

Oracle Fusion Cloud Financials

Implementing Lease Accounting

22C



Copyright © 2011, 2022, Oracle and/or its affiliates.

Author: Mathew Daniel

This software and related documentation are provided under a license agreement containing restrictions on use and disclosure and are protected by intellectual property laws. Except as expressly permitted in your license agreement or allowed by law, you may not use, copy, reproduce, translate, broadcast, modify, license, transmit, distribute, exhibit, perform, publish, or display any part, in any form, or by any means. Reverse engineering, disassembly, or decompilation of this software, unless required by law for interoperability, is prohibited.

The information contained herein is subject to change without notice and is not warranted to be error-free. If you find any errors, please report them to us in writing.

If this is software, software documentation, data (as defined in the Federal Acquisition Regulation), or related documentation that is delivered to the U.S. Government or anyone licensing it on behalf of the U.S. Government, then the following notice is applicable:

U.S. GOVERNMENT END USERS: Oracle programs (including any operating system, integrated software, any programs embedded, installed, or activated on delivered hardware, and modifications of such programs) and Oracle computer documentation or other Oracle data delivered to or accessed by U.S. Government end users are "commercial computer software," "commercial computer software documentation," or "limited rights data" pursuant to the applicable Federal Acquisition Regulation and agency-specific supplemental regulations. As such, the use, reproduction, duplication, release, display, disclosure, modification, preparation of derivative works, and/or adaptation of i) Oracle programs (including any operating system, integrated software, any programs embedded, installed, or activated on delivered hardware, and modifications of such programs), ii) Oracle computer documentation and/or iii) other Oracle data, is subject to the rights and limitations specified in the license contained in the applicable contract. The terms governing the U.S. Government's use of Oracle cloud services are defined by the applicable contract for such services. No other rights are granted to the U.S. Government.

This software or hardware is developed for general use in a variety of information management applications. It is not developed or intended for use in any inherently dangerous applications, including applications that may create a risk of personal injury. If you use this software or hardware in dangerous applications, then you shall be responsible to take all appropriate fail-safe, backup, redundancy, and other measures to ensure its safe use. Oracle Corporation and its affiliates disclaim any liability for any damages caused by use of this software or hardware in dangerous applications.

Oracle®, Java, and MySQL are registered trademarks of Oracle and/or its affiliates. Other names may be trademarks of their respective owners.

Intel and Intel Inside are trademarks or registered trademarks of Intel Corporation. All SPARC trademarks are used under license and are trademarks or registered trademarks of SPARC International, Inc. AMD, Epyc, and the AMD logo are trademarks or registered trademarks of Advanced Micro Devices. UNIX is a registered trademark of The Open Group.

This software or hardware and documentation may provide access to or information about content, products, and services from third parties. Oracle Corporation and its affiliates are not responsible for and expressly disclaim all warranties of any kind with respect to third-party content, products, and services unless otherwise set forth in an applicable agreement between you and Oracle. Oracle Corporation and its affiliates will not be responsible for any loss, costs, or damages incurred due to your access to or use of third-party content, products, or services, except as set forth in an applicable agreement between you and Oracle.

Contents

Get Help

i

1	Getting Started with Your Lease Accounting Implementation	1
	Overview of Lease Accounting Implementation	1
	Lease Accounting Setups	1
	Functional Setup Manager File Upload	2
	User Interface Setup	6
	Rapid Implementation	11
	Enable Lease Accounting Features	12
	Other Lease Accounting Setups	17
2	Security - Job Roles, Duties, and Privileges	19
	Assign Job Roles for Lease Accounting Users	19
	Security Tasks You Might Need to Perform	19
	Manage Data Security Policies	19
	Manage Duties	20
	Assign Duty Roles for Lease Accounting Users	20
	Assign Privileges for Lease Accounting Users	20
3	Implementation Tasks	23
	Roadmap for Setting Up	23
	Set Up Payables Financials Option	23
	Set Up General Ledger Calendars	23
	Set Up Payables Suppliers and Sites	24
	Set Up Document Sequencing	24
	Set Up Currency Conversions	24
	Set Up Payment Terms	24
	Set Up Inventory Organizations	24
	Set Up Master Item List	25
	Set Up Business Functions	25
	Set Up Payables Integration	25

Get Help

There are a number of ways to learn more about your product and interact with Oracle and other users.

