

Oracle® Project Costing

User Guide

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Oracle Project Costing User Guide, Release 11i

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Contents

Send Us Your Comments

Preface

1 Overview of Project Costing

Overview of Costing	1- 1
Costing in Oracle Projects	1- 2
Costing Processes	1- 3
Calculating Costs	1- 5
Calculating Labor Cost	1- 5
Calculating Cost for Expense Reports, Usages, and Miscellaneous Transactions	1- 5
Calculating Burden Cost	1- 6
Calculating Cost for Supplier Invoices	1- 6
Distributing Labor Costs	1- 6
Selecting Expenditure Items	1- 8
Processing Straight Time	1- 8
Creating Overtime	1- 9
Processing Overtime	1-10
Generating Labor Output Reports	1-11
Calculating and Reporting Utilization	1-11

2 Expenditures

Overview of Expenditures	2- 1
Expenditure Classifications	2- 2
Expenditure Amounts	2- 2
Expenditure Entry Methods	2- 2
Expenditure Item Validation	2- 2
Expenditure Rejection Reasons	2- 3
Processing Pre-Approved Expenditures	2-10
Entering Pre-Approved Expenditure Batches	2-12
Entering Expenditures	2-14
Entering Currency Fields	2-17
Uploading Expenditure Batches from Microsoft Excel	2-19
Copying an Expenditure Batch	2-20
Verifying Control Totals and Control Counts	2-21

Submitting an Expenditure Batch	2-22
Reviewing and Releasing Expenditure Batches	2-22
Reversing an Expenditure Batch	2-22
Correcting Expenditure Batches	2-23
Controlling Expenditures	2-24
Using Transaction Control Extensions	2-25
Inclusive and Exclusive Transaction Controls	2-25
Determining if an Item is Chargeable	2-28
Determining if an Item is Billable or Capitalizable	2-30
Examples of Using Transaction Controls	2-31
CASE 1: Limited employees charge limited expenses	2-31
CASE 2: Different expenditures charged during different phases of a project	2-32
CASE 3: Some tasks, but not all, are only chargeable for labor expenditures	2-33
Viewing Expenditures	2-38
Viewing Expenditure Items	2-38
Viewing Accounting Lines	2-40
Expenditure Items Windows Reference	2-41
Find Expenditure Items Window	2-41
Expenditure Items Window	2-42
Adjusting Expenditures	2-44
Audit Reporting for Expenditure Adjustments	2-44
Types of Expenditure Item Adjustments	2-45
Restrictions for Adjusting Converted Items	2-48
Adjusting Expenditure Items	2-49
Mass Adjustment of Expenditures	2-50
Transferring Expenditure Items	2-51
Splitting Expenditure Items	2-51
Adjustments to Multi-Currency Transactions	2-52
Adjustments to Burden Transactions	2-53
Adjustments to Related Transactions	2-54
Marking Items for Adjustments	2-55
Processing Adjustments	2-57
Results of Adjustment Processing	2-59
Adjustments to Supplier Invoices	2-62

3 Burdening

Overview of Burdening	3- 1
Burden Calculation Process	3- 2
Building Up Costs	3- 4
Example of Cost Buildup	3- 4
Using Burden Structures	3- 6
Burden Structure Components	3- 7
Using Burden Schedules	3- 9
Types of Burden Schedules	3-10
Defining Burden Schedule Versions	3-10

Assigning Burden Multipliers	3-11
Assigning Burden Schedules	3-13
Defining Burden Schedules for Project Types	3-13
Assigning Burden Schedules at the Project and Task Level	3-13
Assigning Fixed Dates for Burden Schedules	3-13
Changing Default Burden Schedules	3-14
Overriding Burden Schedules	3-14
Determining Which Burden Schedule to Use	3-15
Storing, Accounting, and Viewing Burden Costs	3-15
Storing Burden Cost on the Same Expenditure Item	3-15
Storing Burden Costs as a Separate Expenditure Item on the Same Project	3-17
Storing Burden Cost as Summarized Expenditures on a Separate Project	3-18
Choosing a Burden Storage Method	3-19
Setting Up The Burden Cost Storage Method	3-19
Accounting for Burden Costs	3-20
Accounting for Burden Costs by Burden Cost Component	3-21
Accounting for Total Burdened Cost	3-23
Storing Burden Costs with No Accounting Impact	3-25
Troubleshooting Burden Transactions	3-25
Processing Transactions After a Burden Schedule Revision	3-25
Reporting Burden Components in Custom Reports	3-29
Revenue and Billing for Burden Transactions	3-30
Reporting Requirements for Project Burdening	3-31
GL and Upper Management Reporting	3-31
Burden Multiplier Algorithm	3-33
Accounting Transactions for Burden Cost Reporting	3-35
Burdening Options for General Ledger Accounting and Reporting	3-36
Middle Management Reporting	3-40
Project Management Reporting	3-41
Setting Up Burden Cost Accounting to Fit Reporting Needs	3-43

4 Allocations

Overview of Allocations	4- 1
Understanding the Difference Between Allocation and Burdening	4- 2
Creating Allocations	4- 2
Defining Allocation Rules	4- 3
Allocating Costs	4- 4
Releasing Allocation Runs	4- 6
Viewing Allocation Runs	4- 6
Viewing Allocation Transactions	4- 9
Reversing Allocation Runs	4-10
Full and Incremental Allocations	4-10
About Previous Amounts and Missing Amounts in Allocation Runs	4-11
AutoAllocations	4-11
Creating AutoAllocations Sets	4-11

Submitting an AutoAllocation Set	4-13
Viewing the Status of AutoAllocation Sets	4-15

5 Asset Capitalization

Overview of Asset Capitalization	5- 1
About Capital Projects	5- 1
Capital Projects Processing Flow	5- 2
Creating Purchase Orders for Capital Projects	5- 4
Charging Supplier Invoice Lines to Projects	5- 4
Charging Labor, Expense Reports, Usages, and Miscellaneous Transactions to Capital Projects	5- 5
Placing CIP Assets in Service	5- 5
Creating Fixed Assets from Capital Projects	5- 5
Sending Retirement Costs to Oracle Assets	5- 6
Accounting for Asset Costs in Oracle Projects and Oracle Assets	5- 6
Defining and Processing Assets	5- 9
Creating Assets in Oracle Projects	5- 9
Creating a Capital Asset	5-10
Creating a Retirement Adjustment Asset	5-10
Capital Project Flow	5-11
Specifying Which Capital Asset Transactions To Capitalize	5-12
Defining Assets	5-13
Copying Assets	5-13
Asset Attributes	5-14
Placing an Asset in Service	5-18
Specifying a Retirement Date for Retirement Adjustment Assets	5-18
Creating and Preparing Asset Lines for Oracle Assets	5-19
Creating Capital Events	5-20
Generating Summary Asset Lines	5-21
Allocating Asset Costs	5-25
Sending Asset Lines to Oracle Assets	5-26
Asset Summary and Detail Grouping Options	5-27
Asset Grouping Levels	5-27
Specifying Grouping Level Types	5-27
Assigning Assets to Grouping Levels	5-28
Reviewing and Adjusting Asset Lines	5-32
Assigning an Asset to Unassigned Asset Lines	5-32
Changing the Asset Assigned to an Asset Line	5-33
Splitting an Asset Line	5-33
Adjusting Assets After Interface	5-33
Adjusting Capital Project Costs	5-34
Reversing Capitalization of Assets in Oracle Projects	5-34
Reversing Capitalization of Assets in Oracle Projects	5-35
Reversing Capitalization of an Asset or Event	5-35
Recapitalization of Reverse Capitalized Assets	5-36

Abandoning a Capital Asset in Oracle Projects	5-36
Capitalizing Interest	5-37
Overview of Capitalized Interest	5-37
Defining Capitalized Interest Rate Names and Rate Schedules	5-38
Setting Up Capital Projects for Capitalized Interest	5-39
Generating Capitalized Interest Expenditure Batches	5-39
Reviewing Capitalized Interest Expenditure Batches	5-40

6 Cross Charge

Overview of Cross Charge	6- 1
Cross Charge Business Needs and Example	6- 2
Project Structure: Distinct Projects by Provider Organization	6- 4
Project Structure: Single Project	6- 5
Project Structure: Primary Project with Subcontracted Projects	6- 6
Cross Charge Types	6- 7
Cross Charge Processing Methods and Controls	6- 8
Cross Charge Processing Methods	6- 8
Cross Charge Controls	6- 9
Cross Charge Processing Controls	6-10
Transfer Pricing	6-13
Processing Flow for Cross Charge	6-14
Borrowed and Lent Processing Flow	6-14
Intercompany Billing Processing Flow	6-15
Creating Cross Charge Transactions	6-16
Processing Borrowed and Lent Accounting	6-18
Determining Accounts for Borrowed and Lent Transactions	6-18
Generating Accounting Transactions for Borrowed and Lent Accounting	6-19
Processing Intercompany Billing Accounting	6-21
Determining Accounts for Intercompany Billing Accounting	6-22
Generating Intercompany Invoices	6-26
Approving and Releasing Intercompany Invoices	6-28
Interfacing Intercompany Invoices to Receivables	6-28
Interfacing Intercompany Invoices to Oracle Payables	6-30
Interface Tax Lines from Payables to Oracle Projects	6-31
Interfacing Cross Charge Distributions to General Ledger	6-31
Run the Interface Cross Charge Distributions to General Ledger process	6-32
Adjusting Cross Charge Transactions	6-32
Overview of Cross Charge Adjustments	6-32
Processing Flow for Cross Charge Adjustments	6-35

7 Integration with Other Oracle Applications

Overview of Oracle Project Costing Integration	7- 1
Integrating Expense Reports with Oracle Payables and Oracle Internet Expenses	7- 1
Overview of Expense Report Integration	7- 2
Setting Up in Payables and Oracle Projects	7- 3

