How to update item cost in Oracle EBS

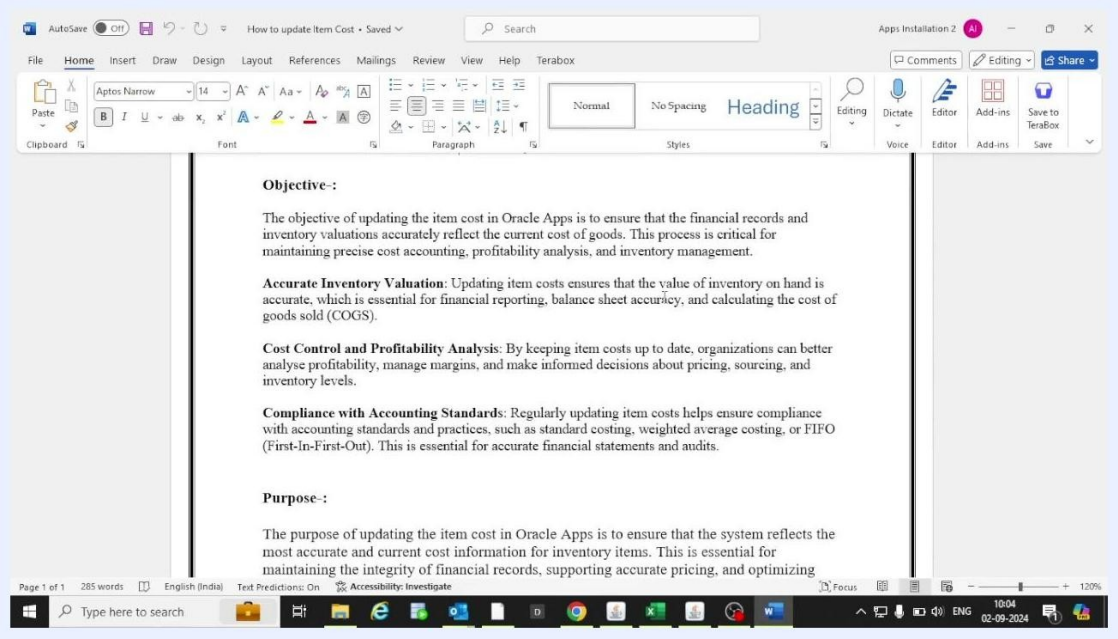
This guide shows you how to update item cost in Oracle EBS (Oracle Applications) using the Average Cost Update function. You select the organization, set the accounting flexfield, review the current cost elements, enter new values, and monitor the cost update request. You then confirm the new cost in the Item Costs Details window.

Prerequisites

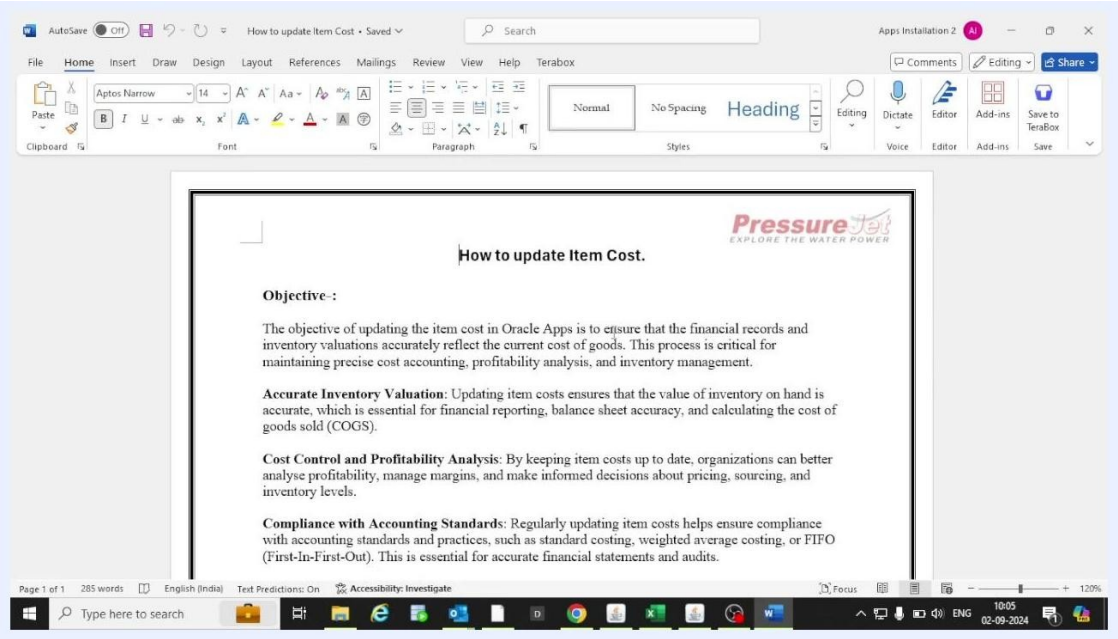
Before you update an item cost, understand why you are making the change. Keeping item costs accurate supports the following goals:

- **Accurate inventory valuation:** The value of inventory on hand must be correct for financial reporting, balance sheet accuracy, and cost of goods sold (COGS) calculations.
- **Cost control and profitability analysis:** Current item costs help you analyze profitability, manage margins, and make informed decisions about pricing, sourcing, and inventory levels. You can manage cost control by updating the cost manually as needed.
- **Compliance with accounting standards:** Regular updates support practices such as standard costing, weighted average costing, or FIFO (First-In-First-Out). They also support accurate financial statements and audits.

- **Correction of system or user issues:** System issues or user errors can make item costs increase or decrease. Analyze these fluctuations and update the item cost to maintain accuracy.



Word document showing the "Objective" section, with details on accurate inventory valuation, cost control and profitability analysis, and compliance with accounting standards. The "Purpose" section is partially visible.



Word document with the heading "How to update Item Cost." The "Objective" section is visible, indicating the need to address fluctuations in item cost due to system or user issues.