Get Help in the Applications

Use help icons Help icon to access help in the application. If you don't see any help icons on your page, click your user image or name in the global header and select Show Help Icons.

Get Support

You can get support at [My Oracle Support](#). For accessible support, visit [Oracle Accessibility Learning and Support](#).

Get Training

Increase your knowledge of Oracle Cloud by taking courses at [Oracle University](#).

Join Our Community

Use [Cloud Customer Connect](#) to get information from industry experts at Oracle and in the partner community. You can join forums to connect with other customers, post questions, suggest [ideas](#) for product enhancements, and watch events.

Learn About Accessibility

For information about Oracle's commitment to accessibility, visit the [Oracle Accessibility Program](#). Videos included in this guide are provided as a media alternative for text-based topics also available in this guide.

Share Your Feedback

We welcome your feedback about Oracle Applications user assistance. If you need clarification, find an error, or just want to tell us what you found helpful, we'd like to hear from you.

You can email your feedback to oracle_fusion_applications_help_ww_grp@oracle.com.

Thanks for helping us improve our user assistance!

1 Getting Started with Your Lease Accounting Implementation

Overview of Lease Accounting Implementation

The Lease Accounting implementation is a simple setup using any of the given three methods.

- Functional Setup Manager (FSM) File Upload
- User Interface Setup
- Rapid Implementation

Setup Components

Lease Accounting requires the setup of the following components:

- Payables Financial Options
- General Ledger Calendars
- Payables Suppliers and Sites
- Document Sequencing
- Currency Conversions
- Payment Terms
- Inventory Organizations
- Master Item List
- Business Functions

Each component setup has been explained in the subsequent chapters.

Payables Integration

You also need to set up Payables Integration, if required.

Subledger Accounting

You need to set up Subledger Accounting for payment accounting.

Lease Accounting Setups

You must use one of the following methods for Lease Accounting setup:

Functional Setup Manager (FSM) File Upload

Functional Setup Manager File Upload

User Interface Setup

User Interface Setup

Rapid Implementation

Rapid Implementation

Functional Setup Manager File Upload

You can set up system options, discount rate indexes, and payment term templates using a .csv spreadsheet from the Manage Lease Accounting Configuration page.

Create and Upload Setup Files

You need to use the following steps to download the .csv format files, fill up the relevant information, and upload the files to Lease Accounting:

Manage Lease Accounting Configuration:

1. Sign in using the user role: Financial Application Administrator.
2. Navigate to the Setup and Maintenance page from the My Enterprise menu.
3. Change the functional area to Financials from the functional area list.
4. Click Lease Accounting.
5. On the 'Manage Lease Accounting Configuration' task, click Actions > Export to CSV.
6. Click Create New.
7. Click Export only Template files option in the Export Data Setup to CSV File page.
8. Click Submit.
9. Click Ok and review the log when it is ready.
10. Download the compressed file from Ready for Download.
11. Extract the downloaded file to get 6 setup files (5 .csv) files.
12. Fill up all the required information in the .csv files. Compile all the six files into a compressed file.
13. Click Actions > Import Setup Data from CSV file.
14. Browse for the compressed file and Click Submit to create the setup data.

The following are the CSV files:

- ORA_FLA_DISCOUNT_INDEX_RATES_csv
- ORA_FLA_DISCOUNT_INDEX_INDEXES_csv
- ORA_FLA_PAYMENT_TEMPLATE_ACCOUNTS_csv
- ORA_FLA_PAYMENT_TEMPLATE_csv
- ORA_FLA_SYSTEM_OPTIONS_csv

You can use the information in these files to upload system options, discount rate indexes, and payment term templates.

Note: Even if you are uploading only the system options, the input compressed file must contain all the six files (five .csv and one .xml).

You can use the same infrastructure to upload multiple objects for setups such as 6 or 10 different discount rate indexes.

You can update the setups by exporting the setup data and then making changes and importing the compressed file.

Manage Payment Increase Configuration:

The setups for the payment increase configuration for CSV file uploads are also available for the following:

- Agreement Templates
- Payment Increase Indexes

System Options

You use the system options to create the business unit for lease creation. It is a prerequisite.