Processing Expense Reports Created in Oracle Projects	7- 4
Distributing Expense Report Costs	7- 5
Interfacing Expense Reports to Payables	7- 5
Importing Expense Reports in Payables	7- 6
Tying Back Expense Reports from Payables	7- 8
Submitting the Interface Streamline Processes	7- 9
Transferring Payables Accounting Information to General Ledger	7-10
Processing Expense Reports Created in Oracle Internet Expenses	7-10
Advances and Prepayments	7-13
Adjusting Expense Reports	7-13
Purging Expense Reports	7-15
Viewing Expense Reports in Oracle Payables	7-15
Integrating with Oracle Purchasing and Oracle Payables (Requisitions, Purchase Orders, and Supplier Invoices)	7-16
Project-Related Document Flow	7-17
Integrating with Oracle Purchasing	7-17
Integrating with Oracle Payables	7-18
Entering Project-Related Information for Requisitions, Purchase Orders, and Supplier Invoices	7-20
Validating Purchase Orders, Requisitions, and Supplier Invoices	7-23
Accounting Transactions Created by the Account Generator	7-24
Commitment Reporting	7-24
Adjusting Project-Related Documents in Oracle Purchasing, Oracle Payables, and Oracle Projects	7-28
Integrating with Oracle Assets	7-31
Implementing Oracle Assets	7-32
Interfacing Assets to Oracle Assets	7-32
Mass Additions	7-33
Viewing Capital Project Assets in Oracle Assets	7-34
Adjusting Assets	7-34
Integrating with Oracle Project Manufacturing	7-35
Importing Project Manufacturing Costs	7-35
Integrating with Oracle Inventory	7-36
Entering Project-Related Transactions in Oracle Inventory	7-37
Collecting Inventory Costs	7-38
Transferring Inventory Costs to Oracle Projects	7-38
Importing Inventory Transactions	7-38
Reviewing Imported Inventory Transactions	7-38
Adjusting Inventory Transactions	7-39

Index

Send Us Your Comments

Oracle Project Costing User Guide, Release 11i

Part No. B10855-02

Oracle welcomes your comments and suggestions on the quality and usefulness of this publication. Your input is an important part of the information used for revision.

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Preface

Intended Audience

Welcome to Release 11i of the *Oracle Project Costing User Guide*.

This guide contains the information you need to understand and use Oracle Project Costing.

See Related Documents on page xii for more Oracle Applications product information.

TTY Access to Oracle Support Services

Oracle provides dedicated Text Telephone (TTY) access to Oracle Support Services within the United States of America 24 hours a day, seven days a week. For TTY support, call 800.446.2398.

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Accessibility of Links to External Web Sites in Documentation

This documentation may contain links to Web sites of other companies or organizations that Oracle does not own or control. Oracle neither evaluates nor makes any representations regarding the accessibility of these Web sites.

Structure

1 Overview of Project Costing

This chapter gives you an overview of project costing in Oracle Projects.

2 Expenditures

This chapter describes how to enter and manage expenditures using Oracle Projects.

3 Burdening

This chapter describes how to use burdening in Oracle Projects.

4 Allocations

This chapter describes how you can allocate costs to projects and tasks.

5 Asset Capitalization

This chapter describes how to create and maintain capital projects in Oracle Projects. It provides a brief overview of capital projects and explains how to create, place in service, adjust, and account for assets and retirement costs in Oracle Projects.

6 Cross Charge

This chapter describes accounting within and between operating units and legal entities.

7 Integration with Other Oracle Applications

This chapter describes integrating Oracle Projects with other Oracle Applications to perform project costing.

Related Documents

You can choose from many sources of information, including online documentation, training, and support services, to increase your knowledge and understanding of Oracle Projects.

Online Documentation

All Oracle Applications documentation is available online (HTML or PDF).

- **Online Help** - Online help patches (HTML) are available on Oracle *MetaLink*.
- **About Documents** - Refer to the About Document for the mini-pack or family pack that you have installed to learn about new documentation or documentation patches that you can download. About Documents are available on Oracle *MetaLink*.

Guides Related to All Products

Oracle Applications User's Guide

This guide explains how to enter data, query, run reports, and navigate using the graphical user interface (GUI) available with this release of Oracle Projects (and any other Oracle Applications products). This guide also includes information on setting user profiles, as well as running and reviewing reports and concurrent processes.

You can access this user's guide online by choosing "Getting Started with Oracle Applications" from any Oracle Applications help file.

Oracle Projects Documentation Set

Oracle Projects Implementation Guide

Use this manual as a guide for implementing Oracle Projects. This manual also includes appendixes covering function security, menus and responsibilities, and profile options.

Oracle Projects Fundamentals

Oracle Project Fundamentals provides the common foundation shared across the Oracle Projects products (Project Costing, Project Billing, Project Resource Management, Project Management, and Project Collaboration). Use this guide to learn fundamental information about the Oracle Projects solution.

This guide includes a Navigation Paths appendix. Use this appendix to find out how to access each window in the Oracle Projects solution.

Oracle Projects Glossary

This glossary provides definitions of terms that are shared by all Oracle Projects applications. If you are unsure of the meaning of a term you see in an Oracle Projects guide, please refer to the glossary for clarification. You can find the glossary in the online help for Oracle Projects, and in *Oracle Projects Fundamentals*.

Oracle Project Billing User Guide

Use this guide to learn how to use Oracle Project Billing to process client invoicing and measure the profitability of your contract projects.

Oracle Project Management User Guide

This guide shows you how to use Oracle Project Management to manage projects through their lifecycles -- from planning, through execution, to completion.

Oracle Project Resource Management User Guide

This guide provides you with information on how to use Oracle Project Resource Management. It includes information about staffing, scheduling, and reporting on project resources.

Oracle Projects APIs, Client Extensions, and Open Interfaces Reference

This manual gives detailed information about all public application programming interfaces (APIs) that you can use to extend Oracle Projects functionality.

User Guides Related to This Product

Oracle Assets User Guide

In Oracle Assets, you can post capital project costs to become depreciable fixed assets. Refer to this guide to learn how to query mass additions imported from Oracle Projects to Oracle Assets and to review asset information. Use this manual when you plan and define your chart of accounts, accounting period types and accounting calendar, functional currency, and set of books. The manual also describes how to define journal entry sources and categories so you can create journal entries for your general ledger. If you use multiple currencies, use this manual when you define additional

rate types, and enter daily rates. This manual also includes complete information on implementing Budgetary Control.

Oracle General Ledger User Guide

Use this manual when you plan and define your chart of accounts, accounting period types and accounting calendar, functional currency, and set of books. The manual also describes how to define journal entry sources and categories so you can create journal entries for your general ledger. If you use multiple currencies, use this manual when you define additional rate types, and enter daily rates. This manual also includes complete information on implementing Budgetary Control.

Oracle HRMS Documentation Set

This set of guides explains how to define your employees, so you can give them operating unit and job assignments. It also explains how to set up an organization (operating unit). Even if you do not install Oracle HRMS, you can set up employees and organizations using Oracle HRMS windows. Specifically, the following manuals will help you set up employees and operating units:

- **Using Oracle HRMS - The Fundamentals**

This user guide explains how to set up and use enterprise modeling, organization management, and cost analysis.

- **Managing People Using Oracle HRMS**

Use this guide to find out about entering employees.

Oracle Inventory User Guide

If you install Oracle Inventory, refer to this manual to learn how to define project-related inventory transaction types and how to enter transactions in Oracle Inventory. This manual also describes how to transfer transactions from Oracle Inventory to Oracle General Ledger.

Oracle Payables User Guide

Refer to this manual to learn how to use Invoice Import to create invoices in Oracle Payables from Oracle Projects expense reports data in the Oracle Payables interface tables. This manual also explains how to define suppliers, and how to specify supplier and employee numbering schemes for invoices created using Oracle Projects.

Oracle Project Manufacturing Implementation Manual

Oracle Project Manufacturing allows your company to associate manufacturing costs and inventory to a specific project and task. Use this manual as your first source of information if you are implementing Oracle Project Manufacturing.

Oracle Purchasing User Guide

If you install Oracle Purchasing, refer to this user guide to read about entering and managing the requisitions and purchase orders that relate to your projects. This manual also explains how to create purchase orders from project-related requisitions in the AutoCreate Documents window.

Oracle Receivables User Guide

Use this manual to learn more about Oracle Receivables invoice processing and invoice formatting, defining customers, importing transactions using AutoInvoice, and Defining Automatic Accounting in Oracle Receivables.

Oracle Business Intelligence System Implementation Guide

This guide provides information about implementing Oracle Business Intelligence (BIS) in your environment.

BIS 11i User Guide Online Help

This guide is provided as online help only from the BIS application and includes information about intelligence reports, Discoverer workbooks, and the Performance Management Framework.

Using Oracle Time Management

This guide provides information about capturing work patterns such as shift hours so that this information can be used by other applications such as General Ledger.

Installation and System Administration

Oracle Applications Concepts

This guide provides an introduction to the concepts, features, technology stack, architecture, and terminology for Oracle Applications Release 11*i*. It provides a useful first book to read before installing Oracle Applications.

Installing Oracle Applications

This guide provides instructions for managing the installation of Oracle Applications products. In Release 11*i*, much of the installation process is handled using Oracle Rapid Install, which minimizes the time to install Oracle Applications and the technology stack by automating many of the required steps. This guide contains instructions for using Oracle Rapid Install and lists the tasks you need to perform to finish your installation. You should use this guide in conjunction with individual product user's guides and implementation guides.

Upgrading Oracle Applications

Refer to this guide if you are upgrading your Oracle Applications Release 10.7 or Release 11.0 products to Release 11*i*. This guide describes the upgrade process and lists database and product-specific upgrade tasks. You must be either at Release 10.7 (NCA, SmartClient, or character mode) or Release 11.0, to upgrade to Release 11*i*. You cannot upgrade to Release 11*i* directly from releases prior to 10.7.

Maintaining Oracle Applications

Use this guide to help you run the various AD utilities, such as AutoUpgrade, AutoPatch, AD Administration, AD Controller, AD Relink, License Manager, and others. It contains how-to steps, screenshots, and other information that you need to run the AD utilities. This guide also provides information on maintaining the Oracle Applications file system and database.

Oracle Applications System Administrator's Guide

This guide provides planning and reference information for the Oracle Applications System Administrator. It contains information on how to define security, customize menus and online help, and manage concurrent processing.

Oracle Alert User's Guide

This guide explains how to define periodic and event alerts to monitor the status of your Oracle Applications data.

