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
AGENDA

- 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
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)

Bank

Bank Branch

Bank Account

Cash Management

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

<table>
<thead>
<tr>
<th>UMX Security Wizard:</th>
<th>Use – Create/View/Reconcile CE Cashflow Transactions</th>
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</thead>
<tbody>
<tr>
<td></td>
<td>Maintenance – Create/Update Accounts</td>
</tr>
<tr>
<td></td>
<td>Bank Transfers – Create Bank Account Transfers</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Bank Account Setup:</th>
<th>Bank Owner - LE</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Organization Use – LE, OU, BG</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Security Profiles:</th>
<th>MOAC – AR, AP</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Treasury</td>
</tr>
<tr>
<td></td>
<td>Payroll</td>
</tr>
<tr>
<td></td>
<td>Bank Account Use – CE Cashflow Transactions</td>
</tr>
</tbody>
</table>
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
BANK ACCOUNT MODEL SETUP AND PROCESS

**SETUP**

<table>
<thead>
<tr>
<th>Payroll</th>
<th>Cash Management</th>
<th>Treasury</th>
</tr>
</thead>
<tbody>
<tr>
<td>Define Banks</td>
<td>Define Bank Branches</td>
<td>System check for user’s privileges for Bank Account Maintenance</td>
</tr>
<tr>
<td>Define Bank Accounts</td>
<td></td>
<td>Define Bank Counterparties and link to Bank Branches</td>
</tr>
<tr>
<td>Yes</td>
<td>Yes</td>
<td>Yes</td>
</tr>
<tr>
<td>No</td>
<td>No</td>
<td>No</td>
</tr>
<tr>
<td>Payroll Use?</td>
<td>Treasury Use?</td>
<td>Payroll Use?</td>
</tr>
<tr>
<td>Yes</td>
<td>Yes</td>
<td>Yes</td>
</tr>
<tr>
<td>No</td>
<td>No</td>
<td>No</td>
</tr>
<tr>
<td>Add Bank Account to Organizational Payment Method</td>
<td></td>
<td>End</td>
</tr>
</tbody>
</table>

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)
AGENDA

- 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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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

Maintenance

Query Bank Accounts

Maintain balances of multiple bank accounts?

Select a date

Maintain historical balances of multiple bank accounts

Maintain historical balances of a single account

Maintain projected balances of a single bank account

Cash Position
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
BANK ACCOUNT BALANCES AND INTEREST CALCULATIONS SETUP

**Reporting**

- Balance report view exists?
  - Yes
  - View report results
  - Select balance report view
  - View report results
- 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.
AGENDA

- Bank Account Model
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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.
BANK ACCOUNT TRANSFERS PROCESS

PROCESS

Create Bank Account Transfer

Validate Bank Account Transfer

Authorize Bank Account Transfer

Journalize Bank Account Transfer

Return status

Payments

Subledger Accounting

Authorization Required?

Yes

No
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.
BANK ACCOUNT TRANSFERS SETUP

SETUP

Set system profile

Set up Transaction Subtypes

Set up Payment Templates
CE: Bank Account Transfers

- This parameter defines where the cash transfers will be created as a result of the cash pool activity

<table>
<thead>
<tr>
<th>Profile Value</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash Management</td>
<td>Cash transfers will be created in Cash Management using the Bank Account Transfer framework.</td>
</tr>
<tr>
<td>Treasury</td>
<td>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)</td>
</tr>
</tbody>
</table>
IMPLEMENTATION CONSIDERATIONS

- Where can your organization benefit from template based bank transfers?
AGENDA

- Bank Account Model
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- Subledger Accounting
- Bank Statement Reconciliation
- Multi-Org Access Control and Security
- Cash Pooling
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
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
SUBLENDER 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.
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**
- 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
SUBLEDERG 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.
BANK STATEMENT RECONCILIATION

**BENEFITS**

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

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**Steps:**

1. **Receive bank statement**
2. **Load and verify bank statement**
3. **Perform Auto reconciliation**
4. **Create journal entries and post to General Ledger**
5. **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.
**MULTI-ORG ACCESS CONTROL AND SECURITY SUMMARY**

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

<table>
<thead>
<tr>
<th>Brazil</th>
<th>Italy</th>
<th>Canada</th>
</tr>
</thead>
<tbody>
<tr>
<td>Legal Entity</td>
<td>Legal Entity</td>
<td>Legal Entity</td>
</tr>
<tr>
<td>Brazilian Operating Unit</td>
<td>Italian Operating Unit</td>
<td>Canadian Operating Unit</td>
</tr>
</tbody>
</table>

**Single Responsibility**

**Tasks**
- Functional Tasks
- Better Security
- Bank Account Access
- Bank Accounts Reconciliation
IMPLEMENTATION CONSIDERATIONS

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

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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
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
IMPLEMENTATION CONSIDERATIONS

Some setup in Oracle Treasury

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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.