You set up the system options to do the following processes:

- Capture compliance standards options
- Capture calculation options
- Capture auto-numbering options
- Create additional calendar for "Daily" calculations
- Set the Inventory Item Master for setting up Equipment Leases
- Enable Payables integration

You must provide the following system options information among other attributes:

- Org Name: The business unit name.
- Ledger Name: The ledger identifier in General Ledger.
- Primary Regime: You must select the primary accounting standard. The valid options are IFRS16 and ASC842. The accounting for compliance leases and their balances are generated according to the selected accounting standard.
- Secondary Regime: You must only select the secondary accounting standard if you need to comply with both standards. If the primary is IFRS16, the secondary will be ASC842 if both accounting standards are applicable for reporting and vice versa.
- Interest Calculation Method: The interest calculation method is 'Daily Compounding Interest.'
Lease Accounting converts the periodic interest rate of 5% per annum to the daily compound interest rate. It employs the rate in the PV and Interest Expense calculations. The formula to convert rate is $(1+R\%) ^ (1/360 \text{ or } 1/365) - 1$.
- Amortization Method: You can choose the 'Periodic' or 'Daily' amortization method.
In periodic amortization, the expense is uniform for all full periods.
Lease Accounting calculates and applies a daily rate based on the total number of days in that calendar period in daily amortization. You can select a custom calculation calendar for daily amortizations or use the GL calendar. Daily amortization only supports the 'Days/Month' proration for the lease.
- Default Currency Conversion Type: The currency conversion type.
- Calendar Name: The name of the GL calendar. You can provide a user-defined calendar like 4-4-5 for deriving calculations only for daily calculations. You can use your GL calendar for reporting and other General Ledger activities.

- **Item Master Organization Name:** The identifier for the inventory item master. You can use an item from the Item Master reference for creating the equipment lease's assets.
- **Auto Asset Number Flag:** The identifier to enable auto-numbering of the asset.
- **Auto Lease Number Flag:** The identifier to enable auto-numbering of the lease.
- **Secondary Ledger Name:** The name of the secondary ledger.

Add a secondary ledger only if you need to comply with the secondary accounting standard.

Note: You don't need to choose a secondary ledger if you don't need to report and account in multiple GAAPs.

Note: You can use only those business units with completed AP Financial options for creating lease accounting setups.

Note: You can create leases only for those business units defined in the system options setup.

Discount Rate Indexes

You set up the discount rate index to do the following processes:

- Capture the Cost of Funds
- Create the discount rates to use in PV calculations
- Generate the amortization start date
- Associate to the lease for applying the discount rate
- Activate the index for lease use
- Provide the appropriate names and descriptions for categorizing indexes

You must provide the following information for discount rate indexes among other attributes:

- **Name:** The discount rate index name.
- **Business Unit:** The business unit name.
- **Rate Value:** The discount rate value for the effective dates.
- **Effective Start Date:** The effective start date of the discount rate line.
- **Final Flag Display:** The identifier to activate the discount rate index.

You can provide multiple discount rates within the same .csv file if the dates don't overlap and are in sequential order.

Payment Term Templates

You set up the payment templates to do the following processes.

- Accelerate payment creation
- Create error-free payments
- Implement financial policies onto payments consistently
- Drive calculation option of balances for right-of-use, liability, and expenses

- Capture accounts for SLA accounting
- Capture accounts for primary and secondary ledgers accounting
- Capture tax attributes for defaulting onto AP Invoice

You must provide the following information for payment term templates among other attributes:

- Name: The name of the payment term template.
- Description: The description of the payment term template.
- BU Name: The business unit name.
- Payment Frequency Code Display: The frequency of the payment. The valid values are Daily, Monthly, Quarterly, or Annually.
- Intercompany Flag Display: The identifier to mark Intercompany transactions.
- Liability Flag Display: The identifier to enable liability.
- ROU Asset Flag Display: The identifier to enable right-of-use.
- Payment Purpose Code Display: The name of the payment purpose.
- Payment Type Code Display: The name of the payment type.
- Vendor ID Display: The name of the supplier.
- Vendor Site ID Display: The site of the supplier.
- Option Flag Display: The identifier to mark the option payment template.
- Option Type Code Display: The type of option.

