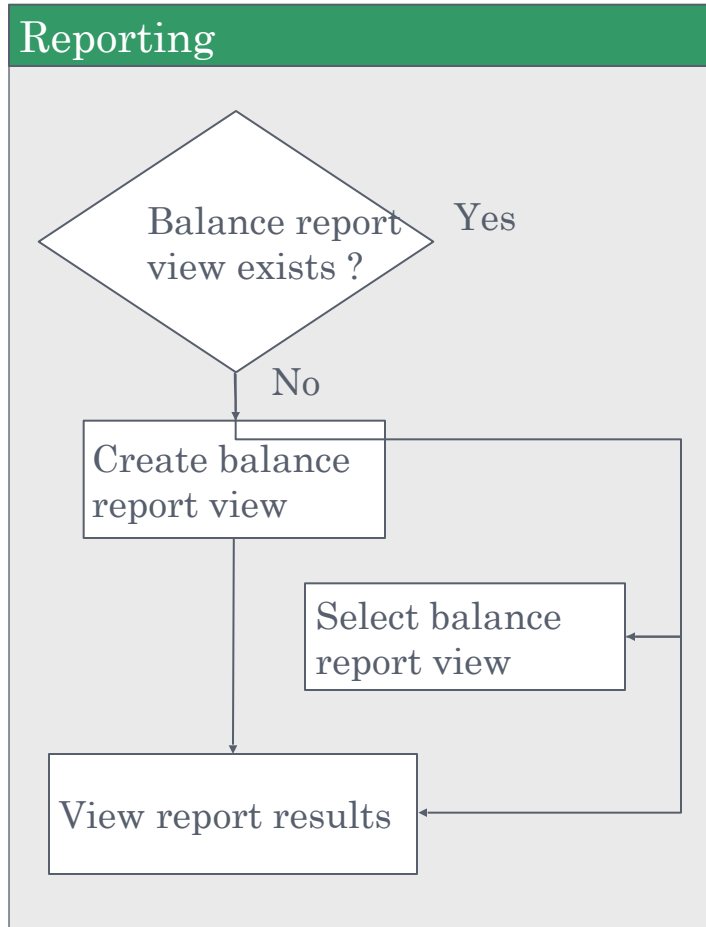# BANK ACCOUNT BALANCES AND INTEREST CALCULATIONS MAINTENANCE
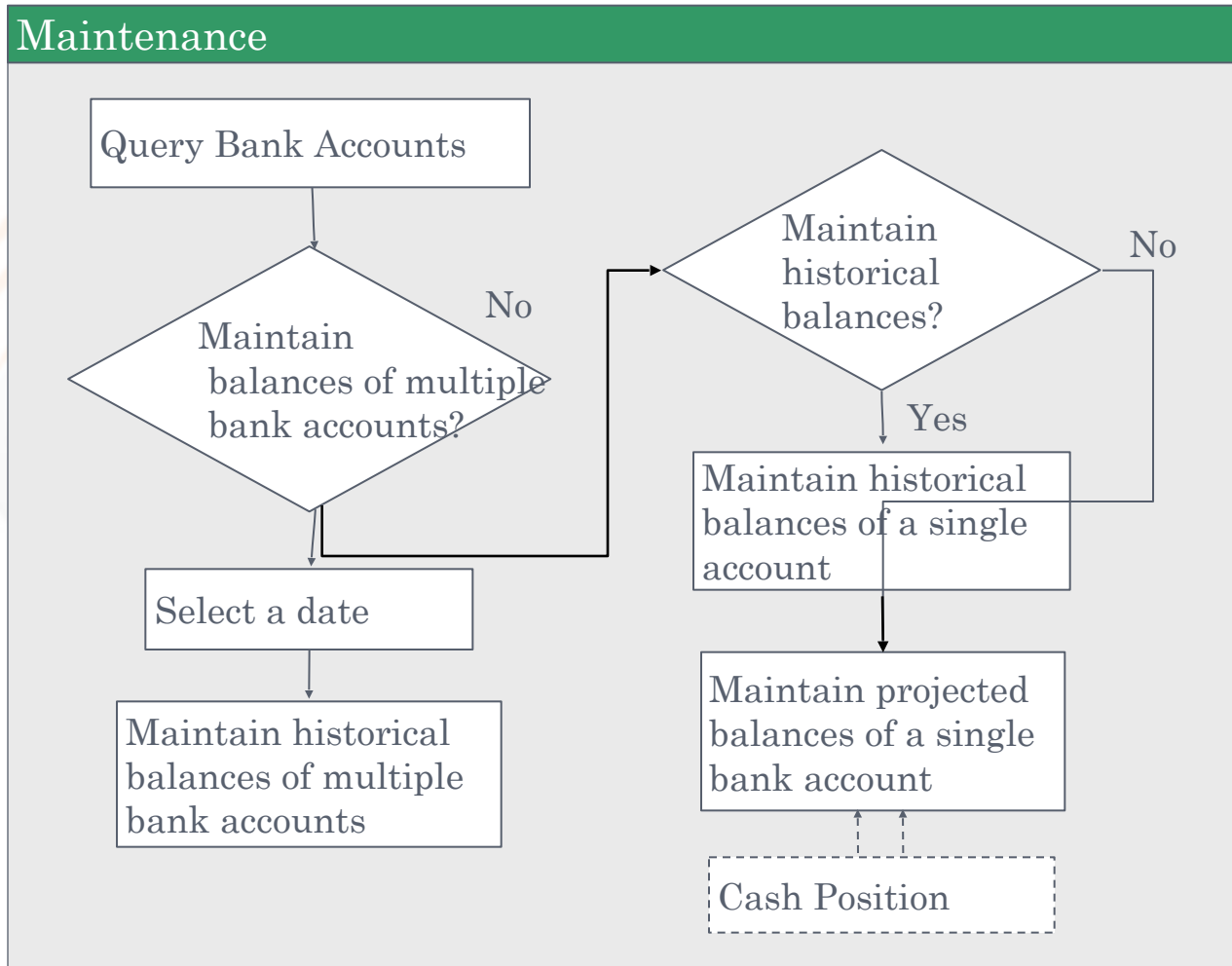
BANK ACCOUNT BALANCES AND INTEREST CALCULATIONS
SUMMARY

