JOURNAL CREATION AUTOMATION IN ENTERPRISE RESOURCE PLANNING GENERAL LEDGER APPLICATION

Thejas Prasad

Abstract

A good number of large organizations are using Enterprise Resource Planning applications for their record to report financial process. In the dynamic landscape of financial management, the automation of journal entries within Oracle E-Business Suite (EBS) General Ledger ERP represents a significant advancement. This article explores the transformative impact of automated journal entry processes, emphasizing the enhancements in efficiency, accuracy, and compliance. By leveraging Oracle EBS's robust automation capabilities, organizations can streamline their financial workflows, reduce manual intervention, and minimize errors. The discussion delves into the key features of Oracle EBS General Ledger, including automated posting, real-time data validation, and seamless integration with other financial modules. Case studies and practical examples illustrate the tangible benefits of journal entry automation, such as improved financial reporting, faster closing cycles, and enhanced audit ability. The article also addresses implementation strategies, best practices, and potential challenges, providing a comprehensive guide for organizations seeking to optimize their journal entry operations through Oracle EBS General Ledger automation.

Keywords: General Ledger, Journals, Oracle E-Business Suite, Enterprise Resource Planning, Financials, Journal Categories, Ledgers.

I. INTRODUCTION

In today's fast-paced business environment, the demand for accuracy, efficiency, and compliance in financial management is more critical than ever. Organizations are increasingly turning to automation to meet these demands and streamline their financial processes. One such area ripe for transformation is the automation of journal entries in the Oracle E-Business Suite (EBS) General Ledger ERP.

Oracle EBS General Ledger is a comprehensive financial management solution that offers a range of functionalities designed to enhance financial operations. Journal entry automation within this platform provides significant advantages by automating repetitive tasks, reducing the likelihood of errors, and ensuring timely and accurate financial reporting. This capability allows finance teams to shift their focus from manual data entry and reconciliation to more strategic activities that add value to the organization.

This article delves into the intricacies of journal entry automation in Oracle EBS General Ledger, examining how it revolutionizes traditional financial workflows. We will explore the key features and benefits of this automation, including seamless integration with other financial modules, and enhanced compliance. Through case studies and practical examples, we will illustrate the real-world impact of automated journal entries on financial reporting, audit readiness, and operational efficiency.

Additionally, the article will provide insights into the implementation process, discussing best practices, potential challenges, and strategies to maximize the benefits of automation. By the end of this discussion, readers will have a comprehensive understanding of how journal entry automation in Oracle EBS General Ledger can significantly improve their financial management processes and contribute to overall organizational success.

II.   ISSUES FACED BY ORGANIZATIONS DUE TO MANUAL JOURNAL ENTRY PROCESS IN GENERAL LEDGER

Addressing these challenges typically involves implementing customized automation tools and technologies within the ERP system, such as Oracle EBS General Ledger, to streamline journal entry processes, reduce errors, and improve overall efficiency and accuracy during the month-end close. Following sections discussed major drawbacks of passing journals manually.

A. Time Consuming Process

Each journal entry must be manually keyed into the system, which is extremely time-consuming, particularly when dealing with high volumes. The volume of entries spikes during month-end, leading to longer hours and increased pressure on the finance team.

Coordinating manual entries across different departments or teams can be challenging, leading to miscommunications and errors. Manual entries often require multiple levels of review and approval, which can create bottlenecks and further delay the process.

B. Risk of Errors

Manual processes are prone to human errors such as typographical mistakes, incorrect account coding, or miscalculated amounts. The risk of entering the same journal more than once increases with the volume of entries.

C. Lack of Efficiency

Manual journal entries are repetitive and monotonous, leading to inefficiencies and potential oversight. The manual process slows down the entire month-end close cycle, delaying financial reporting and decision-making. Significant human resources are required to enter, review, and approve large volumes of manual journals. The intense workload and tight deadlines during month-end can lead to increased stress and burnout among finance team members.

As the organization grows, the volume of transactions increases, making it difficult to scale the manual journal entry process efficiently. Manual processes are less adaptable to increased transaction volumes and complex accounting requirements.