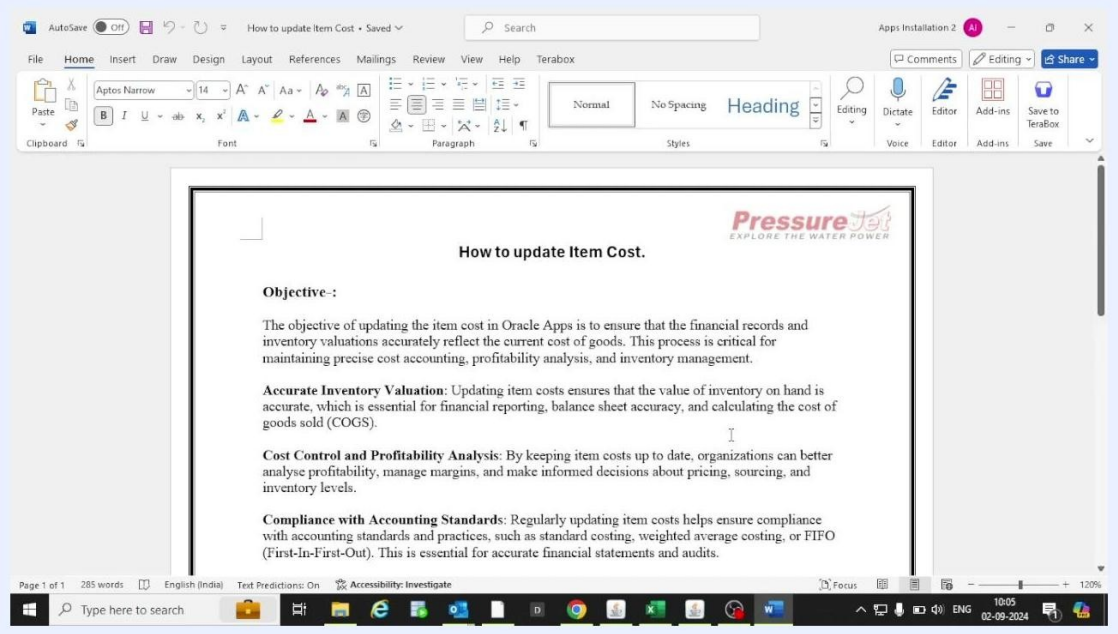
You also need:

- Access to the **Cost Management Super User** responsibility in Oracle Applications.
- The item code of the item you want to update.
- The account details for the accounting flexfield.

Open the Average Cost Update form

Step 1: Open the Average Cost Update function

1. Open Oracle Applications.
2. In the Navigator, select the **Cost Management Super User** responsibility.
3. Expand **Item Costs**.
4. Under **Update Costs**, select **Average Cost Update**.
5. Click **Open** to launch the Average Cost Update form.



Oracle Applications window showing the Average Cost Update navigation and organization selection dialog. "AXAR VATVA Organization" is highlighted.

Step 2: Select the organization

In the **Organizations** dialog, choose the organization whose item cost you want to update. For example, select **AVT - AXAR VATVA Organization**. Click **OK** to confirm.

Step 3: Set the update parameters

In the **Update Average Cost** window, make sure these fields are set:

- **Date:** 02-SEP-2024 10:11:40
- **Type:** Average cost update

In the **Defaults** section, set **Adjustment Acct** as required.

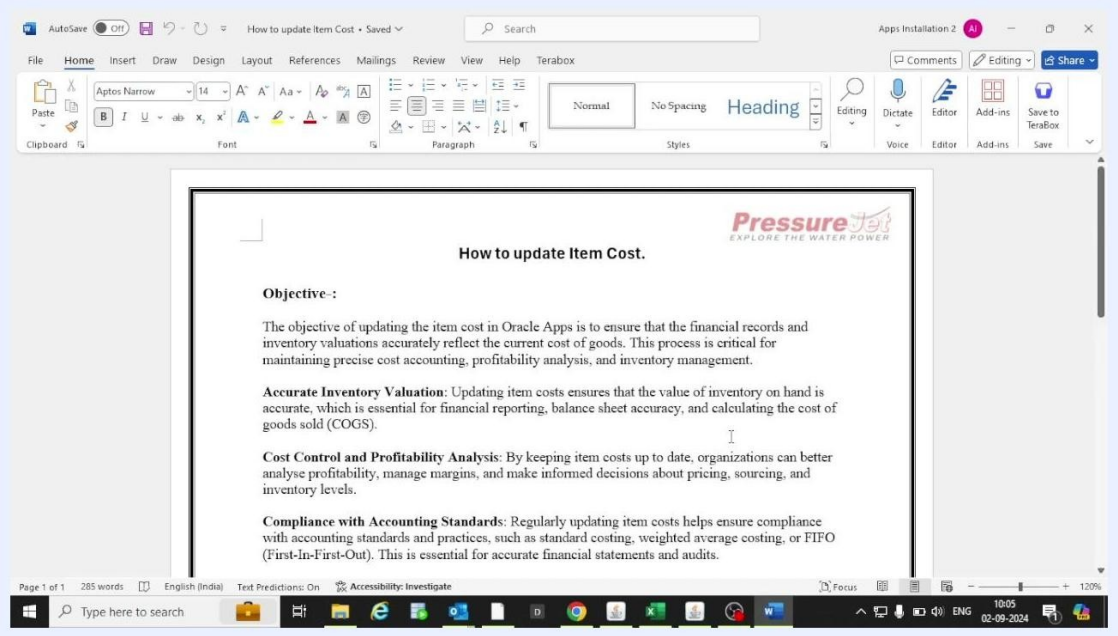
Set the adjustment account

Step 4: Enter the accounting flexfield for the cost update

In the **PJSPL_ACCOUNTING_FLEXFIELD** dialog, enter the following values:

- **Company:** 1 (PressureJet Systems Pvt. Ltd.)
- **Location:** 01 (Ahmedabad - VTV Mfg)
- **Department:** 000 (Default)
- **Account:** Use the search to select the appropriate account. For example, search for "cost" and select the relevant account.
- **Product Division/Business Line:** 00 (Default)
- **Future1/Future2:** 000 (Default)