Oracle Applications Developer's Guide

This guide contains the coding standards followed by the Oracle Applications development staff. It describes the Oracle Application Object Library components needed to implement the Oracle Applications user interface described in the *Oracle Applications User Interface Standards for Forms-Based Products*. It also provides information to help you build your custom Oracle Forms Developer forms so that they integrate with Oracle Applications.

Other Implementation Documentation

Oracle Applications Product Update Notes

Use this guide as a reference for upgrading an installation of Oracle Applications. It provides a history of the changes to individual Oracle Applications products between Release 11.0 and Release 11*i*. It includes new features, enhancements, and changes made to database objects, profile options, and seed data for this interval.

Multiple Reporting Currencies in Oracle Applications

If you use the Multiple Reporting Currencies feature to record transactions in more than one currency, use this manual before you implement Oracle Projects. This manual details additional steps and setup considerations for implementing Oracle Projects with Multiple Reporting Currencies.

Multiple Organizations in Oracle Applications

This guide describes how to set up and use Oracle Projects with Oracle Applications' Multiple Organization support feature, so you can define and support different organization structures when running a single installation of Oracle Projects.

Oracle Workflow Administrator's Guide

This guide explains how to complete the setup steps necessary for any Oracle Applications product that includes workflow-enabled processes, as well as how to monitor the progress of runtime workflow processes.

Oracle Workflow Developer's Guide

This guide explains how to define new workflow business processes and customize existing Oracle Applications-embedded workflow processes. It also describes how to define and customize business events and event subscriptions.

Oracle Workflow User's Guide

This guide describes how Oracle Applications users can view and respond to workflow notifications and monitor the progress of their workflow processes.

Oracle Workflow API Reference

This guide describes the APIs provided for developers and administrators to access Oracle Workflow.

Oracle Applications Flexfields Guide

This guide provides flexfields planning, setup and reference information for the Oracle Projects implementation team, as well as for users responsible for the ongoing maintenance of Oracle Applications product data. This manual also provides information on creating custom reports on flexfields data.

Oracle eTechnical Reference Manuals

Each eTechnical Reference Manual (eTRM) contains database diagrams and a detailed description of database tables, forms, reports, and programs for a specific Oracle Applications product. This information helps you convert data from your existing applications and integrate Oracle Applications data with non-Oracle applications, and write custom reports for Oracle Applications products. Oracle eTRM is available on Oracle *MetaLink*.

Oracle Applications User Interface Standards for Forms-Based Products

This guide contains the user interface (UI) standards followed by the Oracle Applications development staff. It describes the UI for the Oracle Applications products and tells you how to apply this UI to the design of an application built by using Oracle Forms.

Oracle Manufacturing APIs and Open Interfaces Manual

This manual contains up-to-date information about integrating with other Oracle Manufacturing applications and with your other systems. This documentation includes APIs and open interfaces found in Oracle Manufacturing.

Oracle Order Management Suite APIs and Open Interfaces Manual

This manual contains up-to-date information about integrating with other Oracle Manufacturing applications and with your other systems. This documentation includes APIs and open interfaces found in Oracle Order Management Suite.

Oracle Applications Message Reference Manual

This manual describes all Oracle Applications messages. This manual is available in HTML format on the documentation CD-ROM for Release 11*i*.

Training and Support

Training

Oracle offers a complete set of training courses to help you and your staff master Oracle Projects and reach full productivity quickly. These courses are organized into functional learning paths, so you take only those courses appropriate to your job or area of responsibility.

You have a choice of educational environments. You can attend courses offered by Oracle University at any of our many Education Centers, you can arrange for our trainers to teach at your facility, or you can use Oracle Learning Network (OLN), Oracle University's online education utility. In addition, Oracle training professionals can tailor standard courses or develop custom courses to meet your needs. For example, you may want to use your organization structure,

Support

From on-site support to central support, our team of experienced professionals provides the help and information you need to keep Oracle Projects working for you. This team includes your Technical Representative, Account Manager, and Oracle's large staff of consultants and support specialists with expertise in your business area, managing an Oracle server, and your hardware and software environment.

Do Not Use Database Tools to Modify Oracle Applications Data

Oracle **STRONGLY RECOMMENDS** that you never use SQL*Plus, Oracle Data Browser, database triggers, or any other tool to modify Oracle Applications data unless otherwise instructed.

Oracle provides powerful tools you can use to create, store, change, retrieve, and maintain information in an Oracle database. But if you use Oracle tools such as SQL*Plus to modify Oracle Applications data, you risk destroying the integrity of your data and you lose the ability to audit changes to your data.

Because Oracle Applications tables are interrelated, any change you make using an Oracle Applications form can update many tables at once. But when you modify Oracle Applications data using anything other than Oracle Applications, you may change a row in one table without making corresponding changes in related tables. If your tables get out of synchronization with each other, you risk retrieving erroneous information and you risk unpredictable results throughout Oracle Applications.

When you use Oracle Applications to modify your data, Oracle Applications automatically checks that your changes are valid. Oracle Applications also keeps track of who changes information. If you enter information into database tables using database tools, you may store invalid information. You also lose the ability to track who has changed your information because SQL*Plus and other database tools do not keep a record of changes.

Overview of Project Costing

This chapter gives you an overview of project costing in Oracle Projects.

This chapter covers the following topics:

- Overview of Costing
- Calculating Costs
- Distributing Labor Costs

Overview of Costing

Costing is the processing of expenditures to calculate their cost to each project and determine the GL accounts to which the costs will be posted. Costing is performed for the following types of expenditures:

- Pre-approved expenditures. See: *Overview of Expenditures*, page 2- 1 .
 - Labor
 - Expense Reports
 - Usages
 - Miscellaneous Transactions
- Burden transactions. See: *Overview of Burdening*, page 3- 1 .
- Expenditures submitted from Oracle Internet Expenses. See: *Integrating Expense Reports with Oracle Payables and Oracle Internet Expenses*, page 7- 1 .
- Supplier Invoices from Oracle Payables. See: *Integrating with Oracle Purchasing and Oracle Payables*, page 7-16.
- Imported expenditures. See: *Transaction Import, Oracle Projects APIs, Client Extensions, and Open Interfaces Reference*.
- Adjusted expenditures in Oracle Projects that need re-costing. See: *Adjusting Expenditures*, page 2-44.

Related Topics

Costing in Oracle Projects, page 1- 2

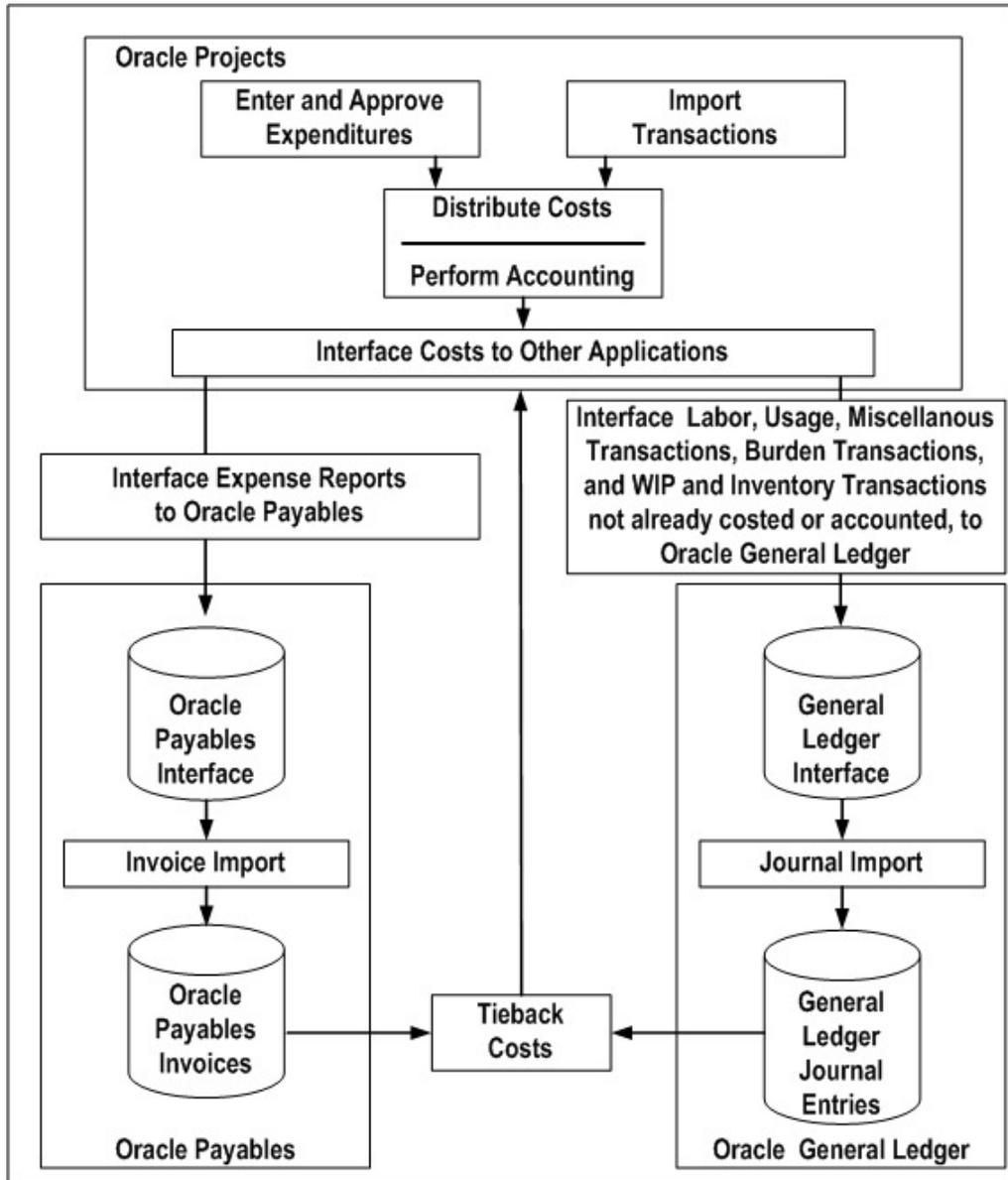
Costing Processes, page 1- 3

Calculating Costs, page 1- 5

Costing in Oracle Projects

The following illustration shows how costing is performed in Oracle Projects.

