Oracle 11i Chart of Accounts

Training Manual
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Oracle 11i - Chart of Accounts

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Oracle 11i Implementation Project

Chapter 1
Oracle 11i Implementation Project
Why are we re-implementing Oracle?

- Current Oracle system is not supported
- Chart of Accounts has been re-implemented
- Chance to implement new functionality
- Interfaces being re-written

Interfaces are the transfer of data from one system i.e. Callista to another system i.e. Oracle, which happens automatically. This allows the Oracle system to be used as the core financial system for the University.
New Functionality in 11i

- **Payables** – Redesigned Invoice entry screen, XML invoices and payments, email remittance advice
- **Cash Management** – new module for bank reconciliations
- **Fixed Assets** – iAssets, Asset maintenance, transfer Assets by category, Rollback/Recreate journal entries
- **Receivables** – Improved User Interface, Invoice preview and reprint, XML invoices, Credit Management
- **General Ledger** – XML Publisher, eJournals, Enhanced Drilldown & T Accounts, Automatic Journal Reversal, Web based account inquiries
You will be attending this Oracle 11i training session to enhance your understanding of the new finance system.

The above diagram shows the prerequisite training you will be attending, plus non-mandatory training sessions that we recommend.
Oracle 11i – Chart of Accounts: Course Objectives
Course Objectives

After this course, you should be able to:

- Identify the new Chart of Accounts structure
- Identify the different segments and what they mean
- Appreciate how the different segments ‘hang’ together to make the flexfield combination
- Appreciate how the new structure translates onto reports
- Use the dynamic chart of account lookup page
- Use the chart of account mapping page
- Understand what is an internal transaction and the associated rules of internal transactions

Course Overview

This course discusses the Chart of Accounts structure within Oracle Applications, Release 11i.
Oracle 11i - Chart of Accounts

Chapter 3
Why Have a Chart?

The purpose of the Chart of Account is to provide meaningful management information to enable the University to analyse financial data both for internal and external reporting purposes. All reports require different presentation of information and the Chart of Accounts is used to collect the necessary data for manipulation.

The Chart of Accounts aims to reflect the authority structure of ECU and be used as a control over delegations of authority.

ECU has adopted the approach of simplicity for the Chart. The number of values in each segment will be kept to a minimum to enable ease of use, consistency and comparability.

- Capture financial data
- Organising into meaningful information
- Output is via reporting
- Reflects authority structure of ECU
Why Are We Changing?

- In need of review – 5 y.o. Needs to be done on a regular basis
- Simplification
- More efficient use of segments
- Ease of data entry from reordering of segments
- Improve reporting output
Summary of Changes

- New structure including a company segment
- New order
- Re-numbering
- Greater flexibility (able to use projects across cost-centres)

Note: Most codes have been renumbered – check if in doubt (don’t rely on your memory!!)
Old v New

The purpose of the Chart of Account is to provide meaningful management information so the University can analyse expenses and income according to various types both for internal and external reporting purposes. All reports, be it internal or external, require different presentation of information and the Chart of Accounts, is the tool used to gather the necessary data for manipulation prior to reporting.

External reporting requirements, including annual financial statements, must comply with Australian and International Accounting Standards, reporting to DEST and reporting to Grant Authorities (particularly Research Grants). All reporting requirements impact upon the design of the Chart of Accounts.

When planning the proposed new Chart of Accounts we are aiming for a flexible and simple account structure that not only accommodates our current organisation but also anticipates future growth within the University. The Chart of Accounts needs to be designed to ensure common reporting, comparability and performance data.

The segments of the Chart of Accounts should be capable of unique specification regardless of all other segments. Data should be stored at the lowest practical level so that after a reorganisation it is merely necessary to re-build any hierarchies sitting above the segments. Great care should be taken to ensure that segments are not used for multiple purposes. We have tried to ensure that there is a clear definition of the usage of every segment and that each segment has only one purpose.
Segments: The building blocks of the chart of accounts in the General Ledger. Each account is comprised of multiple segments. Users choose which segments will make up their accounts i.e. project, cost centre, account, activity, location and company.
OLD: 9070000-907-GA-06-5010

NEW: 66071-0317-4001-SB-06-01
Chart Segments - Project

The project segment is used to capture financial transactions for operations that are at a more specific (or lower) level than a cost centre but are subject to financial control.

A project is an optional subset of a cost centre. Used to record transactions for:
- formal projects where expenditure is required to be recorded and reported on separately (e.g., research, consulting, central initiatives);
- informal projects where a cost centre wishes to separately record significant transactions that cannot be accommodated through the use of other Chart segments.

Projects will typically have a defined start and finish date.

Projects must at all times be attached to a cost centre but are able to move between cost centres. Every opportunity will be taken to minimise the opening of new projects.
Chart Segments – Cost Centre

This segment will maintain the organisational hierarchy. Cost centres reflect the major University financial management structure.