- Manage all bank account balances in one place
  - Various balance and float types
  - Flexible reporting including XML Publisher
- Verify bank interest charges
  - Flexible interest calculation tool

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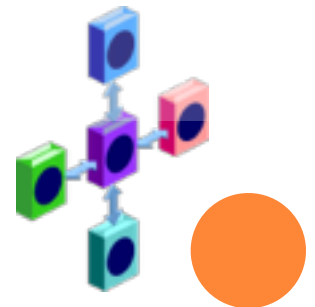# BANK ACCOUNT BALANCES AND INTEREST CALCULATIONS SETUP

Reporting

Balance report view exists ?

Yes

No

Create balance report view

Select balance report view

View report results

Calculation

Setup

Assign interest rate schedules to bank accounts

Enter bank account balances

Use

Select bank accounts for interest calculation

Select dates

View calculation results

IMPLEMENTATION CONSIDERATIONS

◦ Determine need for customized XML Publisher reporting.

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BANK ACCOUNT TRANSFERS DESCRIPTION

- Allows creating, approving, settling and accounting for cash transfers between internal bank accounts.

- Uses with Cash Pools, Zero Balance Accounts (ZBA) and Cash Leveling activities.

BANK ACCOUNT TRANSFERS DESCRIPTION

- Provides multiple creation methods.
  - Manual
  - Cash Leveling
  - Zero Balance Account (ZBA)
- Includes bank account transfer payment templates.
- Uses an option to Exclude from Settlement.
- Provides multiple levels of security.
  - UMX Security for Transfer Creation
 - Separate Authorization Function

BANK ACCOUNT TRANSFERS BENEFITS

- Improves cash management efficiency.
  - Creates bank account transfers and process payments via seamless integration with Payments.
  - Journalizes bank account transfers with a powerful and flexible subledger accounting feature.

- Increases cash positioning accuracy.
  - Updates projected balances automatically when the bank account transfers are created.

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BANK ACCOUNT TRANSFERS PROCESS
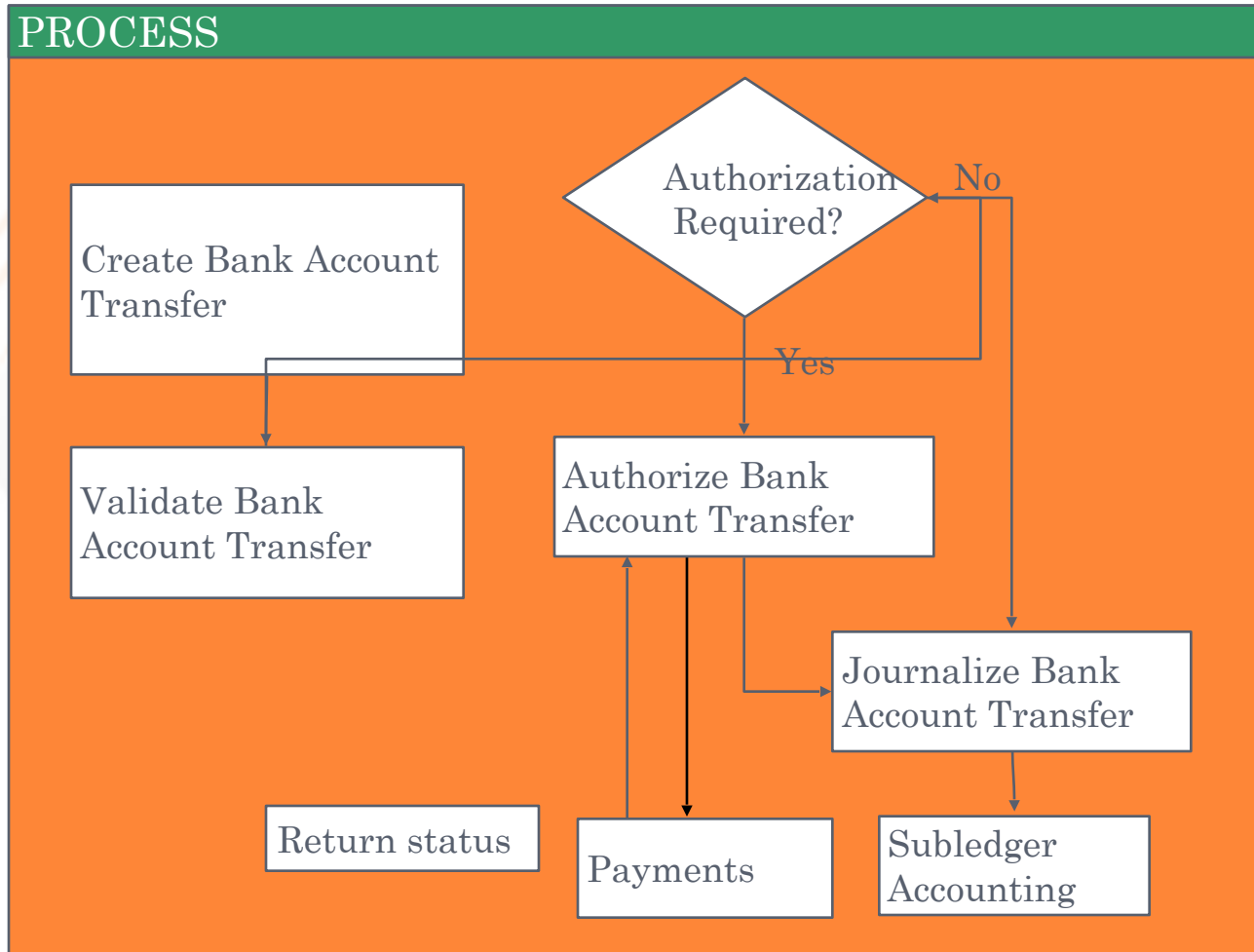
BANK ACCOUNT TRANSFERS DEPENDENCIES AND INTERACTIONS