Costing in Oracle Projects



As shown in the illustration *Costing in Oracle Projects*, page 1- 2 , costing includes the following major steps:

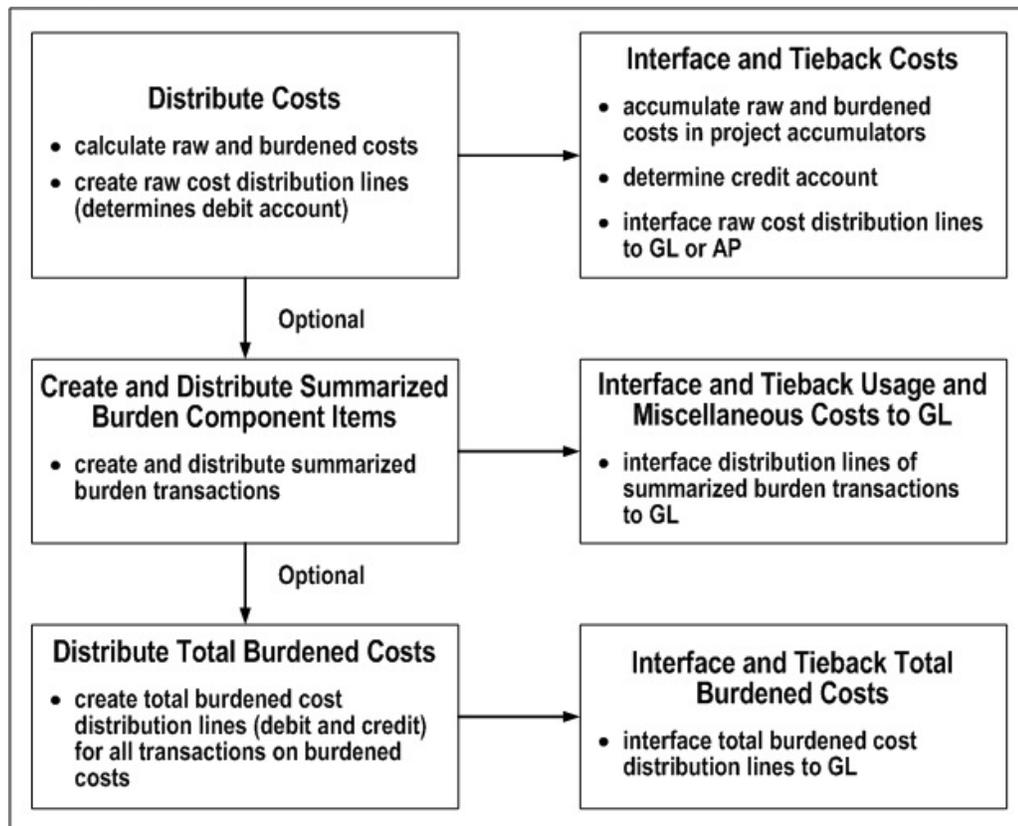
1. Enter and approve expenditures through the Oracle Projects user interface, or import transactions (for example, through Transaction Import).

2. Distribute costs and perform accounting. The costing process performs the following tasks on uncosted expenditures:
 - Calculates raw cost (by multiplying quantity times rate) in transaction currency
 - Calculates burdened cost.
 - Calls the following client extensions. See: *Client Extensions, Oracle Projects APIs, Client Extensions, and Open Interfaces Reference*.
 - Overtime Calculation
 - Labor Costing
 - Create Related Items
 - Converts all transaction currency amounts to functional and project cost currency amounts
 - Performs accounting to determine the account numbers to post to in General Ledger.
3. Interface costs to other applications
 - You interface expense reports to Oracle Payables via the Oracle Payables Interface. After you transfer expense reports to the Payables Invoice Interface tables, you submit the Payables Invoice Import process to create an invoice from the expense report.
 - You interface all other cost expenditures to General Ledger via the General Ledger Interface if the expenditures have not previously been accounted for in other applications. These costs include labor, usage, miscellaneous transactions, burden transactions, work-in-process (WIP) and inventory. The General Ledger Journal Import program takes the summary interface information stored in the General Ledger interface table and automatically creates cost and revenue journal entries for posting in General Ledger.
4. Tieback costs from Oracle Payables and General Ledger to verify your Oracle Projects data.

Costing Processes

The following illustration shows the flow of costing processes in Oracle Projects.

Costing Processes



As shown in the illustration *Costing Processes*, page 1- 4 , create and distribution processes perform the following tasks:

- Calculate raw cost (quantity rate)
- Calculate burden and burdened cost
- Create and distribute raw cost distribution lines
- Create and distribute burden and burdened cost distribution lines
- Determine accounting

Interface and tieback processes perform the following tasks:

- Accumulate raw and burdened costs in project accumulators
- Determine accounting
- Interface raw and burdened cost distribution lines to General Ledger or Accounts Payable
- Verify costs distributed to General Ledger and Accounts Payable

Note: If you are not performing burdening, you can skip the processes that create and distribute burden and burdened cost.

Calculating Costs

This section briefly describes how Oracle Projects calculates costs for expenditures. For more detailed information about the costing process, refer to the labor costing example in this chapter. See: *Distributing Labor Costs*, page 1- 6 .

Each transaction has two cost amounts when processed, raw and burdened. Oracle Projects calculates these amounts for each detail transaction when you distribute costs using any of the following processes:

- Distribute Labor Costs
- Distribute Expense Report Costs
- Distribute Usage and Miscellaneous Costs
- Distribute Supplier Invoice Adjustment Costs

The raw cost is the actual cost of the work performed, and the burden cost is the indirect cost of work performed. The burden costs are created to apply overhead costs to projects to provide an accurate total cost figure. The burdened cost is the total cost of the expenditure, or the sum of raw cost and burden cost. Oracle Projects calculates the burden cost using the raw cost and a burden multiplier.

Calculating Labor Cost

Oracle Projects **calculates cost for labor transactions using quantity and rates as follows:**

- Raw cost is the result of multiplying hours by a rate.
- Burden cost is the result of multiplying raw cost by a burden multiplier.
- Burdened cost is the sum of raw cost and burden cost.

Note: You can define a unique labor costing algorithm using the Labor Costing Extensions. See: *Labor Costing Extensions, Oracle Projects APIs, Client Extensions, and Open Interfaces Reference*.

Related Topics

Distributing Labor Costs, page 1- 6

Overview of Expenditures, page 2- 1

Overview of Burdening, page 3- 1

Calculating Cost for Expense Reports, Usages, and Miscellaneous Transactions

Oracle Projects calculates the cost for expense reports, usages, and miscellaneous transactions as follows:

- Raw cost is equal to quantity (if quantity is in currency, for example, a currency amount), or alternatively, raw cost is the result of multiplying hours by a rate (if quantity is not in currency).
 - cost rates by expenditure type, or
 - cost rates by non-labor resource and owning organization for usages (optional); overrides expenditure type cost rate
- Burden cost is the result of multiplying raw cost by a burden multiplier.

- Burdened cost is the sum of raw cost and burden cost.

Related Topics

Overview of Expenditures, page 2- 1

Overview of Burdening, page 3- 1

Integrating Expense Reports with Oracle Payables and Oracle Internet Expenses, page 7- 1

Using Rates for Costing, *Oracle Projects Fundamentals*

Calculating Burden Cost

Oracle Projects calculates burden cost transactions, which represent only the burden or overhead cost, as follows:

- Quantity is zero.
- Raw cost is zero.
- Burden cost is the calculated burden cost amount.
- Burdened cost is equal to burden cost.

Related Topics

Overview of Burdening, page 3- 1

Calculating Cost for Supplier Invoices

Oracle Projects calculates the raw cost for supplier invoices using the cost amount entered as the invoice amount for the invoice in Oracle Payables.

- Raw cost is equal to the supplier invoice amount from Oracle Payables.
- Burden cost is the result of multiplying raw cost by a burden multiplier.
- Burdened cost is the sum of raw cost and burden cost.

Oracle Projects calculates the burdened cost for supplier invoice transactions during the following processes:

- PRC: Interface Supplier Costs
- PRC: Distribute Supplier Invoice Adjustment Costs

Related Topics

Overview of Burdening, page 3- 1

Integrating with Oracle Purchasing and Oracle Payables, page 7-16

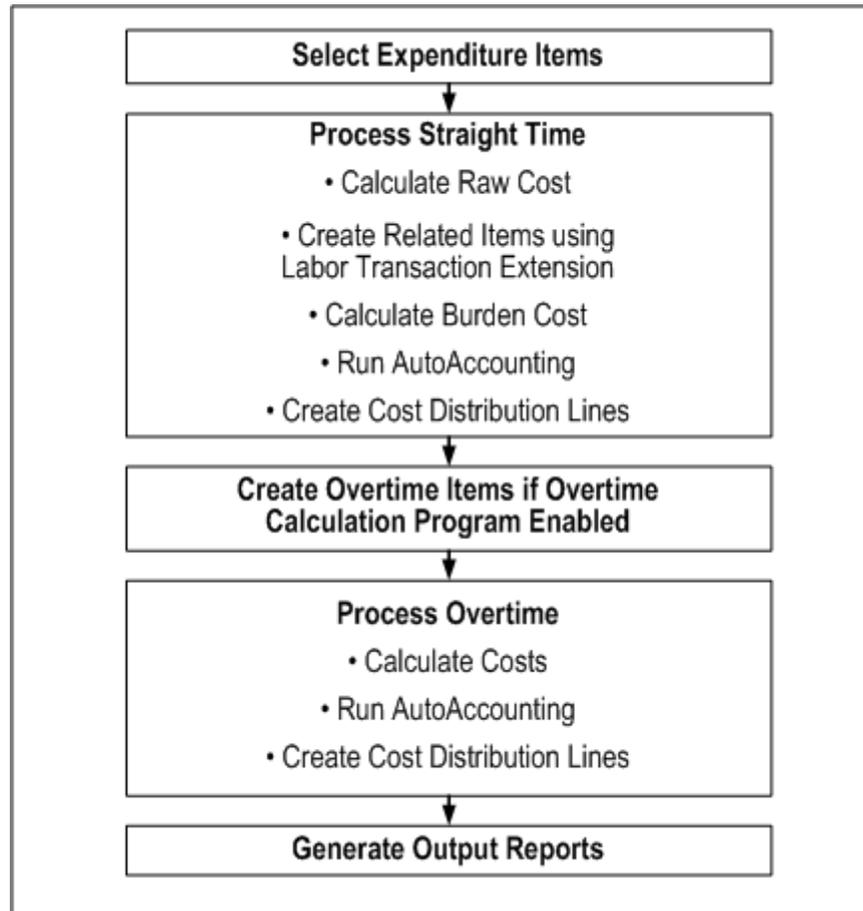
Distributing Labor Costs

This section illustrates the costing process using Labor Costing as an example.