A cost centre is a clearly defined area of managerial responsibility to which financial transactions that relate to that centre are charged and financial controls administered.

Within ECU, cost centres are typically allocated for Administrative Centres, Research Centres (level 2 and above), Research Institutes and self-funding operations.

- Reflects the major university financial structure
- Clearly defined area of managerial responsibility
- Eg Research Centre, Administrative Department

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Chart Segments – Account

- Used to identify a transaction as income, expenditure, assets, liabilities and equity.
- Provides a standard classification to facilitate uniform internal and external reporting.

Chart Segments – Account

- Used to identify a transaction as income, expenditure, assets, liabilities and equity.
- The account segment provides a standard classification to facilitate uniform internal and external reporting.
- Every opportunity will be taken to minimise the opening of new account codes.
Chart Segments – Activity

An accounting entity where all costs associated with a particular type of activity can be recorded. Faculties and Centres need to consider reporting by activity.
Chart Segments – Activity

An accounting entity where all costs associated with a particular type of activity can be recorded. The purpose of this segment is to primarily satisfy reporting requirements.

It was agreed by VCPMG (Dec 04) that the following would be the definitions for Activity segments, at the highest level:-

- **Teaching and Learning**: any activity that leads to an ECU course award as defined by the ECU Qualification Framework.
- **Research**: any activity that is consistent with the DEST Guidelines relating to research activity, as determined by the ECU Office of Research Services.
- **Commercial**: any activity that does not lead to an ECU course award as defined by the ECU Qualification Framework, is not consistent with the DEST Guidelines relating to research activity, but does have the potential to generate a financial return to ECU.
- **Services and Administration**
Chart Segments – Location

• Assigns a location to a transaction
• Can be campus, interstate or international
• Reflects where the transaction is related to e.g. offshore programs

Chart Segments – Location
• An independent segment used to determine the assignment of physical locality to transactions.
• Can be campus, interstate or international.
• Whilst location is relevant only in some ECU sections e.g. Facilities and Services, there is the potential to make better use of it for our growing international operations.
The Company segment represents the legal entity or company that consolidates or “summarises” the activities of the entity.

Known as the balancing segment. A Balance Sheet is maintained at this level only.

Company segment values will represent core University activity, trusts (where applicable), semi autonomous bodies and subsidiaries (e.g. Co-operative Research Centres).

The criteria for the establishment of a company will be based on the requirement to produce a Balance Sheet for that entity.

- Typically a separate legal entity eg CRC
- Enables balance sheet reporting of that entity
- Vast majority of users will only use the ECU parent company (01)
Internal Transaction Codes

We need to ensure that the current process is being followed.

Examples of appropriate use of 19xx/96xx codes are:

- Charging out of telephone fees
- Charging out of vehicle usage fees
- Charging out of facility hire fees
- Charges for the use of staff time in a commercial/offshore project

Examples of use of the 0050/0060 0051/0061 codes are:

- Transfers of profits from a commercial/offshore project to a Faculty project
- Transfers of funds from one Faculty/Centre to another Faculty/Centre as a result of an arrangement to assist in the funding of a commercial venture

Note: the change in numbers!!
Chart of Accounts Lookup

- URL http://coal.ecu.edu.au
- Similar basis to existing lookup
- Can search on any segment or keyword
- Direct link from the following sites:
  - www.ecu.edu.au/msc - MSC Homepage
  - www.ecu.edu.au/msc/dir/11i - Project website
• **http://coal.ecu.edu.au** Same URL – go to “Mapping Tab”

• Will enable users to enter in a new flexfield and have it mapped to old and vice versa.

• Direct from MSC Homepage [www.ecu.edu.au/msc](http://www.ecu.edu.au/msc)
Chart Maintenance

- Chart “owned” by Financial Accounting Manager
- Segment value change requests via webforms
  

- Annual review of chart segment usage

Chart Maintenance
The overall responsibility for ECU’s Chart of Accounts rests with the Financial Accounting Manager. This includes the approval of all segment values. Requests for changes and additions to the Chart should be submitted to the Senior Financial Officer for approval by the Financial Accounting Manager.

The online request forms for new chart values will be updated to reflect the new structure and information requirements.

The Financial Accounting Team will be responsible for the establishment of approved segment values on Oracle FMIS and the establishment and maintenance of associated accounting and system (e.g. cross-validation) rules.

The usage of the Chart segments and values will be reviewed annually. Rarely used values may be closed to maintain efficiency of the Chart.
Where to from here

- Enrol in your next training course:-
  - Oracle 11i Inquiries
  - eApprovers

- Systems Support from the 10\textsuperscript{th} January 2006
  - Call: 2772
  - Email: mscsystems@ecu.edu.au