D. Audit and Compliance Issues

Manually entered journals may lack detailed documentation or audit trails, making it difficult to track changes and ensure compliance. Errors or omissions in journal entries can lead to non-compliance with regulatory requirements and financial reporting standards.

E. Delayed Financial Insights

Delays in entering and reconciling journal entries result in slower availability of financial data for analysis and decision-making. The timeliness and accuracy of financial reports are compromised, affecting stakeholders who rely on these reports for strategic decisions. The timeliness and accuracy of financial reports are compromised, affecting stakeholders who rely on these reports for strategic decisions.
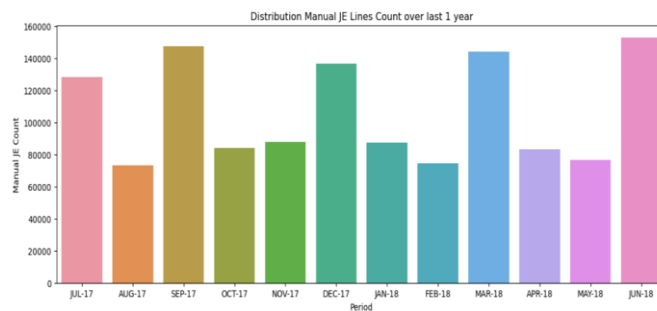

Fig. 1. This figure represents the overall Manual Journal Lines count for the XYZ. Inc company in the last one year.

III.   ANALYSIS ON THE MANUAL JOURNAL DATA AND THE APPROACH

The use case that is discussed in this article is an automation process implemented for the company XYZ Inc. (fictional name is used).The process explained in this article can be implemented for any organization that would want to streamline the General Ledger process and automate the manual journal entries. The approach to solutioning this problem was first to analyze the volume of manual journals recorded in the previous one year in the company XYZ Inc.. The analysis is done based on the data count for manual journals by period, journal category, amount in USD of the journal. Following analysis techniques will help the implementation team speed up the automation process gaining some insights and trends that will form the basis of solution design. It is imperative that the design team has a thorough understanding of the manual journals classification by various elements, trends on volumes and value of the journals.

A. Distribution of the Manual Journal Entries in the past one year

The manual journal details were extracted from the company's General Ledger database using Oracle SQL. Fig. 1 shows the manual Journal lines distribution in a graphical representation over the last . It is observed that the count of manual journals passed by the finance general ledger team is very high from this data. Need to further analyze by period, journal values and journal categories to get a precise understanding on what portion of these manual journals can be automated.

B. Manual Journals by Journal Categories recorded in the system

Journal entries are created in General Ledger by source and categories. Manual sources are 'Manual' and 'Spreadsheet'. Under each of these manual sources, the journals are created for each category. Journal categories are critical in recording the reporting the financial transactions.

Some of the top categories identified for the company XYZ Inc. are Accrual, Rev_Accrual, Reclass, Actual, other and Adjustment This analysis will provide insights on which journal category has recorded the most part of the manual journals form the data obtained in the last one year. Fig. 2 shows the stats for each these journal categories and it will impact the overall design of the solution. Business teams can help understand the significance of each of these journal categories.
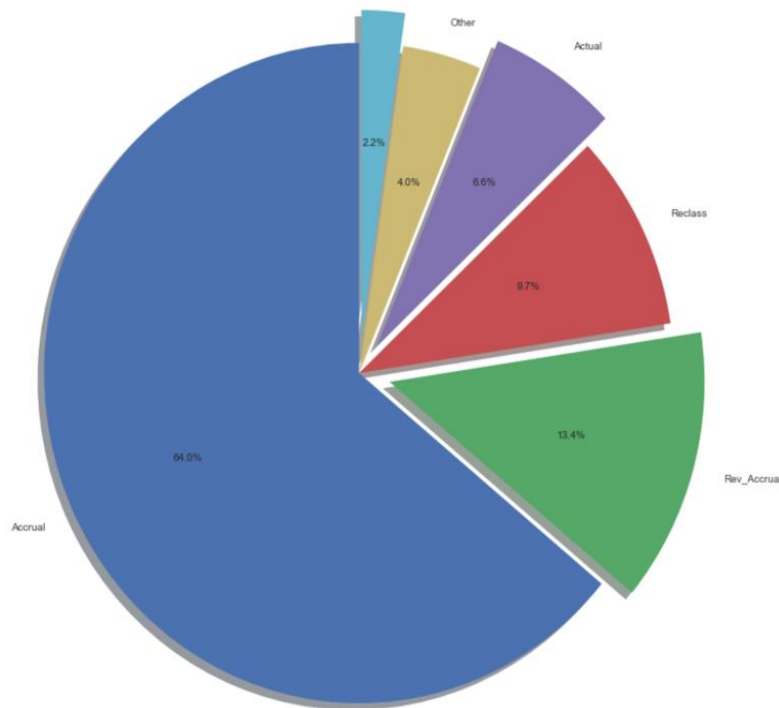