- Payments
  - Bank Account Transfers rely on the functionality available in Payments to process the settlement of the bank account transfers.

- Intercompany
  - For Bank Account Transfers between different internal entities rely on the Intercompany setup to identify the cross-charge segments.

- Subledger Accounting

- Journal entries for Bank Account Transfers are created by the Subledger Accounting engine.
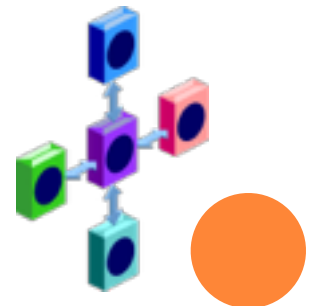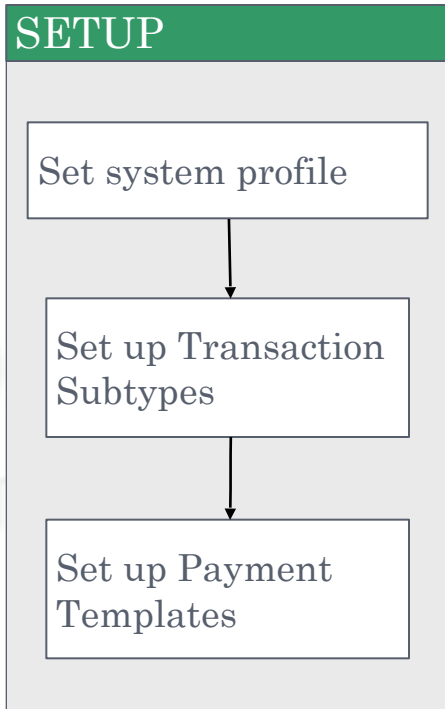
BANK ACCOUNT TRANSFERS SUMMARY

○ Create, settle and account for bank account transfers.

- Intra- and inter-company cash transfers.
- Domestic or foreign currency transfers.

○ Manage your cash position and bank statements effectively.

- Create bank account transfers in the cash position.
- Record cash transfers based on the bank statement activity.

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BANK ACCOUNT TRANSFERS SETUP

SETUP

Set system profile

↓

Set up Transaction Subtypes

↓

Set up Payment Templates

BANK ACCOUNT TRANSFERS SETUP – SET SYSTEM PROFILE

- CE: Bank Account Transfers
  - This parameter defines where the cash transfers will be created as a result of the cash pool activity

Profile Value	Description
Cash Management	Cash transfers will be created in Cash Management using the Bank Account Transfer
Treasury	Cash transfers will be created in Oracle Treasury using Inter-Account Transfers (if both accounts belong to the same legal entity) or Intercompany Funding transactions (if bank accounts belong to different legal entities)

