**Introduction/ Issue: How to define Auto reversal journal setup**

**Purpose of Auto Reversal:**

Auto Reversal in Oracle Fusion is used to automatically reverse journal entries that need to be cancelled in a future accounting period—commonly used for accruals and temporary adjustments.

**Why we need to do / Cause of the issue:**

**Purpose of Auto Reversal – Why we need to do it**

1. **Clean Monthly Closing Process**
	* At month-end, you might book temporary accruals (e.g., expenses incurred but invoices not received).
	* These need to be reversed at the start of the next month to avoid duplication once the actual transaction is recorded.
2. **Prevent Double Counting**
	* Without reversal, both the accrual and the actual invoice would be posted, overstating expenses/liabilities.
3. **Save Time and Reduce Errors**
	* Automating the reversal process eliminates the need to manually search for and reverse each entry, ensuring accuracy.
4. **Compliance & Audit Trail**
	* Auto reversals help maintain clear audit documentation showing that accruals were temporary and properly reversed.

**How do we solve: Best Practices:**

* **✅**Use meaningful categories (e.g., “Accruals”) to tag auto-reversible entries.
* ✅Test reversal behaviour in non-production first.
* ✅Align period-end processes with journal reversal scheduling.

**Conclusion:**

Auto Reversal ensures that temporary or period-end adjustment entries (like accruals) are automatically reversed in the next accounting period. This prevents double counting, keeps financial statements accurate, speeds up the close process, and maintains a clean audit trail — making it an essential control in month-end accounting.

**Note: Post the blog in SharePoint. After your manager’s review, you can post it in our website.**