Oracle Projects allows you to enter detail labor transactions charged to your projects so that you can monitor labor work performed. Oracle Projects costs the items to compute the labor costs for your project, and determines the GL accounts to charge.

The following illustration shows the steps in the PRC: Distribute Labor Costs process:

Steps in the PRC: Distribute Labor Costs Process



The PRC: Distribute Labor Costs process handles labor items in the following order:

- Selects eligible expenditure items, based on the parameters you entered for project, employee, and week ending date.
- Costs the straight time items.
- Calls the Overtime Calculation program, if it is enabled.
- Costs overtime items, including overtime items created by the Overtime Calculation program.

Note: If your transactions are not costing properly, you can view rejection reasons in the Expenditure Items window. From the Folder menu, choose the Show Field option to display all cost distribution rejections.

Related Topics

Distribute Labor Costs Process, *Oracle Projects Fundamentals*

Labor Costing Definitions, *Oracle Projects Implementation Guide*

Selecting Expenditure Items

The Distribute Labor Costs program first selects all expenditure items that are eligible for costing. To be eligible for costing, an expenditure item must meet the following criteria:

- Classified with an expenditure type having the Straight Time or Overtime expenditure type class
- Included in the specified project for straight time items (if you specify a project)
- For the specified employee (if you specify an employee)
- In a week ending on or before the end date (if you specify a week ending date)
- In a released pre-approved timecard batch
- Not already cost distributed (new items or items marked for adjustment)

Expenditure items selected are processed in sets according to the Expenditures Per Set profile option. For more information, see: Profile Options in *Oracle Projects Implementation Guide*.

Processing Straight Time

Distribute Labor Costs performs three steps to process straight time:

- Calculate costs
- Run AutoAccounting
- Create cost distribution lines

Important: Throughout this document, the term resource applies equally to employees and non-employees (contingent workers) when used in discussions about features that support capturing, processing, and reporting time and costs that pertain to people. Similarly, the term employee is also meant to apply to contingent workers. For more information about contingent workers, see: Support for Contingent Workers, *Oracle Projects Fundamentals*.

Calculating Costs

Oracle Projects calculates straight time cost (raw cost) for expenditure items by multiplying hours worked by an employee's labor cost rate. This calculation is represented in the following formula:

Straight Time Cost = (Hours Worked x Employee's Labor Cost Rate)

Distribute Labor Costs uses the labor cost rate that is in effect for an employee as of the week ending date for each selected expenditure item. This amount can be overridden by the Labor Costing Extension to handle unique labor costing rules.

Note: If a timecard for a contingent worker is associated with a purchase order, then the labor cost rates for the contingent worker are defined on the purchase order.

If an employee's labor cost is burdened, Oracle Projects calculates the burdened cost by multiplying straight time cost times a factor equal to one plus the burden multiplier. This calculation is represented in the following formula:

$$\text{Burdened Cost} = (\text{Straight Time Cost} \times (1 + \text{Burden Multiplier}))$$

To determine if a labor cost is burdened, Oracle Projects checks the project type of the project to which an expenditure item is charged. The burden multiplier is determined from the burden schedule (or burden schedule override) assigned to the project or task. In addition, Oracle Projects compares the expenditure item date to the effective dates of the burden schedule to determine the burden multiplier to use.

Running AutoAccounting

After the process calculates cost for each selected expenditure item, it runs AutoAccounting to determine account codes for each cost distribution line that it will create.

If an organization distribution override exists, the destination organization of the override supersedes the actual expenditure organization of affected items.

When you run the cost distribution programs for labor, expense reports, or usages and miscellaneous transactions, Oracle Projects redirects the Expenditure Organization to the *Override To Organization* if you have specified any of the following organization distribution overrides for the organization:

- Incurred by Employee and Expenditure Category
- Incurred by Employee
- Expenditure Organization and Expenditure Category
- Expenditure Category

If you do not specify any of these overrides, Oracle Projects uses the Incurred by Organization or the Expenditure Organization.

Creating Cost Distribution Lines

After the Distribute Labor Costs process runs AutoAccounting, it creates cost distribution lines. Each item originally has one distribution line for raw cost. If an item is re-costed and the cost rate or account coding changes, Distribute Labor Costs creates a reversing cost distribution line and a new line for the updated cost or account coding.

Related Topics

Overview of Burdening, page 3- 1

Labor Costing Extensions, *Oracle Projects APIs, Client Extensions, and Open Interfaces Reference*

Accounting Transactions for Cost, *Oracle Projects Fundamentals*

Creating Overtime

You can use Oracle Projects to track the cost of overtime and other premium compensation, allowing you to determine the true cost of labor.

When an employee works overtime, in addition to charging the total hours an employee worked to the project(s) on which the employee worked, you calculate and charge the overtime hours and costs. Therefore, the employee's pay includes two components:

- Straight time cost
- Overtime or premium cost

Note: If a timecard for a contingent worker is associated with a purchase order, then the overtime price differential multipliers for the contingent worker can be defined on the purchase order.

Tracking Overtime

When you enter timecards in Oracle Projects, you charge the total hours an employee worked to the project(s) on which the employee worked.

You can track overtime premium costs in Oracle Projects in three primary ways:

- Charge to an indirect project.
- Charge to a project on which overtime was worked.
- Charge to a project on which overtime was worked and track premium amounts separately.

Oracle Projects creates overtime when you enter it manually or when the Overtime Calculation program creates it automatically. If you enter overtime manually, the Distribute Labor Costs program does not create overtime, and instead proceeds directly to calculating overtime cost. If you enable the Overtime Calculation program, then the Distribute Labor Costs process calls the program to create overtime automatically.

Related Topics

Distribute Labor Costs, *Oracle Projects Fundamentals*

Implementing Overtime Processing, *Oracle Projects Implementation Guide*

Overtime Calculation Extension, *Oracle Projects APIs, Client Extensions, and Open Interfaces Reference*

Processing Overtime

Distribute Labor Costs performs three steps to process overtime:

1. Calculate costs
2. Run AutoAccounting
3. Create cost distribution lines

Calculating Overtime Cost

Oracle Projects calculates premium overtime cost (raw cost) for overtime items by multiplying an employee's labor cost rate by a labor cost multiplier that corresponds to the type of overtime worked. This calculation is represented in the following formula:

Premium Overtime Cost = (Hours Worked x Employee's Labor Cost Rate) x Labor Cost Multiplier

Overtime may or may not be burdened, depending on your burdening setup.

Running AutoAccounting

After the process calculates cost for each selected expenditure item, it runs AutoAccounting to determine account codes for each cost distribution line that the process creates.

If an organization distribution override exists, then the destination organization of the override supersedes the actual expenditure organization of affected items.

Creating Cost Distribution Lines

After the process runs AutoAccounting, it creates cost distribution lines. Each item originally has one distribution line for raw cost. If an item is re-costed and the cost rate or account coding changes, Distribute Labor Cost creates a reversing cost distribution line and a new line for the updated cost or account coding.

Generating Labor Output Reports

The Distribute Labor Costs process generates output reports that list detail items that were processed and exception items.

Related Topics

Distribute Labor Costs Process, *Oracle Projects Fundamentals*

Calculating and Reporting Utilization

The utilization functionality of Oracle Project Costing and Oracle Project Resource Management enables you to generate and report on your resource's actual and scheduled utilization. Using Oracle Project Costing, you can report on your resource's actual resource utilization based on actual hours from timecards. For more information, see: Utilization, *Oracle Project Fundamentals*.

Expenditures

This chapter describes how to enter and manage expenditures using Oracle Projects.

This chapter covers the following topics:

- Overview of Expenditures
- Processing Pre-Approved Expenditures
- Controlling Expenditures
- Viewing Expenditures
- Adjusting Expenditures

Overview of Expenditures

An expenditure is a group of expenditure items, or transactions, incurred by an employee or an organization for an expenditure period. You charge expenditures to a project to record *actual* work performed or cost incurred, and you charge commitments to future, *committed* costs you expect to incur.

You must charge all actual expenditure items and future commitments to a project and task. Examples of actual expenditures are timecards, expense reports, usage logs, and supplier invoices. Examples of commitments are requisitions and purchase orders.

The following are examples of expenditures and commitments:

- You have worked eight hours on Monday, June 6 for project A, task 1 doing Professional work (expenditure)
- You travelled twenty miles on Tuesday, June 7 for project X, task 1 using your own vehicle (expenditure)
- You made ten copies of a blueprint on Thursday, June 9 for project Y, task 1 using copier number 1243 (expenditure)
- You issued a purchase order for 200 pounds of cement on Friday, June 10 for project Z, task 2.3 (commitment)

You associate each expenditure item with an expenditure type class, (such as Straight Time or Supplier Invoice). The expenditure type class tells Oracle Projects how to process the expenditure item. For more information, see: Expenditure Type Classes, *Oracle Projects Implementation Guide*.

Expenditure Classifications

Expenditure types (such as Administrative, Hotel, or Overtime) classify the type of cost incurred. You can categorize costs and revenues by grouping the expenditure types into expenditure categories such as Materials and Labor. You define all expenditure types, expenditure categories, and revenue categories during implementation.