Fig. 2. This figure shows the percentage of manual journals that belongs to each of the category.

C. Manual Journals by dollar value

It is very critical to understand the values of these manual journals entered in the ERP system, hence a deeper analysis is required to get this information. Fig. 3 is a pie chart representation of breaking down the manual journals by it dollar value.
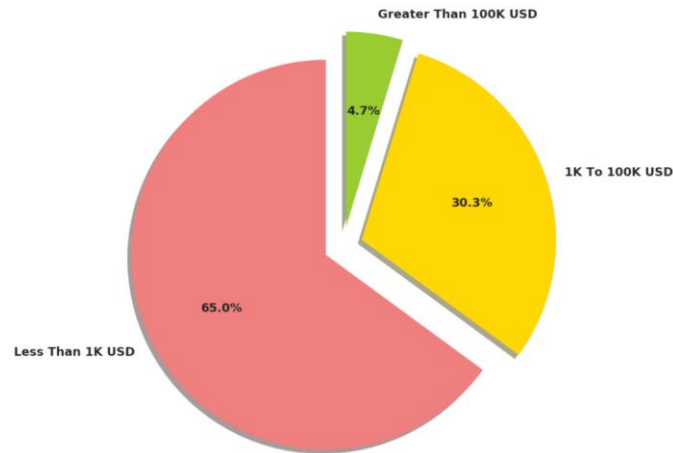
Fig. 3. This figure shows the values of each manual journal.

It can be observed that 65% the manual journal entries passed are low dollar value journals i.e. less than 1k USD. 30.3 % of overall journals were of the value between 1k to 100k USD and only 4.7% of the manual journals entered are of high value which is more that 100k USD. This analysis will help the implementation team on which segment of manual journals can be targeted initially for automation.

D. Manual Journals during the close weeks

Manual journal creation volume can vary based the dates in a specific period. This analysis was conducted to get trend of volume in each of the period. It was identified that major portion of manual journals are recorded during the period close week time frame vs the regular operating days.
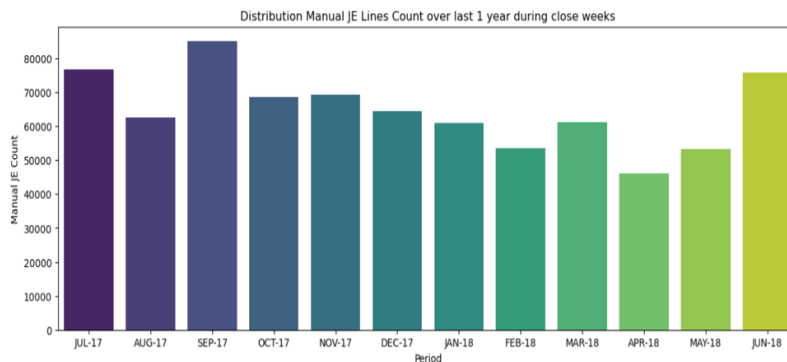

Fig. 4. This graph shows the trend of manual journal creation in the period close weeks.