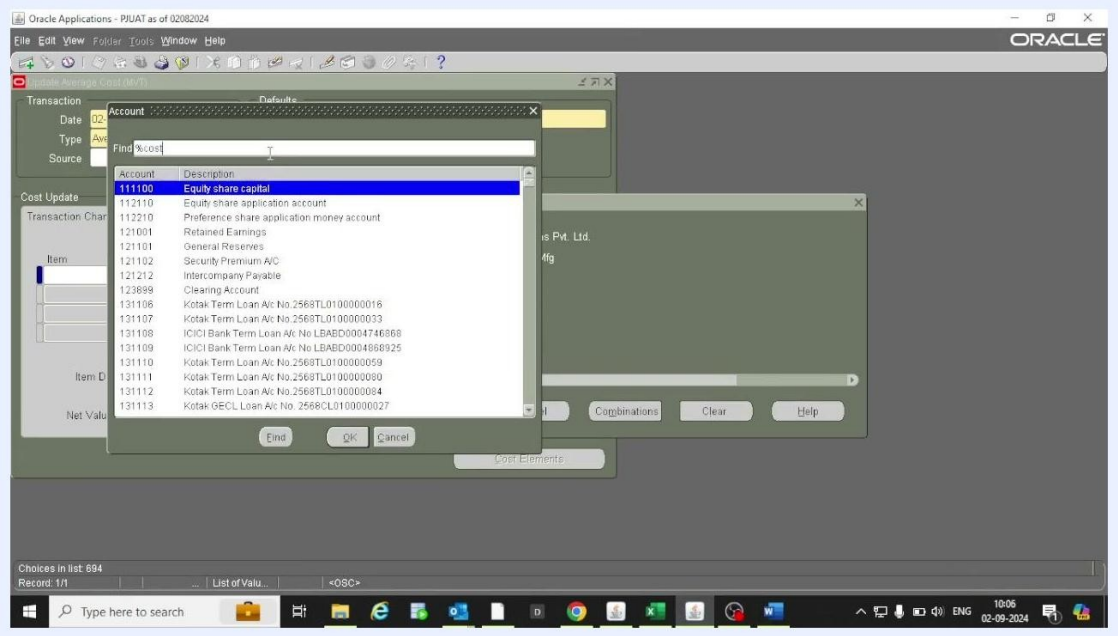
Click **OK** to proceed.



Oracle Applications window showing the accounting flexfield entry dialog with company, location, department, account, and other fields.

Step 5: Select the account for the cost update

1. In the **Account** dialog, use the search bar to filter accounts. For example, enter %cost%.
2. Select the appropriate account from the list. For example, select **COJ**.
3. Click **OK** to confirm.



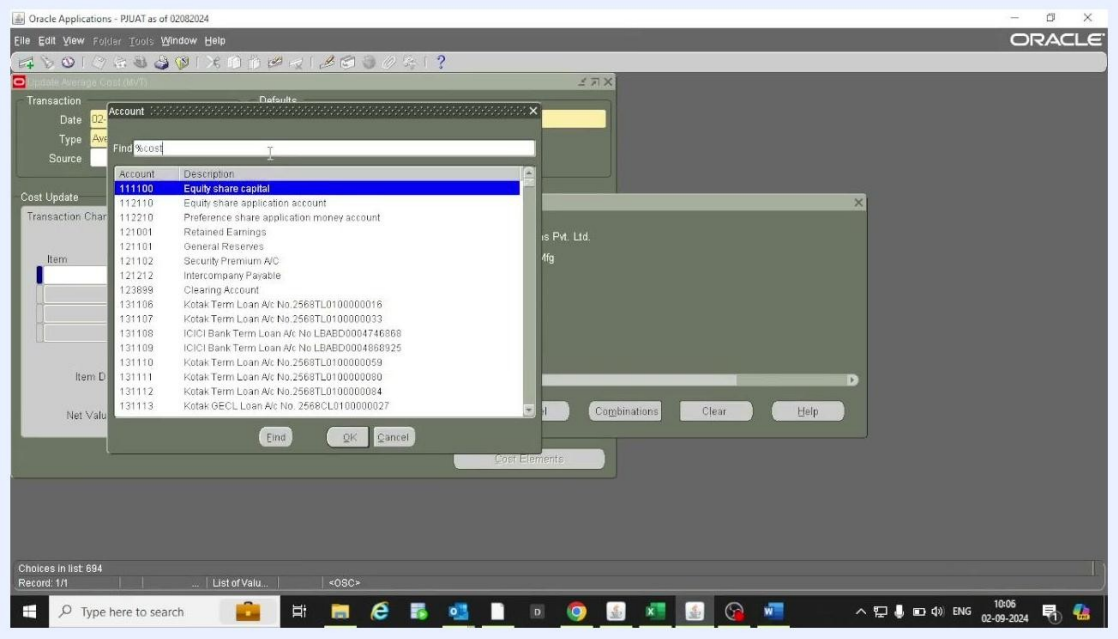
Oracle Applications window showing the account selection dialog with a list of accounts filtered by "cost".

Review the current item cost

Step 6: Enter the item code and cost group

In the **Cost Update** section, enter the item code of the item you want to update. For example, enter O.FV.FOV-30.