Expenditure Amounts

During processing, the system associates each expenditure item with a unit quantity and two cost amounts, raw and burden cost, when processed. The raw cost is the actual cost of the work performed; the burden cost is the indirect cost of the work performed. For example, the raw cost could be the hours multiplied by the hourly cost rate, and the burden could be the cost of the office space or benefits. The total burdened cost is the raw cost plus the burden cost.

Related Topics

Using Rates for Costing, *Oracle Projects Fundamentals*

Expenditure Entry Methods

You can create expenditure items in Oracle Projects to record actual work performed or costs incurred against a project in one of the following ways:

- Enter pre-approved expenditure batches. See: Processing Pre-Approved Expenditures, page 2-10.
- Upload pre-approved expenditure batches from Microsoft Excel. See: Uploading Expenditures from Microsoft Excel, page 2-19.
- Enter expenditures in other Oracle Applications, such as Oracle Payables and Oracle Inventory, and import them into Oracle Projects. See: Overview of Oracle Project Costing Integration, page 7- 1 .
- Import transactions from external sources. See: Transaction Import, *Oracle Projects APIs, Client Extensions, and Open Interfaces Reference*.

Expenditure Item Validation

When you enter expenditure items, you are charging hours, expenses, or non-labor resources to a project and a task. Oracle Projects validates expenditure items against predefined criteria and any transaction controls and transaction control client extensions that you set up during the implementation.

Standard Validation Process

The standard validation process performs the following checks:

- Project
 - Expenditure item falls within project dates
 - Project status allows transactions
 - Transaction controls and transaction control extensions allow charges of this type
 - Project allows cross-charges from the user's operating unit in a multi-organization environment

- Task
 - Expenditure item falls within task dates
 - Task is a lowest task and chargeable
 - Transaction controls and transaction control extensions allow charges of this type
- Expenditure type
 - Expenditure type is active
 - Is valid for multiple currencies
- Employee
 - Employee is active
- Existing expenditure item (for adjustments only)
 - Matching expenditure item exists (unless you enter an unmatched, negative transaction)

Note: Oracle Projects validates pre-approved expenditure batches as you enter expenditure item details. Expenditures created using external cost collection systems are validated during the Submit and Transaction Import processes, but before Oracle Projects creates an expenditure.

Funds Checks for Transactions

When a transaction is charged to a project, funds check processes are activated in both General Ledger and Oracle Projects. Funds checks are activated for new transactions and for adjusted transactions.

You can review Oracle Projects funds check results online. The system displays results for transactions that pass a funds check and transactions that fail a funds check.

Note: You must baseline the budget before transactions can be funds checked by the funds check processes.

Related Topics

Funds Check Activation in Oracle Purchasing and Oracle Payables, page 7-23

Funds Check Activation in Oracle Projects, *Oracle Project Management User Guide*

Using Budgetary Controls, *Oracle Project Management User Guide*

Expenditure Rejection Reasons

Possible reasons for expenditure transaction rejection are listed in the following table. If you receive a rejection reason not included in the table, check with your implementation team for rejection reasons defined in the transaction control extensions. If you cannot access a window mentioned in the table, contact the key member for the project for assistance.

Rejection Reason (Error Lookup Code)	Troubleshooting Tips	Expenditure
Burdened cost is not valid for the given system linkage (INVALID_BURDENED_AMOUNT)	A transaction with an expenditure type class of Burden Transactions should have a burden cost of NULL. For other expenditure type classes, the burden cost should equal zero if the transaction source or project does not allow burdening.	All
CCID for credit is NULL (INVALID_CR_CCID)	The code combination ID for the credit account cannot be NULL for transactions that have been accounted for in an external system.	GL accounted transactions
CCID for debit is NULL (INVALID_DR_CCID)	The code combination ID for the debit account cannot be NULL for transactions that have been accounted for in an external system.	GL accounted transactions
Cannot lock original item for reversal (CANNOT_LOCK_ORIG_ITEM)	Another user or a process is currently accessing the original item to be adjusted. Try to revise the expenditure item later.	All
Cross charge validation failed (CROSS_CHARGE_PROJECT_INVALID)	You will get this message only if you have implemented multiple organization support and are using Transaction Import to charge expenditure items to a project owned by an operating unit that does not share your operating unit's set of books, PA period type, and business group. Revise the expenditure item by entering a project owned by an operating unit to which you can charge.	All
Different system linkage (DIFF_SYS_LINKAGE)	During Transaction Import, Oracle Projects verifies that the expenditure type class of the transaction matches the expenditure type class of the expenditure type. You can either associate the expenditure type class with the expenditure type using the Expenditure Types window, or you can change either the expenditure type or the expenditure type class on the transaction so they form a valid combination.	All

Rejection Reason (Error Lookup Code)	Troubleshooting Tips	Expenditure
Duplicate item (DUPLICATE_ITEM)	An expenditure item with the same transaction source and original system reference already exists. Change the transaction source or original system reference of the expenditure item to be imported.	All
Employee is mandatory (EMP_MAND_FOR_ER/TIME)	Enter information into the employee number field.	Timecards and expense reports
Employee or organization is mandatory (EMP_OR_ORG_MAND)	Enter either the employee name and number or expenditure organization in the appropriate expenditure field.	All except timecards and expense reports
Expenditure item cannot be charged to a Closed project (PA_EX_PROJECT_CLOSED)	Project status does not allow transactions to be charged to this project. Change the status of the project or charge the expenditure item to another project.	All
Expenditure item date is after the expenditure ending date (EI_DATE_AFTER_END_DATE)	The expenditure item date is after the expenditure ending date. Verify that both the expenditure item and the expenditure dates are correct and change, if necessary.	All
Expenditure item date is not within the active dates of the project (PA_EX_PROJECT_DATE)	Change the expenditure item date or the project's active dates, or charge the expenditure item to another project.	All
Expenditure item date is not within the active dates of the task (PA_EXP_TASK_EFF)	Change the expenditure item date or the task's active dates, or charge the expenditure item to another task.	All
Expenditure item date is not within the expenditure week (ITEM_NOT_IN_WEEK)	Verify that the expenditure item date and the expenditure date are both correct and change, if necessary. You can also create a new expenditure for the expenditure item.	Timecards
Expenditure organization is not active (PA_EXP_ORG_NOT_ACTIVE)	The expenditure organization is not active or is not within the current expenditure organization hierarchy.	All

Rejection Reason (Error Lookup Code)	Troubleshooting Tips	Expenditure
Expenditure type/ expenditure type class inactive (ETYPE_SLINK_INACTIVE)	The combination of the expenditure type and expenditure type class is inactive as of the expenditure item date. Refer to PA_EXPEND_TYP_SYS_LINKS for valid expenditure type/ expenditure type class combinations.	All
Expenditure type inactive (EXP_TYPE_INACTIVE)	The expenditure type has been defined, but it is either not yet effective or has already expired as of the expenditure item date. Refer to the Expenditure Types window to view all valid expenditure types and their effective dates or to change the expenditure type's effective dates.	All
GL date is NULL (INVALID_GL_DATE)	A transaction that has already been accounted for in an external system must have a GL date.	GL accounted transactions
Invalid burden transaction (INVALID_BURDEN_TRANS)	Raw cost and quantity must equal zero or NULL for burden transactions.	Burden transactions
Invalid employee (INVALID_EMPLOYEE)	Oracle Projects does not recognize the employee number. Verify that you have entered the information correctly or add a new employee.	All
Invalid ending date (INVALID_END_DATE)	The expenditure ending date does not fall on the day of the week defined as your expenditure cycle end day. Refer to the Implementation Options window (Costing) for the valid expenditure cycle start day.	All
Invalid expenditure type (INVALID_EXP_TYPE)	The expenditure type does not exist. Refer to the Expenditure Types window for a list of all valid expenditure types or to create a new expenditure type.	All
Invalid expenditure type class (INVALID_EXP_TYPE_CLASS)	The expenditure type class of the transaction is invalid. Refer to PA_SYSTEM_LINKAGES for valid expenditure type classes.	All

Rejection Reason (Error Lookup Code)	Troubleshooting Tips	Expenditure
Invalid expenditure type/ system linkage combination (INVALID_ETYPE_SLINK)	The combination of the expenditure type and expenditure type class is invalid. Refer to PA_EXPEND_TYP_SYS_LINKS for valid expenditure type/ expenditure type class combinations.	All
Invalid non-labor resource (INVALID_NL_RSRC)	The non-labor resource does not exist. Refer to the Non-Labor Resources window for a list of all valid non-labor resources or to create a new non-labor resource.	Usage logs
Invalid non-labor resource organization (INVALID_NL_RSRC_ORG)	The non-labor resource organization does not exist. Refer to the Non-Labor Resources window for a list of all valid organizations for a particular non-labor resource or to assign a new organization to a non-labor resource.	Usage logs
Invalid organization (INVALID_ORGANIZATION)	The expenditure organization does not exist. Refer to the expenditure organization hierarchy set up in Oracle Projects to determine all organizations defined as valid expenditure organizations.	All
Invalid project (INVALID_PROJECT)	The project number does not exist. Refer to the Projects Summary window for a list of all valid projects or to the Projects, Templates Summary window to create a new project by copying an existing project or template.	All
Invalid project type (INVALID_PROJECT_TYPE)	The project type for the given project is invalid.	All
Invalid task (INVALID_TASK)	The task number does not exist for the project, or the task is not a lowest task. Open your project and choose the Tasks option to view all valid tasks or to create a new lowest task.	All

Rejection Reason (Error Lookup Code)	Troubleshooting Tips	Expenditure
Invalid transaction source (INVALID_TRX_SOURCE)	Oracle Projects does not recognize the transaction source. Refer to the Transaction Sources window for a list of valid transaction sources or to create a new transaction source.	All
No open or future PA period for the expenditure item and GL dates (INVALID_PA_DATE)	There is no open or future PA period for the given expenditure item and GL dates.	GL accounted transactions
Non-labor resource expenditure type different (NL_EXP_TYPE_DIFF)	The non-labor resource is not associated with the expenditure type. Refer to the Non-Labor Resources window for a listing of all valid non-labor resources and their expenditure types or to create a new non-labor resource.	Usage logs
Non-labor resource inactive (NL_RSRC_INACTIVE)	The non-labor resource has been defined, but it is either not yet effective or has already expired as of the expenditure item date. Refer to the Non-Labor Resources window for a list of valid non-labor resources and their effective dates or to change the effective dates.	Usage logs
Non-labor resource mandatory for usages (NL_RSRC_MAND_FOR_USAGES)	A non-labor resource has not been specified. Enter the non-labor resource name for the rejected expenditure item in your usage log.	Usage logs
Non-labor resource owning organization mandatory for usages (NL_RSRC_ORG_MAND_FOR_USAGES)	A non-labor resource organization has not been specified. Enter the appropriate organization name.	Usage logs
No assignment (NO_ASSIGNMENT)	The employee does not have an active HR assignment to a specific organization and job as of the expenditure item date. Verify the expenditure item date and the employee assignment in Oracle Human Resources and make change, if necessary.	All