You must provide the following information from the **FLA_LEASE_ACCOUNT_CLASS** lookup among other attributes:

- Account Detail Number: The unique account detail number used in the payment term template.
- Account Class Code Display: The account class of the account in this distribution.
- Ledger Name: The GL identifier associated with the payment term template.
- CCID Segment: The identifier of code combination.

Accounting Information

Accounting Classes

You can use the following accounting classes:

- **Right-of-Use:** The right-of-use account. You require it for Lease Booking.
- **Lease Liability:** The lease liability account. You require it for Lease Booking.
- **Reserve:** You use the reserve account when the right-of-use amount isn't the same as the lease liability amount.
- **Interest Expense:** You use the interest expense account to capture the interest expense accrual in IFRS16, and include in Lease Expense in ASC842. You require it for IFRS16.
- **Amortization Expense:** You use the amortization expense account (the equivalent of depreciation charge) to capture amortization expense accrual in IFRS16, and include in Lease Expense in ASC842. You require it for ASC842.
- **Accumulated Amortization:** Lease Accounting collects the accumulated amortization expense in this account. You require it for the Lease Expense accounting event.

- **Lease Expense:** The ASC842 lease expense account. You require it for ASC842.
- **Noncompliance Expense:** The charge account for the noncompliance expense (no liability or right-of-use checks). Lease Accounting uses this account on noncompliance invoices on the expense distribution when it reaches Payables. You require it if the Payables setup doesn't have an 'Expense' account defined in the setup.
- **Payables Clearing:** For compliance payments, Lease Accounting uses the payables clearing account as an offset for creating a temporary Payables Liability charge. You require it for the Lease Payments Approval event.
- **Payables Liability:** You use the payables liability account on the credit side of AP invoice. Lease Accounting sends this account on the invoices that you source from it. If Payables setup doesn't have this account, you must define this account on the payment.
- **Gain/Loss:** For all terminations and scope decrease amendments, Lease Accounting calculates the gain or loss in this account.
- **Foreign Exchange Gain/Loss:** You use this account during the revision of transactions to reevaluate the right-of-use for foreign exchange transactions.

User Interface Setup

You can also set up system options, payment term templates, and discount rate indexes from the Manage Lease Accounting Configuration page.

You must do the following steps to start the setup process:

Ensure you have the Financial Application Administrator role assigned to you.

Navigate to the Setup and Maintenance page from the My Enterprise menu.

Change the functional area to Financials from the functional area list.

Click Lease Accounting.

You can set up Lease Accounting using the new user interface for setup under the 'Manage Lease Accounting Configuration' option.

Manage Lease Accounting Configuration UI Setup:

You can complete the setup required for system options, discount rate indexes, and payment term templates directly from the Search page.

You can select the following options from the Search Options:

- Search System Options
- Search Discount Rate Indexes
- Search Payment Term Templates

You can also edit, update, and duplicate the setups from the Manage Configuration setup.

System Options Setup

You can give the following information for system options setup:

General:

Field	Description
Business Unit	Select the business unit.
Primary Accounting Standard	Select the primary accounting standard. The valid options are IFRS16 and ASC842. The accounting for compliance leases and their balances are generated according to the selected accounting standard.
Secondary Accounting Standard	Select the secondary accounting standard, if you require. You must only select the secondary accounting standard if you need to comply with both standards. If the primary is IFRS16, the secondary will be ASC842 if both accounting standards are applicable for reporting and vice versa.
Item Master	Select the item master.
Default Currency Conversion Type	Select the default currency conversion type.
Ledger Name	Displays the ledger name.
Secondary Ledger	Select the secondary ledger. Add a secondary ledger only if you need to comply with the secondary accounting standard. Note: You don't need to choose a secondary ledger if you don't need to report and account in multiple GAAPs.

Amortizations:

Field	Description
Amortization Calculation Frequency	Select 'Daily' or 'Periodic' as the calculation frequency of amortizations.
Calculation Calendar	Select the calculation calendar.
Interest Calculation Method	Currently, 'Daily Compound Interest' is the default method.

Numbering:

Field	Description
Auto Lease Numbering	Select this option to allow autonumbering of leases.
Auto Asset Numbering	Select this option to allow autonumbering of assets.