IMPLEMENTATION CONSIDERATIONS

◦ Where can your organization benefit from template based bank transfers?
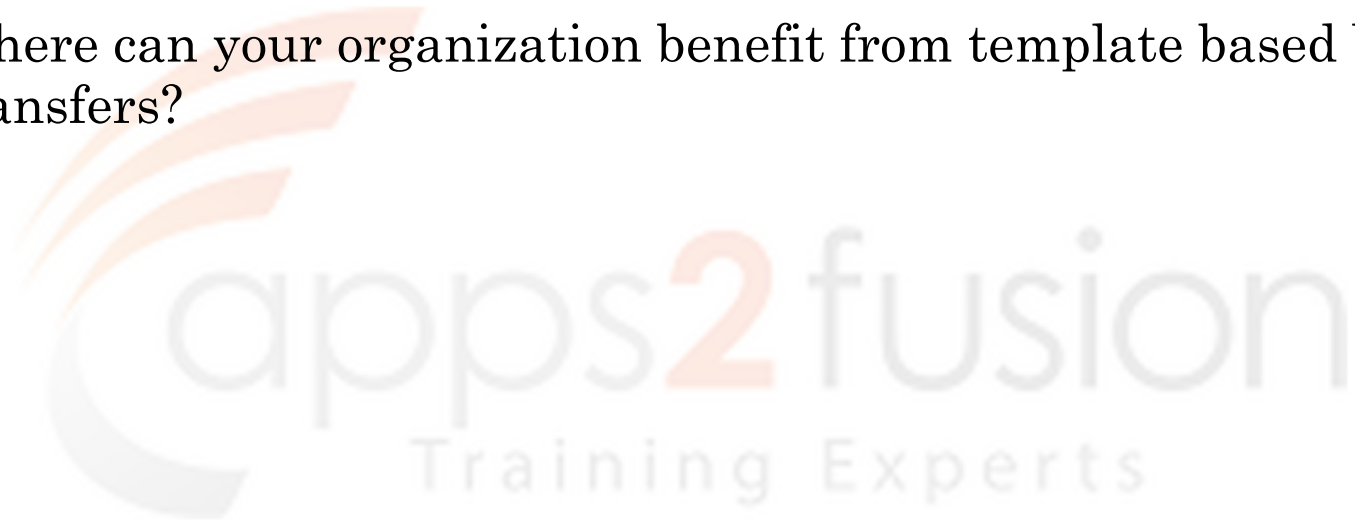
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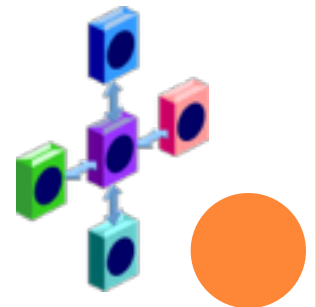
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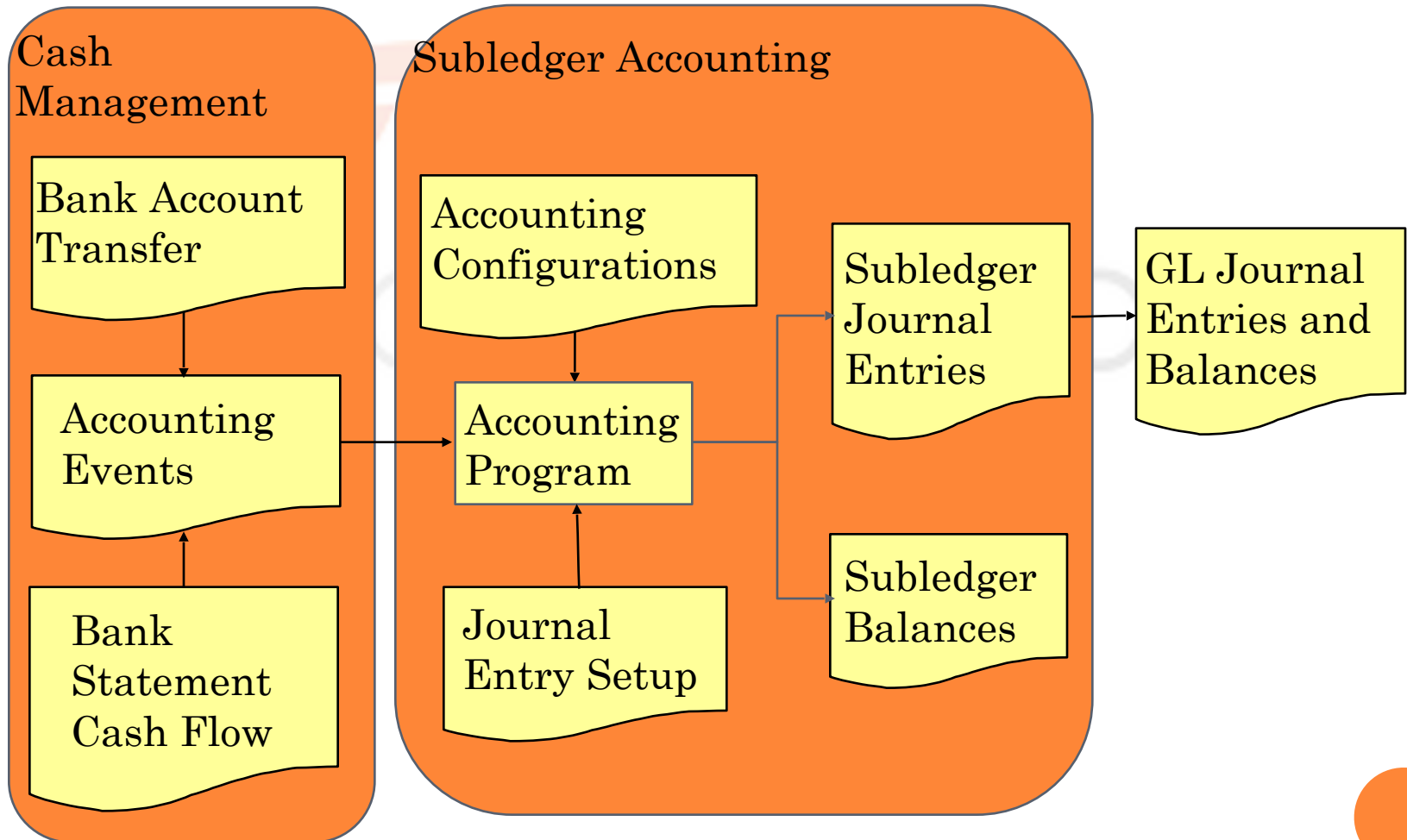
SUBLEDGER ACCOUNTING DESCRIPTION