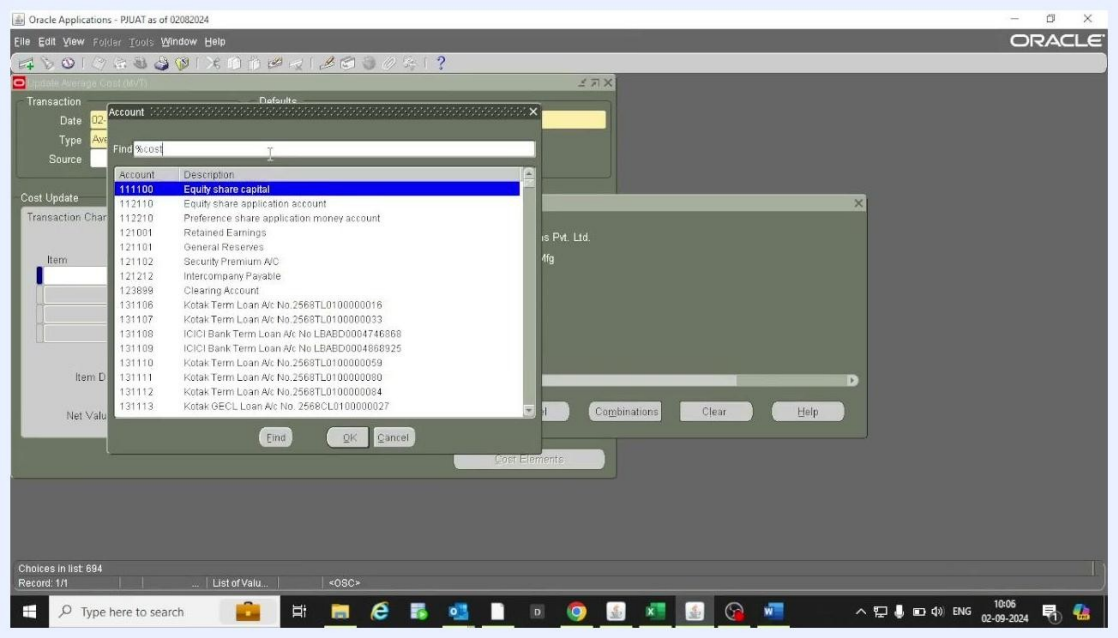
The **Cost Group** (for example, **CG-1006**) populates automatically. Make sure the correct account code appears in the **Adjustment Acct** field. Perform the transaction according to the person's account.



Oracle Applications window showing the cost update form with item code "O.FV.FOV-30", cost group "CG-1006", and current average cost details.

Step 7: Open the cost elements

Click the three dots next to the **Cost Group** field to open the **Cost Elements** window.



Oracle Applications window showing the cost update form with the cursor on the three dots next to the cost group field.

Step 8: Review and analyze the cost elements

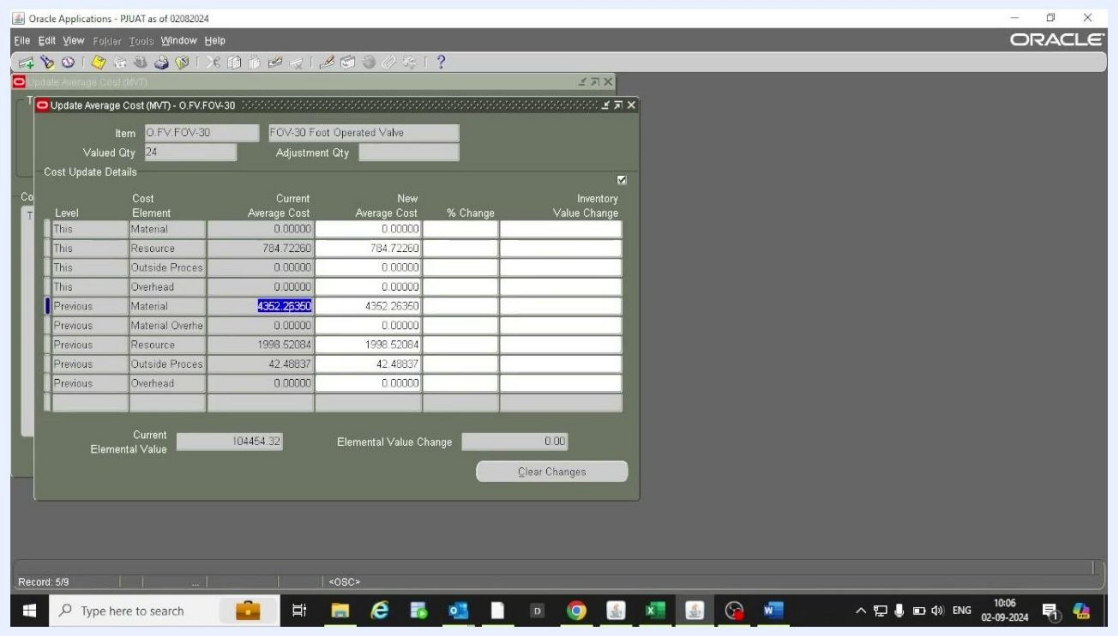
In the **Cost Update Details** window, review the breakdown of cost elements for the item:

- **Material**
- **Resource**
- **Outside Processing**
- **Overhead**
- **Material Overhead**

Check the **Current Average Cost** for each element. In this example, the values are:

- Material: 4352.26350
- Resource: 1996.52084
- Outside Process: 42.48837
- Overhead: 0.00000

The **Current Elemental Value** appears at the bottom. In this example, it is 10454.32.



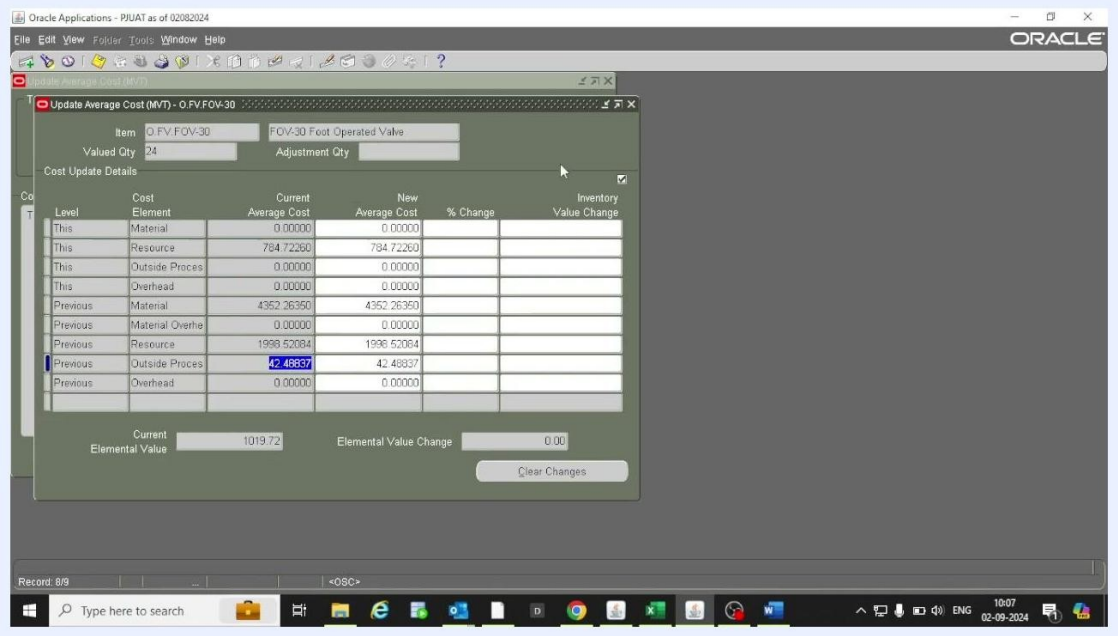
Oracle Applications window showing the cost element breakdown for the item, including material, resource, outside processing, and overhead costs.