Approvals:

Field	Description
Lease Transactions Approval	Select to allow approval of imported lease transactions.
Import Preference	Select the import preference. You can choose from the following import preferences: • Auto Approve All Leases: Select to set all the leases to be auto approved for accounting. • Auto Approve Migrated Leases: Select to set only the migrated leases to be auto approved for accounting. • Auto Approve All Leases: Select to set only the nonmigrated leases to be auto approved for accounting. • No Auto Approval: Select to set all the imported leases not to be auto approved for accounting.

Payment Processing:

Field	Description
Payables Integration	Select to allow Payables accounting integration in Lease Accounting.

Click Save and Close.

Discount Rate Indexes Setup:

You can give the following information for setting up the discount rate indexes:

Field	Description
Business Unit	Select the business unit.
Index Name	Enter the name of the index.
Effective From	Select the effective start date for the index.
Description	Enter a description for the index.

Click Save and Close.

Payment Term Templates Setup

You can give the following information for setting up the payment term templates:

General:

Field	Description
Business Unit	Select the business unit.
Payment Template Name	Select the payment template name.
Template Type	Select whether the template is for a payment or an option.
Active	Select whether the template is active or not.
Description	Enter a description for the template.

Payment Details:

Field	Description
Payment Purpose	Select a payment purpose. You can choose from the following purposes: • Base Rent • Cleaning • Depreciation • Insurance • Operating Expense • Rent • Percentage
Payment/Option Type	Select the payment or option type.
Template Type	Select whether the template is for a payment or an option. If the template is for a payment, you can choose from the following template types: • Abatement • Appliance Rental • Base Rent • Common Area Maintenance • Cleaning • Deposit • Depreciation • Direct • Escalation • Payment for Option If the template is for an option, you can choose from the following template types:

Field	Description
	• Allowance • Construction Warranty • Expansion • Holdover • Purchase • Renewal • Early Termination • Adjustment • Residual
Payment Term	Select the payment term.
Payment Frequency	Select the payment frequency.
Supplier Name	Select the supplier.
Supplier Number	Displays the supplier number.
Supplier Site	Select the supplier site.

Accounting:

Field	Description
Liability	Select to allow liability balances on leases.
Right-of-Use	Select to allow right-of-use balances on leases.

Tax:

Field	Description
Primary Intended Use	Select the primary intended use.
Tax Classification	Select the tax classification.
Tax Included	Select whether to include tax or not.
Withholding Tax Group	Select the withholding tax group.

Field	Description
Product Category	Select the product category.
Product Fiscal Classification	Select the product fiscal classification.
Product Type	Select whether the template is for goods or a service.
Transaction Business Category	Select the transaction business category.
User-defined Fiscal Classification	Select the user-defined fiscal classification.

Distributions:

Click (+) to add distribution information.

Field	Description
Ledger	Select the distribution ledger name.
Account Name	Select the associated account.
Code Combination	Enter the code combination.

Click Save and Close.

Rapid Implementation

You can set up rapid implementation from the Manage Lease Accounting Configuration page.

You can use the following steps for rapid implementation:

- Navigate to the Setup and Maintenance page from the My Enterprise menu.
- Change the functional area to Financials from the functional area list.
- Click Lease Accounting.
- You can set up Lease Accounting using the new user interface for setup under the 'Manage Lease Accounting Configuration' option.
- Select Download-Upload Configuration from the Actions menu.
- Click Download Configuration Template.
- Fill the template with the relevant information for rapid implementation. Refer to the Functional Setup Manager File Upload section for more information.
- Click Choose File to select the completed template.

- Click Upload to update the setup information.

Lease Accounting also provides rapid implementation for Payment Increase Configuration components.

Enable Lease Accounting Features

Lease Accounting is under the Financials functional area.

Manage Features:

Navigate to the FSM page using My Enterprise > Setup and Maintenance.