- Rule-based accounting engine: Provides a common, flexible framework for creating journal entries for:
  ◦ Bank Account Transfers
  ◦ Bank Statement Cash Flows in Cash Management

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SUBLEDGER ACCOUNTING DESCRIPTION

Cash Management

- Bank Account Transfer
- Accounting Events
- Bank Statement Cash Flow

Subledger Accounting

- Accounting Configurations
- Accounting Program
- Journal Entry Setup
- Subledger Journal Entries
- Subledger Balances

GL Journal Entries and Balances
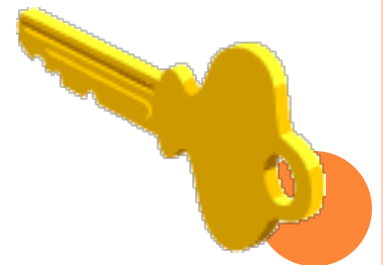
SUBLEDGER ACCOUNTING BENEFITS

- Reduces financial reporting costs.
  - Allows multiple accounting representations for a single business event.
  - Resolves conflicts between corporate and local fiscal accounting requirements.
- Increases transparency and auditability.
  - Retains the most granular level of detail in journal entries.
  - Provides different summarization options in the General Ledger.
  - Allows full audit and reconciliation.
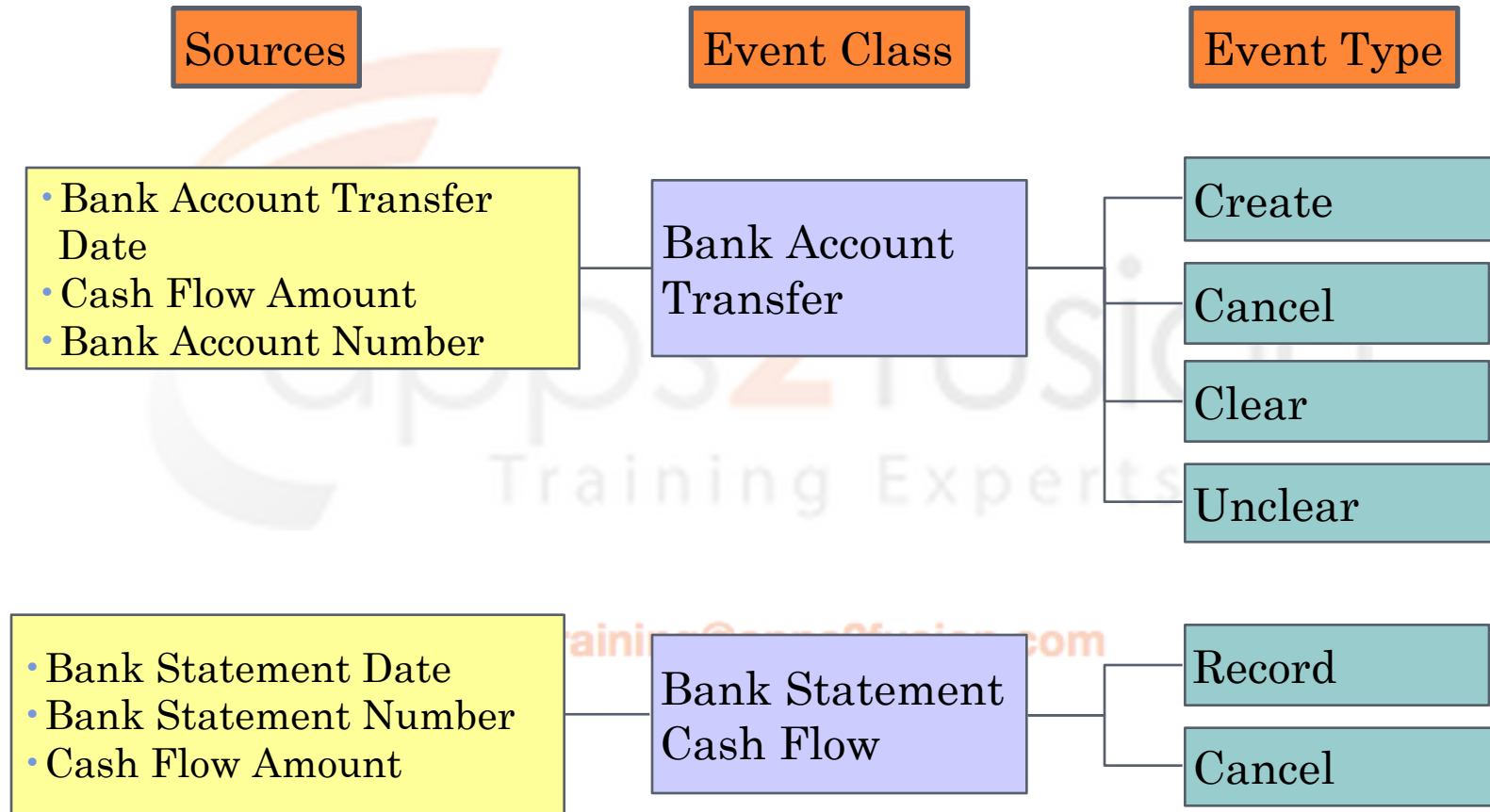
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SUBLEDGER ACCOUNTING KEY CONCEPTS