Step 9: View the detailed item cost information

Open the **Item Costs Details** window to see a summary of all cost components and accounts. In this example, you see:

- **Material:** 4352.26350
- **Resource:** 2783.24344
- **Outside Processing:** 42.48837
- **Unit Cost:** 7177.99531
- **COGS Account:** 1.01.000.413001.HH.000.000
- **Sales Account:** 1.01.000.313101.HH.000.000
- **Quantity:** 24
- **Extended Value:** 172271.89

Confirm all details before you update the cost.



Oracle Applications window showing the item cost details, including unit cost, material, resource, outside processing, COGS account, sales account, and extended value.

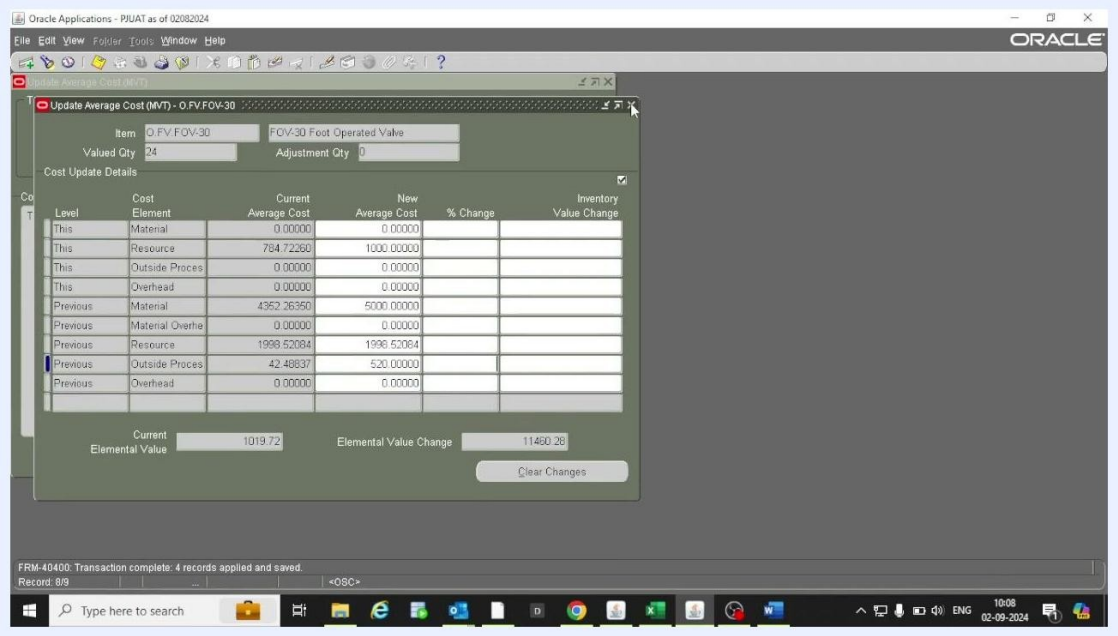
Update the average cost

Step 10: Update the cost elements

Go to the cost segment section in the **Update Average Cost** window. Enter the new values for each cost element you want to change. In this example:

- Increase the **Resource** cost to **200**.
- Increase the **Resource** cost further to **1000**.
- Increase the **Material** cost to **5000**.
- Increase the **Outside Process** cost to **500**.

The **Elemental Value Change** updates as you enter each value. The new total cost now reflects **10,908 rupees**.



Update Average Cost window showing item code, cost group, and updated cost elements with new values entered for Resource (1000), Material (5000), and Outside Process (500). Elemental Value Change is updated.

Step 11: Add an additional cost to round the total

Enter an additional **20 rupees** in the appropriate cost element to round the total. Make sure the final value (for example, **520**) is entered so the total cost is a round figure.

Step 12: Save and close the cost update window

1. Click to save the changes.
2. Close the **Update Average Cost** window.
3. If prompted, copy the item details as needed before you close the window.