Feature Opt-In	Description
Create Property and Equipment Lease	You can enable this feature to create and maintain property and equipment leases in Lease Accounting.
Lease Contract Activation	You can enable this feature to activate lease contracts in Lease Accounting.
Lease Amendments for Scope Increases	You can enable this feature to include scope increase for lease amendments in Lease Accounting.
Lease Amendments for Scope Decreases	You can enable this feature to include scope decrease for lease amendments in Lease Accounting.
Asset End Dates and Options	You can enable this feature to create options and include asset end dates for leases in Lease Accounting.
Lease Contract Import and Conversion	You can enable this feature to import and convert lease contracts in Lease Accounting.
Lease Payment Processing	You can enable this feature to allow payment processing for leases in Lease Accounting.
End of Lease Processing	You can enable this feature to allow termination of leases in Lease Accounting.
Rapid Implementation for Lease Accounting	You can enable this feature to allow rapid implementation of setup features in Lease Accounting.
Lease Disclosure and Transaction Reports	You can enable this feature to create the lease disclosure and transaction reports in Lease Accounting.
Lease Payment Updates	You can enable this feature to allow updates to payments for leases in Lease Accounting.
Fixed Rent Increases	You can enable this feature to allow fixed rent increase for payments in Lease Accounting.

Note: All features are a "Customer Must Take Action before Use by End Users," which means it's delivered disabled. You must use the opt-in method to enable the feature.

To access its setup tasks:

1. On the Setup and Maintenance page, select Financials from the list.
2. Click Lease Accounting and select Change Feature Selection.
3. Select the check box in the Enable column for the feature.
4. Click Done.

Manage Tasks.

Tasks	Description
Manage Lease Accounting Configuration	Manage Lease Accounting Configuration task is predefined for the setups.
Manage Payment Increase Configuration	You can search for the Manage Payment Increase Configuration task using the Search Tasks option. Click the task to open the setup page for agreements.

Manage Payment Increase Configuration:

Search Agreement Templates:

1. The following fields are available as search parameters:

Field	Description
Business Unit	The search is based on the business unit.
Agreement Template Name	The search is based on the agreement template name.
Payment Purpose	The search is based on the payment purpose.
Supplier Name	The search is based on the supplier name.
Default Relation Type	The search is based on the default relation type.
Payment Basis Type	The search is based on the payment basis type.
Status	The search is based on the agreement template status.
Index Short Name	The search is based on the index short name.

2. Click Search.
3. The results are displayed in the Agreement Templates Display section of the Manage Payment Increase Configuration page.
4. Click the agreement template to open the template details.
5. Click Save to retain the search information.

6. If needed, you can use Reset to clear the search information.
7. Use Advanced Search to deep search for agreement template information.
1. Click New (+) to display the Create Payment Increase Agreement Template page.
2. The following fields are available as part of the Payment Increase Agreement Template creation:

Payment Increase Agreement Template: General Section

Field	Description
Business Unit	Select the business unit for the template.
Agreement Template Name	Enter the agreement template name.
Payment Purpose	Select the payment purpose. You can choose from the following purposes: ○ Base Rent ○ Cleaning ○ Depreciation ○ Insurance ○ Operating Expense ○ Rent ○ Percentage ○ Allowance ○ Purchase
User Responsible	Select the user responsible for the creation of the template.
Supplier Name	Select the supplier name.
Currency	Select the agreement template currency.
Status	Select the status of the template. You can make the template active and enable it for the creation of the payment increase agreement.
Description	Enter a description of the template.

Field	Description

Payment Increase Agreement Template: Details Section

Field	Description
Assessment Frequency	Select the assessment frequency for the template. You can choose between Annual and Semiannual.
Payment Basis Type	Select the payment basis type for the template. You can choose between Previous Cycle and Current Cycle.
Default Relation Type	Select the default relation type for the template. You can choose from the following relation types: ○ Fixed ○ Index ○ Lesser of Index or Fixed ○ Greater of Index or Fixed
Basis Adjustment Factor	Enter a default basis adjustment factor for the template.
Assess in Years	Enter the default assessment in years period for the template.
Basis Compounding	Select whether you want basis compounding for the template or not.
Payment Increase Rounding	Select whether the payment increase rounding should be in Tens or Ones for the template.

Payment Increase Agreement Template: Fixed Increase Values Section

Field	Description
Fixed Increase Percentage	Enter a default fixed percentage for the template.
Fixed Increase Amount	Enter a default fixed amount for the template.

Field	Description

Payment Increase Agreement Template: Index Increase Values Section

If you have selected Index, Lesser of Index or Fixed, or Greater of Index or Fixed option as the default relation type, then this section is displayed.