Rejection Reason (Error Lookup Code)	Troubleshooting Tips	Expenditure
No matching item (NO_MATCHING_ITEM)	If the transaction is an adjustment with a negative quantity, and the unmatched negative flag is not set to Yes, an original, approved, unreversed expenditure item matching the transaction's employee/organization, item date, expenditure type, project, task, reversing quantity, reversing cost (if loading costed items via Transaction Import), and non-labor resource and non-labor organization (for usages) must exist. Also, the matching expenditure item must have been originally loaded from the same transaction source. If more than one item matches the original item, Oracle Projects uses the first one that was created.	Adjusting transactions
No raw cost (NO_RAW_COST)	Transaction currency raw cost amount is missing. Expenditure items with a costed transaction source must include this information.	All
Organization does not own the non-labor resource (ORG_NOT_OWNER_OF_NL_RSRC)	The non-labor resource has not been assigned to the non-labor resource organization as of the expenditure item date. Refer to the Non-Labor Resources window for a list of all organizations associated with the resource or to associate a new organization with the resource.	Usage logs
Project is not chargeable (PA_PROJECT_NOT_VALID)	The project is a template; has a transaction control that does not allow charges; does not share a business group, set of books, and PA period type with the user's operating unit; or the project status does not allow new transactions.	All
Project does not allow burdening or burden transactions (PROJ_NOTALLOW_BURDEN)	Burden transactions and transactions with burden amounts are not allowed for this project.	All

Rejection Reason (Error Lookup Code)	Troubleshooting Tips	Expenditure
Project/Task-level expenditure transaction control violated (PA_EXP_PJ/TASK_TC)	The transaction violates the project level or task level transaction controls defined for the project. Refer to the Transaction Controls window for a list of the transaction controls on the project or task or to change the transaction controls. You can also charge the expenditure item to another project or task.	All
Project/Task validation error (PA_EXP_INV_PJTK)	The project or task does not exist, or the task does not belong to the project. Change the expenditure item's project or task.	All
The task is not chargeable (PA_EXP_TASK_STATUS)	The task's Allow Charges flag has not been enabled. Enable this flag from the task's Task Details window or charge the item to another task.	All
Transaction source does not allow burdening or burden transactions (TRXSRC_NOTALLOW_BURDEN)	Burden transactions and transactions with burden amounts are not allowed for transactions you import from this transaction source.	All
Transaction source inactive (TRX_SOURCE_INACTIVE)	The transaction source has been defined, but either is not yet effective or has already expired as of the expenditure item date. Refer to the Transaction Sources window for a list of all valid transaction sources and their effective dates or to change the effective dates.	All

Processing Pre-Approved Expenditures

Pre-approved expenditures include the following items:

- timecards
- expense reports
- usage logs
- miscellaneous transactions
- burden transactions
- inventory transactions
- work in process transactions

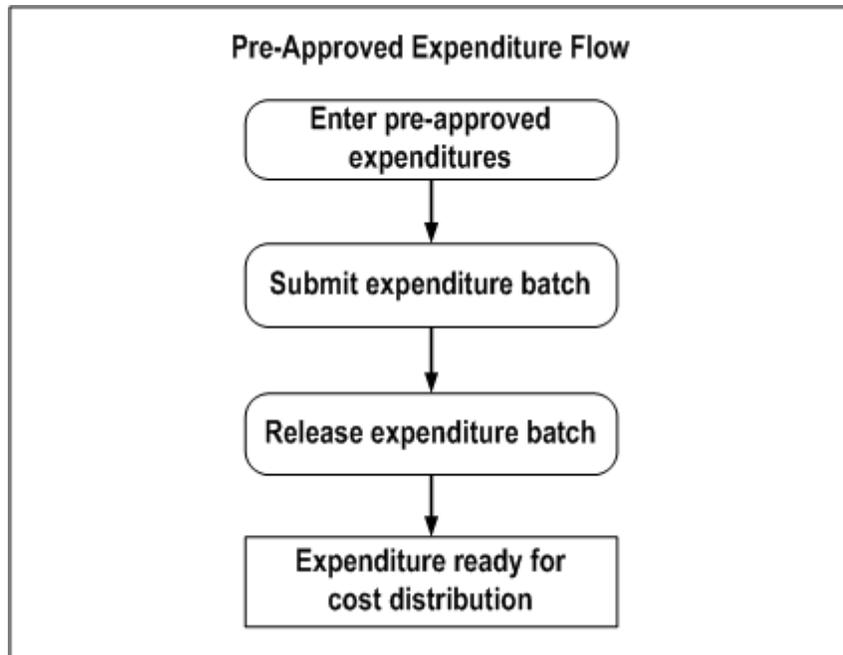
These entries are generally completed on paper and approved by a supervisor, then entered into Oracle Projects.

Note: Transactions with an expenditure type class of Work in Process or Inventory are usually imported from a manufacturing system. Related burden transactions are usually generated and imported via Transaction Import. See: Transaction Import, *Oracle Projects APIs, Client Extensions, and Open Interfaces Reference*.

You enter pre-approved expenditures into Oracle Projects in a batch, submit them for review, and then release them for cost distribution.

The following illustration shows the steps for entering pre-approved expenditures into Oracle Projects.

Pre-Approved Expenditure Flow



Entering Pre-Approved Expenditure Batches

Batch	ACCRUAL	Status	Working
Ending Date	26-MAY-2002	Created By	Marlin, Ms. Amy
Class	Miscellaneous Transaction	Created Date	18-MAR-2003
Description	Miscellaneous Transaction		
Transaction Source			
<input type="checkbox"/> All Negative Transactions Entered As Unmatched			
<input type="checkbox"/> Reverse Expenditures In a Future Period			
Amounts			
	Control	Running	Difference
Totals			
Count			

Enter pre-approved expenditures, such as timecards, expense reports, or usage logs, in batches. If you enter expenditures in a batch, Oracle Projects processes them as a group. In addition, when you release the batch for cost distribution, Oracle Projects releases all expenditures in the batch simultaneously.

Batch entry promotes accuracy and efficiency. You can use batches to:

- Reduce data entry. You can create a new timecard batch by copying any previously created batch.
- Verify accuracy by tracking variances between actual and entered totals.
- Easily locate a group of expenditures to correct, submit for review, or release for cost distribution.

When you enter pre-approved expenditures, you first create a new batch, then enter the expenditures in the batch and their associated expenditure items. When you have entered all expenditures and expenditure items, you can submit the contents of the batch. Typically, your supervisor reviews your submitted batches and releases them for cost distribution.

Note: Your implementation team can decide to allow the same person or job responsibility to enter, submit, and release pre-approved expenditures. For more information, see: *Security in Oracle Projects*, *Oracle Projects Fundamentals*, and *Project and Organization Security*, *Oracle Projects Implementation Guide*.

Statuses for Pre-Approved Expenditure Batches

Pre-approved expenditure batches can have one of the following statuses:

Working

The expenditure batch is not ready for review. You can enter timecards, expense reports, usages, miscellaneous transactions, burden transactions, inventory transactions, or work-in-process transactions and modify their expenditures and expenditure items.

Submitted	The batch is awaiting review. You can still retrieve the batch if you need to make corrections.
Released	The expenditure batch has been released for cost distribution. You can reverse incorrectly entered expenditure items within the batch. See: <i>Correcting Expenditures Batches</i> , page 2-23.

Note: You can choose *Unreleased* from the Status poplist in the Find Expenditure Batches window to retrieve both *Working* and *Submitted* expenditure batches.

Entering Transactions for Future-Dated Employees

You cannot enter actual project transactions for future-dated employees until they become active employees. An employee is considered active when his or her start date is equal to or earlier than the current date.

However, if an expenditure batch is dated in the future, you can enter transactions for future-dated employees who are active as of the transaction dates.

Creating Automatically Reversing Expenditure Batches

You can create automatically reversing expenditure batches to record cost accruals in Oracle Projects. Frequently, items and services are received in one accounting period and invoiced in another. You can use automatically reversing expenditure batches to accrue cost in the period in which it is incurred. When you receive and enter the invoice, the accrual is reversed and actual cost is recorded.

To enter an automatically reversing batch, you must use a miscellaneous class. When the batch is released, Oracle Projects creates reversing entries that are accounted in the next General Ledger period.

Defining Accounting Rules for Cost Accruals

When you use automatically reversing expenditure batches to enter cost accruals in Projects, you can apply unique accounting rules to the accrual transactions by following these steps:

1. Define a new expenditure category for accruals.
2. Define a new expenditure type for each type of accrual you plan to enter. For example, to accrue labor and supplier costs, define two expenditure types called Labor Accrual and Supplier Cost Accrual.
3. Assign the new expenditure types to the Miscellaneous Transaction expenditure type class.
4. Modify the AutoAccounting rules to generate accrual accounts for transactions charged to the accrual expenditure types.

For more information on defining AutoAccounting rules, see: *Defining AutoAccounting Rules, Oracle Projects Implementation Guide*.

Creating a Pre-Approved Expenditure Batch

Sort paper expenditure reports into batches containing the same Expenditure Ending date and Expenditure Type Class (Straight Time, Overtime, Expense Reports, Usages, Supplier Invoices, Miscellaneous Transactions, or Burden Transactions).

Tip: If you integrate with Oracle Manufacturing or Oracle Inventory, use function security to prevent users from entering pre-approved batch items with an expenditure type class of *Inventory* or *Work in Process*.