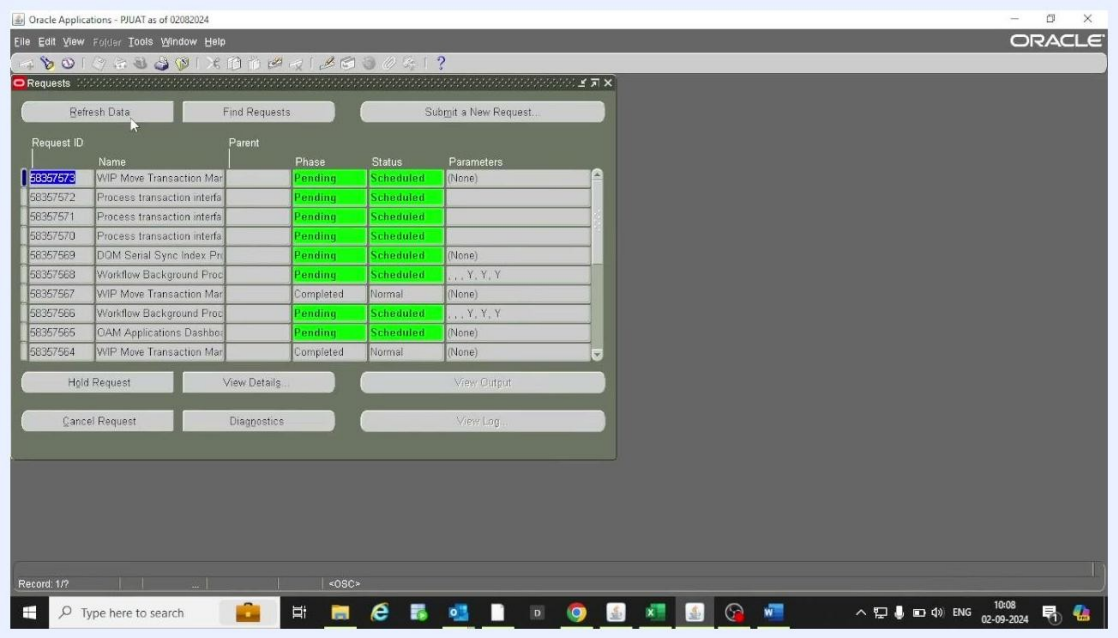
Monitor the cost update request

Step 13: Check the status of the cost update request

Open the **Requests** window to monitor your cost update request. Locate it by Request ID or name (for example, "Process transaction interface"). Check the **Phase** and **Status** columns:

- **Pending** and **Scheduled** indicate the request is in progress.
- **Completed** and **Normal** indicate the request has finished.

Click **Refresh Data** to update the status.



Requests window showing a list of cost update requests with their status, including Pending, Scheduled, and Completed.

Step 14: Verify the updated item cost

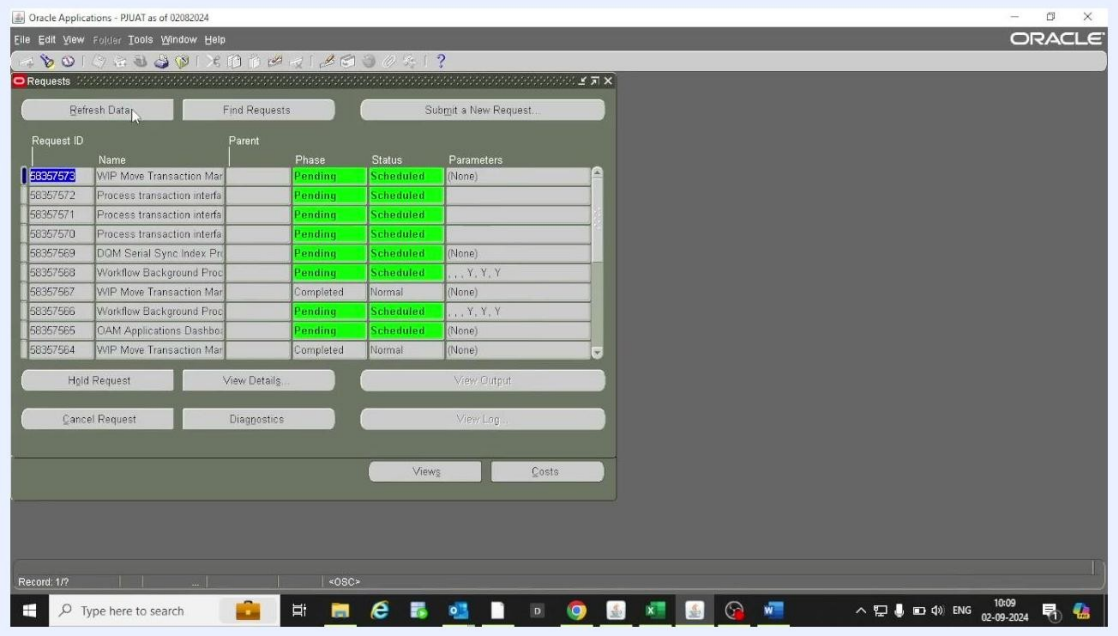
When the request is completed, return to the item cost inquiry screen. Confirm that the new cost appears. In this example, the item cost changes from 7,000+ to 7,117, or to the updated value. Make sure the costing process is marked as "concurrent" and the update is successful.

Submit and monitor a Cost Manager request

Step 15: Submit a new request to the host manager

1. Click **Submit a New Request...** at the top of the **Requests** window.
2. In the **Submit Request** dialog, enter the request details.
3. In the **Name** field, type a search string such as cost% to filter the available programs.
4. From the filtered list, select **Cost Collection Manager** or the appropriate cost-related program (for example, **Cost Manager**).
5. Click **OK** to proceed.

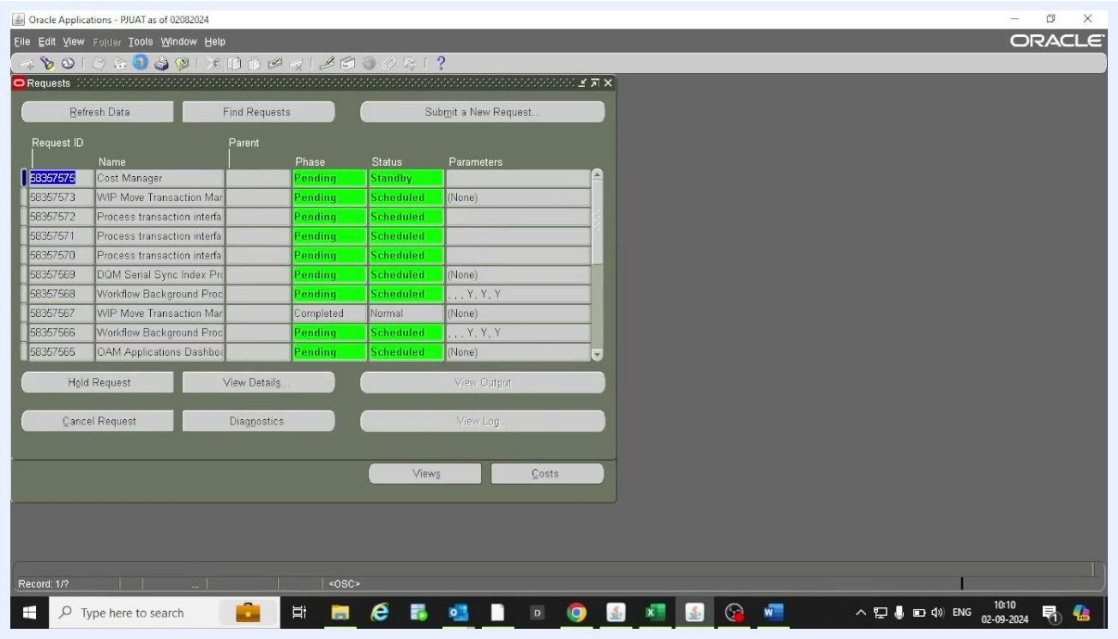
The application column shows **Bills of Material** for cost-related programs.