Field	Description
Index Short Name	Select the index short name for the template.
Minimum Increase Percentage	Enter the minimum increase percentage for the template.
Maximum Increase Percentage	Enter the maximum increase percentage for the template.
Treatment of Unused Increase	Select the treatment option for the unused increase. You can choose between No Carry Forward and Carry Forward.
Index Type	The index type is displayed.
Index Finder Months	Enter the index finder months.
Missing Index During Assessment	Select whether there should be no derivation or a fixed percentage for missing indexes during assessment.
Missing Index During Activation	Select whether there should be no derivation or a fixed percentage for missing indexes during activation.

3. Click Save and Close.

Search Payment Increase Indexes:

1. The following fields are available as search parameters:

Field	Description
Business Unit	The search is based on the business unit.
Index Short Name	The search is based on the index short name.

Field	Description
Effective From	The search is based on the effective from date.

2. Click Search.
3. The results are displayed in the Search Payment Increase Indexes section of the Manage Payment Increase Configuration page.
4. Click the index short name to open the index details.
5. Click Save to retain the search information.
6. If needed, you can use Reset to clear the search information.
7. Use Advanced Search to deep search for information on payment increase indexes.
1. Click New (+) to display the Create Payment Increase Index page.
2. The following fields are available as part of the Payment Increase Index creation:

Payment Increase Index

Field	Description
Business Unit	Select the business unit for the template.
Index Name	Enter the index name.
Index Short Name	Enter the index short name.
Index Type	Select the index type.
Index Status	Select the index status.
Description	Enter a description of the index.

3. Click Save and Close.

Other Lease Accounting Setups

You can set up other features of Lease Accounting such as descriptive flexfields.

Descriptive Flexfields

Lease Accounting provides the following descriptive flexfields:

- Manage Lease Accounting Transaction Descriptive Flexfields
 - Lease Assets Descriptive Flexfield

- Lease Details Descriptive Flexfield
- Manage Lease Accounting Configuration Descriptive Flexfields
 - Payment Increase Templates Descriptive Flexfields
 - Payment Templates Descriptive Flexfields
 - System Options Descriptive Flexfields
- Manage Subledger Accounting Descriptive Flexfields

Use the following steps to manage the flexfields:

- Navigate to the Setup and Maintenance page from the Settings and Action menu.
- Change the functional area to Financials from the functional area list.
- Click Lease Accounting.
- You can set up Lease Accounting using the new user interface for setup under the 'Manage Lease Accounting Configuration' option.
- Search for the flexfields in the Tasks search.
- Select any flexfield and run a blank search.
- Select any row and perform Edit.
- Click Manage Contexts.
- Click Add to add a new context. You can add context information, context-sensitive segments, and validators as required.
- Click Save and Close.

2 Security - Job Roles, Duties, and Privileges

Assign Job Roles for Lease Accounting Users

This table gives the job roles of a Lease Accounting user.

Role	Role Code	Description
Financial Application Administrator	ORA_FUN_FINANCIAL_APPLICATION_ADMINISTRATOR_JOB	Individual responsible for creating, managing, and approving lease accounting users.

Security Tasks You Might Need to Perform

These are some of the security tasks you might need to do:

- Manage Data Security Policies
- Manage Duties

For more information, refer to My Oracle Support Knowledge Document 1387777.1, *Getting Started with Oracle Fusion Applications, Common Implementation*.

Manage Data Security Policies

Enter the data security function for your roles in the security console. This enables the Manage Lease Contract Data and Generate Amortization Schedule Data privileges:

The setup of this feature is through the Financial Application Administrator.

Create Data Security Policy using Tools > Security > Roles

- Policy Name: Enter a name for the policy.
- Start Date: Enter the start date of the policy.
- Data Resource: Select the business unit.
- Data Set: Select by Instance Set.
- Action: Access the business units for which you explicitly authorize the user.

You can assign the newly created data access privileges through the data security policy.

Manage Duties

Lease Accounting seeds a new duty called Lease Contract Duty.

You must assign the duty to the user for carrying out lease duties of lease creation and amortization generation.

Lease Accounting adds the privileges to the Financial Application Administrator role to add the setups through FSM.

You can access the Create Property and Equipment Leases functionality using the Lease Contract duty.

You must create a new job role, "Manage Lease Contract," using this duty.

Assign Duty Roles for Lease Accounting Users

You can assign the following duty role to a Lease Accounting user.

Name	Code	Description
Lease Contract Duty	ORA_FLA_LEASE_CONTRACT_DUTY	Manage leases. Generate amortization schedules.