- Event Model: Definition of the subledger transaction types and lifecycle.
  - Event Class: Transaction types for accounting rule purposes.
  - Event Type: Possible actions with accounting significance.
- Transaction object: Data model containing transaction information to be used in accounting.
- Source: Any attribute of a transaction that can be used in defining the journal entry rules and when generating an entry.

SUBLEDGER ACCOUNTING KEY CONCEPTS FLOW

Sources	Event Class	Event Type

Sources:
- Bank Account Transfer Date
- Cash Flow Amount
- Bank Account Number

Event Class: Bank Account Transfer

Event Type:
- Create
- Cancel
- Clear
- Unclear

Sources:
- Bank Statement Date
- Bank Statement Number
- Cash Flow Amount

Event Class: Bank Statement Cash Flow

Event Type:
- Record
- Cancel

SUBLEDGER ACCOUNTING SUMMARY

- Flexible accounting engine.
  - Common flexible framework for creating journal entries for Bank Account Transfers and Bank Statement Cash Flows in Cash Management
- Transparency and auditability.
  - Drill down from the journal entry to the source transaction
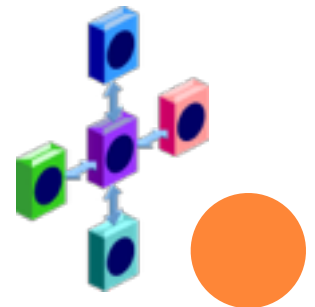 - Trial balances
  - Flexible reports