Submit Request dialog with the "Cost Collection Manager" program highlighted, search filter applied, and options to select and confirm the program.

Step 16: Monitor the submitted request

Return to the **Requests** window and find the new request by its Request ID (for example, 56357575). The **Name** column shows **Cost Manager**. The **Phase** is **Pending**, and the **Status** is **Standby** or **Normal**. The **Parameters** column may show "(None)" or specific values if you provided them.



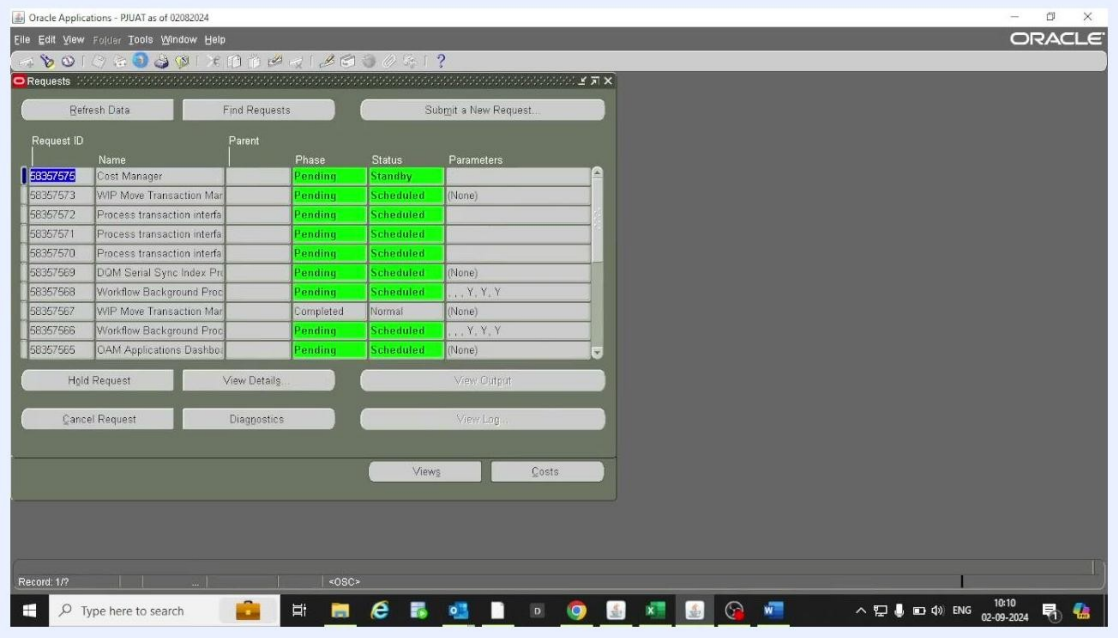
Requests window showing the new "Cost Manager" request with Request ID 56357575, Phase "Pending", and Status "Standby".

Step 17: View the concurrent program details

Double-click the new request, or select it and click **View Details...**, to open the **Concurrent Managers for the Request** window. The window displays:

- The Request ID (for example, 56357575)
- The program (for example, "Cost Manager")
- A list of concurrent managers (for example, "Conflict Resolution Manager" and "Standard Manager")
- The request position and the number of requests (running, maximum, and pending) for each manager

Click **Manager Queue** to view the queue details if needed.



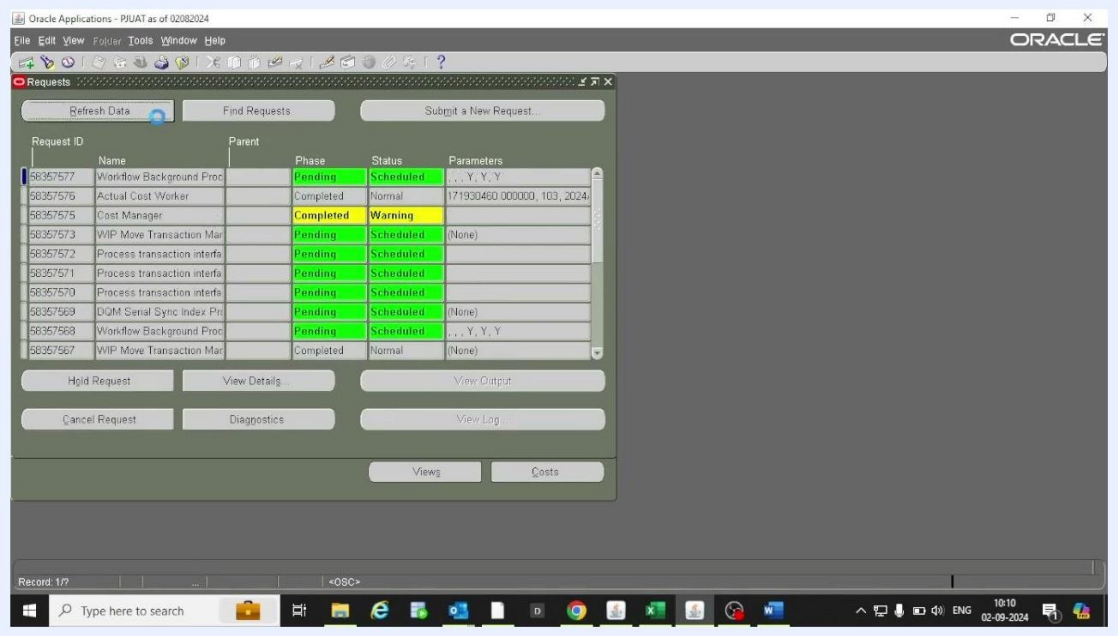
Concurrent Managers for the Request window showing Request ID, Program, and manager queue details for "Cost Manager".