For information, see:

- Role-Based Access Control, Oracle Fusion Applications Understanding Security guide

Assign Privileges for Lease Accounting Users

This table gives the privileges that Lease Accounting users require to perform various functions.

Privilege	Code	Description	Assigned to Duty Role
Manage Lease Configuration	FLA_MANAGE_CONFIGURATION	Allows viewing and configuration of lease setups.	Financial Application Administrator
Manage Lease Contract	FLA_MANAGE_CONTRACT	Allows viewing and configuration of lease setups.	Lease Contract Duty

Add ORA_FLA_LEASE_CONTRACT_DUTY_OBI to your role. This generates the Lease Details Report and moves the version status to Finalized.

Note: The lookup ORA_FLA_OPTIN_OPTIONS has all the lookup values enabled for the Attach Lease Detail Report button to appear on the screen.

3 Implementation Tasks

Roadmap for Setting Up

Use this roadmap as the high-level procedure to implement lease accounting.

- Payables Financial Options
- System Options
- Primary Discount Rate Indexes
- Payment Term Templates
- General Ledger Calendars
- Account Payables Suppliers and Sites
- Document Sequencing
- Currency Conversions
- Payment Terms
- Inventory Organizations
- Master Item List
- Business Functions

Set Up Payables Financials Option

You must set up the Payables Financials Options before setting up the system options.

You can complete the **Manage Common Options for Payables and Procurement** setups given in the Implementing Payables Invoice to Pay guide for your business unit.

Set Up General Ledger Calendars

You must configure the GL calendars to enable selection of accounting dates for leases.

For daily calculations, set up the GL calendar according to your business needs such as 4-4-5.

You can set up a daily calendar only for calculations and follow the GL calendar for reporting and transaction creation.

Set Up Payables Suppliers and Sites

You must set up the Payables supplier and supplier site information to complete the payment information in the leases.

You will need the **Procurement Buyer** role for assigning the suppliers and sites to your business units.

Set Up Document Sequencing

You must set up document sequencing to use the auto-numbering functionality of lease objects such as leases and assets.

You can set up document sequencing through Task > Manage Document Sequences and completing the following steps:

- Create a new sequence.
- Associate the new sequence to 'Lease Accounting Lease Sequence Category.'
- Associate the new sequence to the business unit.

Set Up Currency Conversions

You must configure the currency information to enable the selection of currency for payment information in the lease.

Set Up Payment Terms

You must set up the payment terms after setting up the payment term templates.

Set Up Inventory Organizations

You must set up the inventory organizations to select the items for the creation of assets. You can use the items for reference only, and these references don't impact the available quantity.

You can quickly reference the items by defining the items in the Master Item list of the Inventory Organization. You can quickly search using attributes like Item, Fixed Assets, and such. You can add an existing inventory organization to your business unit or create one and add it to your business unit.

Set Up Master Item List

You must set up the master item list to enable the selection of asset items.

A master item list provides a list of inventory items for the assets allocated to a lease. Lease Accounting classifies them as equipment assets.

Set Up Business Functions

You must set up business functions for a business unit enabling it to perform leasing functions.

You can set up business functions for any business unit using the Organization Structures functional area. You can select Lease Accounting under the Assign Business Unit Business Function task.

You must provide the necessary data access and business unit access to the roles created for managing leasing data. You may need to additionally provide Payables roles if your user also wants to launch Payables Invoices generation from Lease Accounting.

Set Up Payables Integration

You must set up the Payables Integration in the system options in the Lease Accounting setups.

You can use the 'Manage Lease Accounting Configuration' task to integrate Payables with Lease Accounting.

Set Up Subledger Accounting

You must set up Subledger Accounting.

Lease Accounting seeds all the subledger components and adds them to the accounting method: 'Standard Accrual.'

If you're using any custom accounting method, then you must add the accounting event classes. These could include the following event classes along with their relevant Journal Entry rule sets:

- Lease Booking
- Lease Expense
- Lease Revision
- Lease Pay Approval
- Lease Termination

You can add these components from the Task: Manage Accounting Methods. After adding these subledger components, run the Oracle Enterprise Scheduler: Update Subledger Accounting Options for the changes to take effect.

You can duplicate the predefined components and change the default accounts and such.