E. Enabling the Automation

Analyzing the manual journal data created over the last one year was key in arriving some of the major design elements. Various factors like volume, categories, creation timings and journal values were considered during the solutioning phase.

Initial step was to conduct multiple interviews with various stake holders in the General Ledger business team to understand on how they arrived at the data required for their team to get the critical information to pass the manual journals. Business users in XYZ Inc. as in most other organizations had used multiple reports in Oracle and SQL data extracts provided by the IT team to get the data required to prepare for manual journals. Based on the data generated by these reports and extracts, certain calculations were performed to arrive at the final numbers and other elements required for passing the manual journals. After identifying the list of reports and the extract details shared by business, the automation team developed a custom process (XX Prepare Manual Journal Data) to trigger these reports and extracts as an initial step in gathering the data and insert the output to a custom table XX_GL_JE_DATA_RAW in the Oracle General Ledger database. The second custom process (XX Generate Manual Journal Data) would fetch the data from this custom table and perform the required complex calculations to generate the values required to create the manual journal entries and then stores this updated information in the custom tables XX_GL_JE_HDR_DATA & XX_GL_JE_LINE_DATA. Third custom process (XX Create and Import GL Journals) will perform two different functions based on the parameter user will choose. User has an option to execute this process in review mode, so that the journals to be created can be reviewed before importing to General Ledger.

After reviewing the journal data user can execute the same process in create mode, this option would insert the journal data in the GL_INTERFCE table and trigger the standard journal import job which will import the journals to the GL base tables. This automation will be executed as a three step process in the initial months to identify and defects and potential changes to be implemented to the custom process. Once all the issues are resolved and business users are comfortable, this can be fully automated by scheduling these custom jobs.

IV.   IMPACT

The implementation of journal entry automation within Oracle E-Business Suite (EBS) General Ledger has profound and far-reaching impacts on financial management and operational efficiency. Key areas where automation makes a significant difference are time and labor. Automating journal entries drastically reduces the time required for data entry and processing. This efficiency enables finance teams to complete the month-end close faster and frees up time for more strategic tasks. The efficiency gains and error reduction from automation lead to significant cost savings in the long run.Challenges Faced by the Financial Institution

V.   SCOPE

The use case explored in this article is performed in Oracle E-Business Suite Enterprise Resource Planning (ERP) application and a custom process implementation of automating the manual journal entry process in General Ledger module.

VI.   CONCLUSION

The adoption of journal entry automation within Oracle E-Business Suite (EBS) General Ledger yields a myriad of benefits that revolutionize financial management and enhance operational efficiency. Below are the key advantages:

1. Increased Efficiency: Automation significantly reduces the time required for journal entry processing, allowing finance teams to complete tasks more quickly and focus on higher-value activities. Automated workflows eliminate manual, repetitive tasks, resulting in more streamlined and efficient financial operations.

2. Accelerated Financial Close: The automation of journal entries accelerates the month-end close process, enabling timely and efficient financial reporting. Finance teams gain access to real-time financial data, providing immediate insights and facilitating quicker decision-making.

3. Optimal Resource Utilization: By reducing the need for manual entry, finance teams can redirect their efforts toward strategic analysis and decision-making. Automation alleviates the intense workload during critical periods such as month-end close, leading to lower stress levels and improved job satisfaction.

4. Cost Savings: The efficiencies gained through automation translate into significant cost savings by reducing manual labour and minimizing errors. Decreased reliance on manual data entry reduces labor costs and allows for more strategic allocation of financial resources.

5. Better Financial Reporting: Automation ensures that financial reports are generated promptly, providing stakeholders with up-to-date information. The accuracy and consistency of automated entries improve the overall integrity of financial reports, increasing confidence in the reported figures.

In conclusion, the benefits of journal entry automation in Oracle EBS General Ledger are substantial and multifaceted. By enhancing efficiency, accuracy, compliance, and strategic decision-making, automation empowers organizations to achieve superior financial management and maintain a competitive position in the market.

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