IMPLEMENTATION CONSIDERATIONS

○ General Ledger: The GL account derivation in this feature depends on the setup in General Ledger.
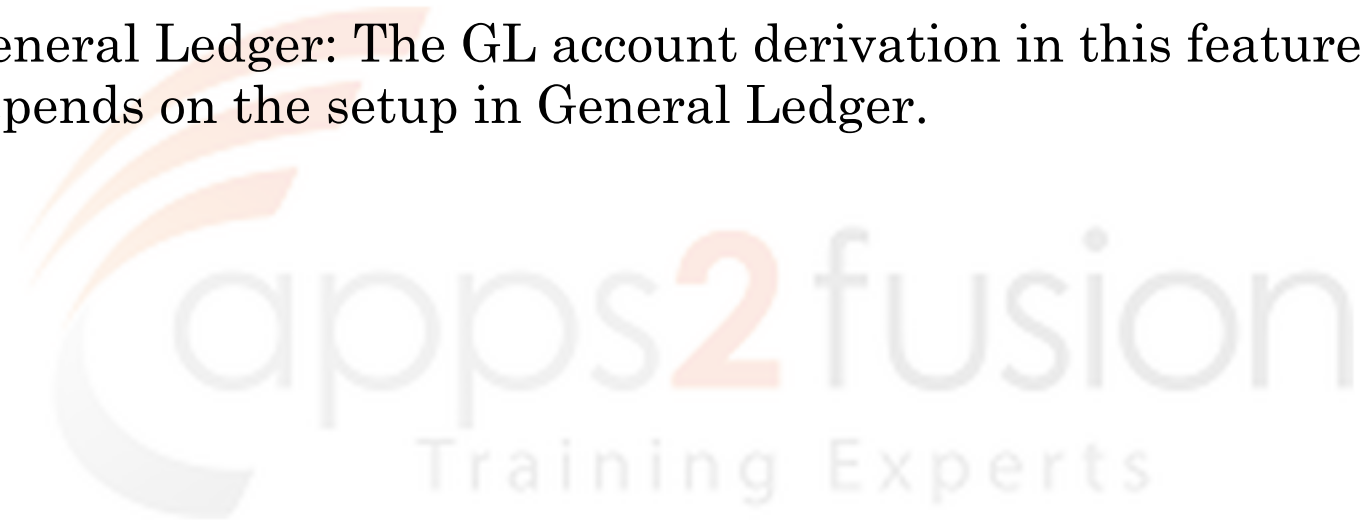
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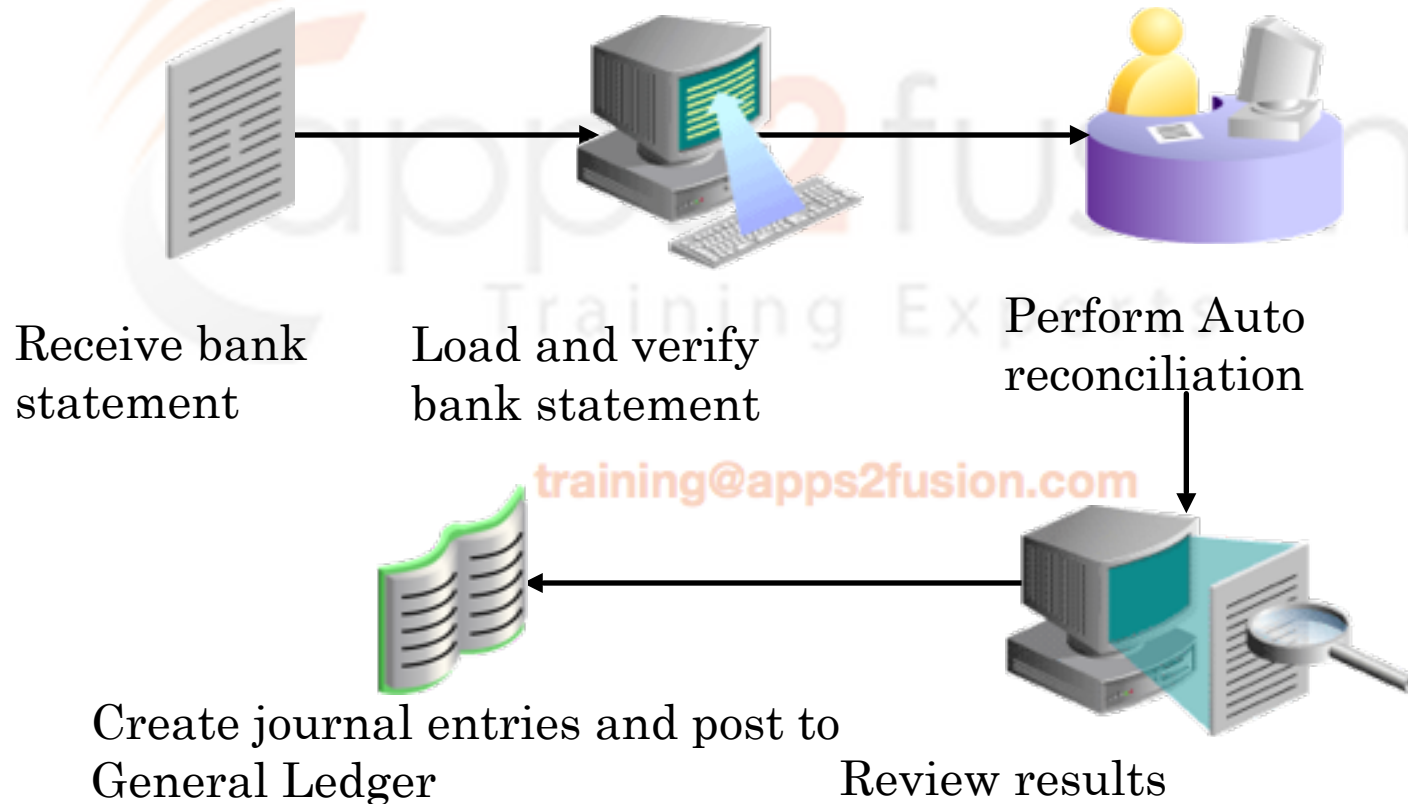# BANK STATEMENT RECONCILIATION DESCRIPTION

- Bank Transaction Codes can be linked to multiple sources.

- Reconciliation tolerances are:
  - Defined at the bank account level
  - Available as separate tolerances for manual and auto reconciliation
  - Broken down by source for Auto reconciliation

- Reconciliation can be done across operating units.

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BANK STATEMENT RECONCILIATION BENEFITS

- Improved Efficiency: Increases straight-through processing success rate of the auto reconciliation

Receive bank statement

Load and verify bank statement

Perform Auto reconciliation

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Create journal entries and post to General Ledger

Review results

BANK STATEMENT RECONCILIATION SETUP

- Now part of bank setup
- Transaction Codes
  - Assign a transaction code to multiple transaction sources
- Account Controls
  - Reconciliation control parameters
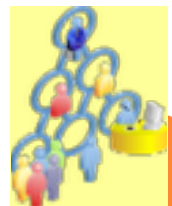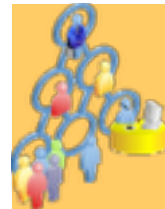
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MULTI-ORG ACCESS CONTROL AND SECURITY DESCRIPTION

- Provides bank account maintenance security.
  - Privilege to create and update bank accounts that belong to the legal entities that the user can access

- Provides bank account access security.
  - Bank Account Access Cash Management Security Profile: Which organizations the user can access.
  - Sets:
    - Bank Account use
    - Treasury security
    - MOAC security
    - Payroll security

MULTI-ORG ACCESS CONTROL AND SECURITY BENEFITS

- Reduced Costs: Enable shared services centers and cut down processing time.