Step 18: Confirm that the Actual Cost Worker request completes

In the **Requests** window, watch the progress of the related requests:

- The **Actual Cost Worker** request (for example, Request ID 56357575) shows Phase **Completed** and Status **Normal** when it finishes.
- The **Cost Manager** request may show Phase **Completed** and Status **Warning** if there are issues.

- The **Parameters** column shows the values used for the request (for example, "17193460.000000, 103, 2024").



Requests window showing "Actual Cost Worker" as completed with normal status, and "Cost Manager" as completed with warning status.

Review the result in Item Costs Details

Step 19: Open the Item Costs Details window

Navigate to the **Item Costs Details (MVT)** window in Oracle Applications. The window title shows "Item Costs Details (MVT)". It uses the standard Oracle Applications interface, with a menu bar at the top and navigation and action icons below.

Step 20: Identify the item and cost type

- In the **Item** field, verify the item code (for example, O.FV.FOV.30) and description (for example, "FOV-30 Foot Operated Valve").
- Confirm that **UOM** (Unit of Measure) is set to "nos".
- Check that **Cost Type** is set to "Average". The **Default Cost Type** is also "Average".

Step 21: Review the cost controls

- Make sure the **Use Default Cost Controls** checkbox is unchecked.
- Confirm that the **Inventory Asset** and **Based On Rollup** checkboxes are checked.

- Review **Lot Size** (set to 1) and **MFG Shrinkage Rate** (set to 0).

Step 22: Examine the cost information

Review the following cost breakdowns:

- **Material:** 5000.0000
- **Material Overhead:** (blank)
- **Resource:** 2998.52084
- **Outside Processing:** 520.0000
- **Overhead:** (blank)
- **Unit Cost:** 8518.52084

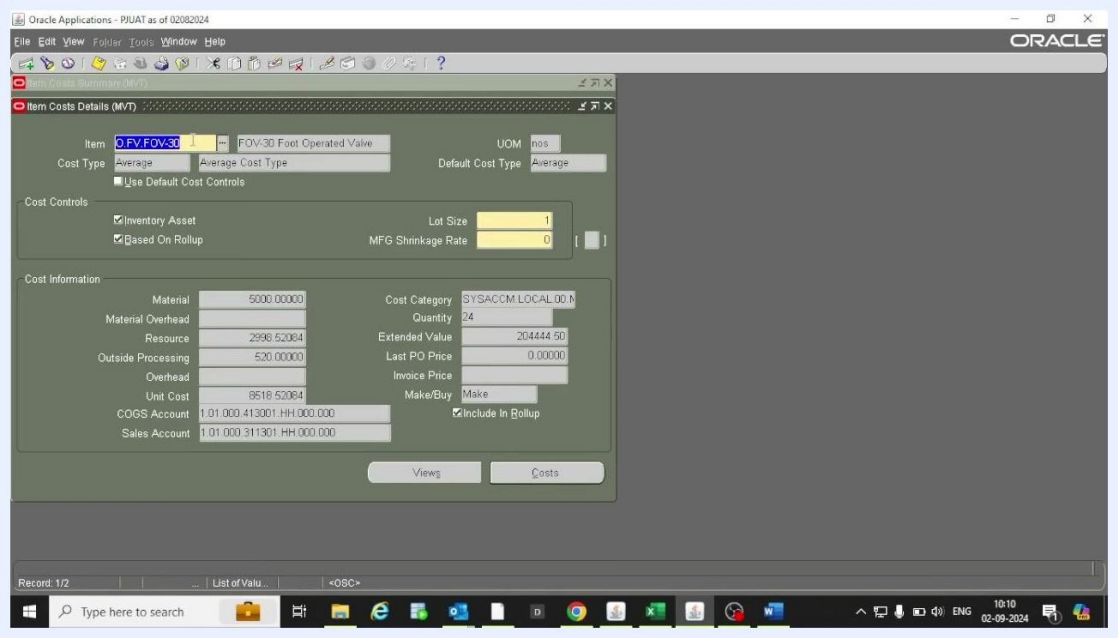
Check the **Cost Category** (for example, SYSACCM.LOCAL.00.N). Review **Quantity** (24), **Extended Value** (204444.50), **Last PO Price** (0.0000), and **Invoice Price** (blank). Confirm that **Make/Buy** is set to "Make" and **Include In Rollup** is checked.

Step 23: Verify the account information

Review the **COGS Account** (for example, 1.01.000.413001.HH.000.000) and the **Sales Account** (for example, 1.01.000.313101.HH.000.000).

Step 24: Open additional views or cost details

Use the **Views** and **Costs** buttons at the bottom of the window to access further breakdowns or historical cost data as needed.



Oracle Applications window showing Item Costs Details for item O.FV.FOV.30 (FOV-30 Foot Operated Valve), with cost type, controls, cost breakdowns, quantity, extended value, and account information.

Summary

You now know how to update item cost in Oracle EBS. You open the Average Cost Update function, select the organization and account, and enter the item code. You then review the current cost elements, enter new values, and round the total. Finally, you save the update, monitor the requests, and confirm the new cost in Item Costs Details. Always verify the updated cost in the system to make sure the changes were applied correctly.

What's next

- Review the cost details of other items in the **Item Costs Details (MVT)** window for analysis or reporting.
- Analyze any further item cost fluctuations caused by system or user issues, and update the cost accordingly.