- Improved Efficiency: Easily access data from different operating units.

- Improved Security Control: Explicitly grant access to specific users for specific purposes.

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MULTI-ORG ACCESS CONTROL AND SECURITY SUMMARY

- Existing security model expanded: More granular and explicit access and usage rights.
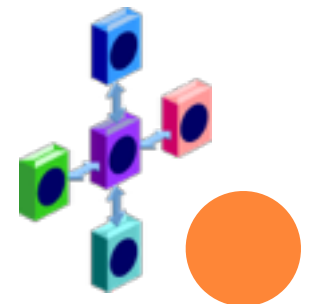- Shared services center support.
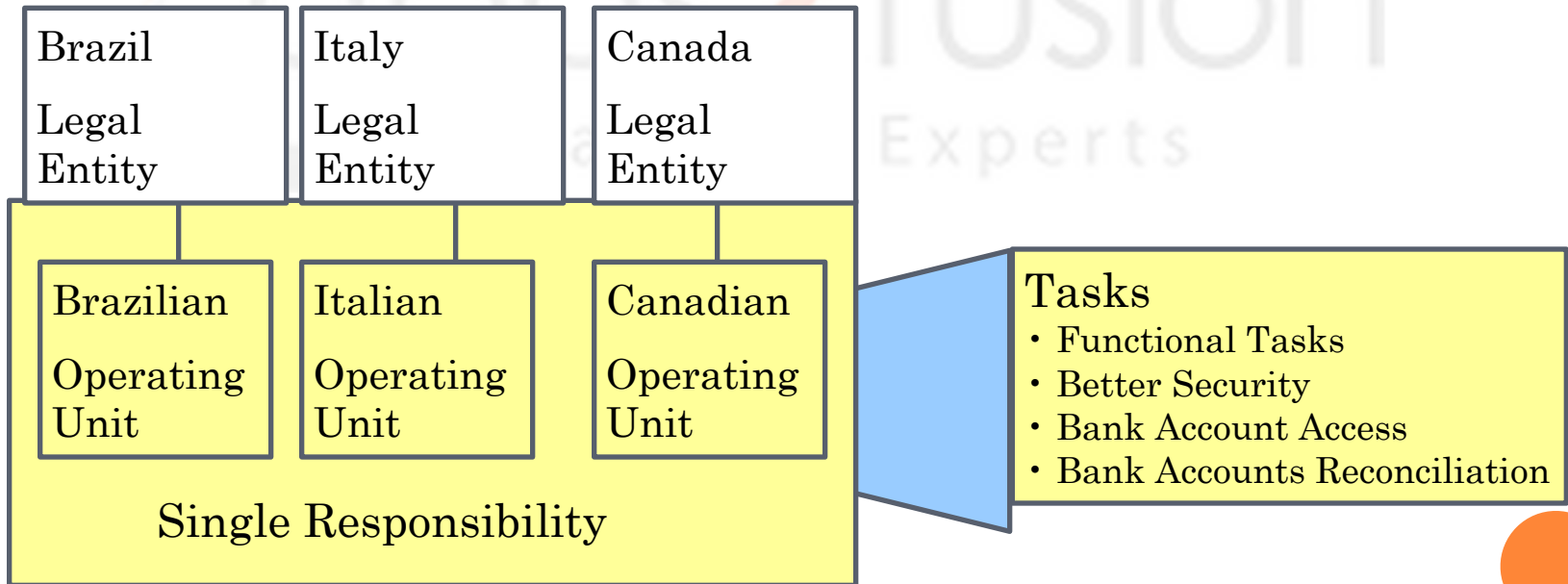
IMPLEMENTATION CONSIDERATIONS

- HRMS
  - Organizational hierarchy
  - Set up Multi-Org Security Profiles
- Treasury
- Payroll

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CASH POOLING DESCRIPTION

○ Cash leveling or Cash Pooling:

- Is a cash management technique aimed at optimizing the balances of the internal bank accounts held at one or several banks
- Is usually performed on a daily basis
- Can be done by transaction or by total net end-of-day balances

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CREATING CASH POOLS

- Notional Cash Pools:
  - Consist of one concentration account and multiple sub accounts
  - Are used for cash leveling similar to zero balancing without the actual funds movement
- Physical Cash Pools:
  - Consist of one or two concentration accounts and multiple sub-accounts with funds transfer rules specified
  - Are used for cash leveling wherein you can initiate fund transfers or mirror outsourced cash pools

VIEWING AND UPDATING CASH POOLS

- You can view cash pool information as follows:
  - Search for the cash pool name
  - Click on the cash pool name in the Search and Results page
- If you have the appropriate user security, you can update the cash pool

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IMPLEMENTATION CONSIDERATIONS

Some setup in Oracle Treasury

SUMMARY

○ In this module, you should have learned how to:

- Describe and use the new features in Release 12 of Oracle Cash Management.
- Set up the new features in Release 12 of Oracle Cash Management.

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