To create a new batch:

1. Navigate to the Expenditure Batches window.
2. **Batch.** Enter a unique Batch name to identify this set of expenditures.
Tip: Choose a unique, identifiable, and memorable batch name. For example, a timecard batch name might include your organization code, the letter *T* to indicate Timecards, and the week ending date.
3. **Ending Date.** Enter the expenditure Ending Date for the batch. If you enter a date that is not the last day of an expenditure week, the system automatically updates the date to the next valid week ending date.
4. **Description.** Optionally enter a Description of the batch, or leave the field blank to use the name of the expenditure type class.
5. **Class.** Choose the expenditure type class for this batch.
6. **Reverse Expenditures In a Future Period.** Optionally, check this check box to automatically reverse the batch.
See: *Creating Automatically Reversing Expenditure Batches*, page 2-13.
7. **Amounts.** Optionally enter Control Totals and Control Count in the Amounts region. Use the Running Totals and Counts and the Difference column to verify actual versus entered totals.
See: *Verifying Control Totals and Control Counts*, page 2-21.
8. Choose Expenditures to enter the batch. The status of a new batch is always *Working*.
9. Enter the expenditures and expenditure items in the batch. See: *Entering Expenditures*, page 2-14.
10. Save your work.

Related Topics

Uploading Expenditure Batches from Microsoft Excel, page 2-19

Entering Expenditures

This section describes how to enter expenditures and expenditure items in Oracle Projects.

Expenditures - 1-08-dec-96-vs

Employee Name	Employee Number	Organization	Expnd Ending Date	Control Total	Running Total	[]
Gray, Mr. Donald	33	Consulting-East	08/DEC/1996	42	42	
Marlin, Ms. Amy	34	Consulting-East	08/DEC/1996	40	40	
Cochran, Mr. Bob	36	Information Service	08/DEC/1996	40	40	

Batch Control Total **202** Batch Running Total **202**

—Expenditure Items—

Expnd Item Date	Project Number	Task Number	Expnd Type	UOM	Quantity	Comment	[]
02/DEC/1996	Construction	1.1	Professional	Hours	5	Time spent four	
02/DEC/1996	Construction	1.2.2	Professional	Hours	1	Finishing plann	
02/DEC/1996	Construction	1.2.1	Professional	Hours	2	Review of fram	
03/DEC/1996	Construction	1.1	Professional	Hours	5	Time spent four	
03/DEC/1996	Construction	1.2.1	Professional	Hours	2	Review of fram	
03/DEC/1996	Construction	1.2.2	Professional	Hours	1	Finishing plann	
04/DEC/1996	Construction	1.2.2	Professional	Hours	1	Finishing plann	

Reverse Original...

To enter an expenditure:

You enter expenditures using the Expenditures window.

1. **Employee and Organization.** In the Expenditures window, enter the employee or organization that incurred the cost.
 - For time and expense reports, enter an employee.
 - For asset usages, miscellaneous, and burden transactions, enter an employee or organization.
 - For all other expenditures, enter an organization.

Note: When you enter an employee name, the Organization field is populated by default with the organization to which the employee belongs. You can only update the Organization value if you have the function security required to do so. If you do not have the required function security, you must enter an expenditure belonging to the default organization.

2. **Control Total.** Optionally enter the total units of measure in the Control Total field. (Some companies record the total units of measure on the paper expenditure report. Record that total in the Control Total field.)

When you have entered all the expenditure items, you can compare the Control Total with the Running Total, to verify your entries. See: Verifying Control Totals and Control Counts, page 2-21.

3. **Currency Fields.** If the expenditure type class for the expenditure batch is Expense Reports, the currency fields are enabled. For descriptions of these fields, see: Currency Fields for Expenditures, page 2-17.

Note: The currency fields are not shown in the default folder. You can modify the folder to display these fields.

4. **Expenditure Items.** Enter the expenditure items In the Expenditure Items region. See: Entering Expenditure Items, page 2-16.
5. Optionally rework the expenditure to add or revise transactions, and save your changes.
6. When you have completed the expenditure batch, submit the batch for review. See: Submitting an Expenditure Batch, page 2-22.

To enter expenditure items:

Oracle Projects validates expenditure item information as you enter it. For a list of the validation criteria Oracle Projects uses, see: Expenditure Item Validation, page 2-2 .

For each expenditure item, enter the following information:

1. **Expenditure Item Date.** The date of the expenditure item.
2. **Project Number.** The Project Number to charge for this expenditure item.
3. **Task Number.** The lowest level Task Number to charge for this expenditure item.
4. **Assignment Name.** When Oracle Project Resource Management is installed, you can associate labor and expense report expenditures to scheduled work assignments. Refer to the *Oracle Project Resource Management User Guide* for more information.
5. **Work Type.** You can choose any active work type. This field is required when the PA: Require Work Type Entry for Expenditures profile option has a value of Yes.
6. **Expenditure Type.** You can choose any expenditure type within the current expenditure type class.
7. **Non-Labor Resource and Non-Labor Organization.** If the expenditure type class for the batch is Usages, enter the non-labor resource and its owning organization. This enables you to track usage of company-owned assets.
8. **Currency Fields.** You can optionally display and enter the currency fields. For descriptions of these fields, see: Currency Fields for Expenditure Items, page 2-18.
9. **Quantity.** The quantity of units (the unit of measure is determined by the expenditure type). For example, on a timecard, you enter the quantity for professional labor in hours. You can enter a mixture of units, such as currency and miles, for an expense report.

If a currency amount is entered in this field, it is the Reimbursement Amount.

10. **Reimbursement Amount.** If the Reimbursement Currency is different from the Receipt Currency, and you enter receipt currency attributes, then the reimbursement amount is calculated automatically and displayed in this field. Alternatively, you can enter the reimbursement amount directly.

If you enter a value in this field, then the receipt currency attribute fields are disabled. This is because your entry is one of the following amounts:

- Reimbursement Amount. As described above, no conversion attributes are required if you enter the reimbursement amount.

- **Quantity.** The quantity for an expenditure item with an associated cost rate, in which case there is no associated Receipt Currency Amount to be converted.
11. **Comment.** Optionally enter a free text *Comment*.
 12. Save your work.

Related Topics

Uploading Expenditure Batches from Microsoft Excel, page 2-19

Entering Currency Fields

To enable you to process transactions that involve currencies other than the project currency, Oracle Projects provides currency fields for expenditures and expenditure items.

Notes:

- In general, when rate type, rate date, and rate fields are displayed for a currency, you can enter the rate only if the rate type is *User*. Otherwise, the rate is calculated by the system based on the rate type and rate date.
- The Expenditure Items window is a folder-type window, and many of the fields are not displayed in the default folder. You may want to create folders that display the fields you need, for the types of entries you need to make. For example, you may need to display Receipt Currency fields for expense reports, if expense report items originate in a currency other than the reimbursement currency.

For information on using folders, see the *Oracle Applications User's Guide*.

- Each of the attributes is determined separately. That is, if a rate type is overridden at one level, but no rate date is entered at that level, the entered rate type is used and the default rate date is used.
- For Timecards, Oracle Projects displays currency attributes only for the project currency.

For additional information about entering multiple currency transactions, including how default currency attributes are determined, see: *Converting Multiple Currencies, Oracle Projects Fundamentals*.

Currency Fields for Expenditures

If you are entering an expense report, you can specify any Reimbursement Currency. You specify one reimbursement currency for the entire expenditure (rather than for each expenditure item).

The following table shows expenditure currency fields for expense reports:

Field	Description
Functional Currency	This is a display-only field that shows the functional currency of the expenditure operating unit.
Reimbursement Currency	This field defaults to the functional currency. If you want to be reimbursed in a different currency from the functional currency, enter the reimbursement currency.
Functional Rate Date	<p>The exchange rate date that will be used to determine the exchange rate to convert the reimbursement currency to the functional currency. You can accept the default rate date, or override it.</p> <p>The default value of this field depends on the value of Exchange Rate Date Type in the Currency Implementation Options:</p> <ul style="list-style-type: none"> - If the implementation option is set to PA Period Ending Date, no default date is displayed. You can enter a date, or the cost distribution processes will calculate the exchange rate date. - If the implementation option is set to Expenditure Item Date, Oracle Projects uses the transaction date as the default date. <p>See: Currency Implementation Options, <i>Oracle Projects Implementation Guide</i></p>
Functional Rate Type	The exchange rate type that will be used to convert the reimbursement currency to the functional currency. You can accept the default rate type, or override it.
Functional Exchange Rate	The exchange rate that will be used to convert the reimbursement currency to the functional currency. If the Functional Rate Type is USER, you can enter a value in this field. Otherwise, this field is calculated by the system, based on the rate date and rate type.

Currency Fields for Expenditure Items

The currency fields for expenditure items are shown in the following table:

Field	Description: Expense Reports	Description: Expenditures Other than Expense Reports
Reimbursement Currency	The reimbursement currency.	Not displayed.
Transaction Currency	Not displayed.	The transaction currency code. Enter the code for the currency in which the transaction occurred.
Functional Currency	The currency code for the functional currency (display only).	The currency code for the functional currency (display only).
Functional Rate Type Functional Rate Date Functional Exchange Rate	These fields are display-only, since they are controlled for the entire expenditure in the Expenditure window region.	The currency attributes for the functional currency.
Project Currency	The currency code for the project currency (display only).	The currency code for the project currency (display only).
Project Rate Type Project Rate Date Project Exchange Rate	If the project currency is the same as the functional currency, these fields are display-only. They display the same values as the functional currency attribute fields. If the project currency is not the same as the functional currency, you can enter these currency attributes.	If the project currency is the same as the functional currency, these fields are display-only. They display the same values as the functional currency attribute fields. If the project currency is not the same as the functional currency, you can enter these currency attributes.
Receipt Currency	The currency in which the expenditure item originally occurred. NOTE: If a cost rate is associated with an expenditure item, the receipt currency fields are disabled for that item.	Not displayed.
Receipt Amount	The amount of the expenditure item in the receipt currency (the actual amount paid for goods or services in the original currency.)	Not displayed.
Receipt Exchange Rate	The exchange rate to convert from the receipt currency to the reimbursement currency.	Not displayed.

Uploading Expenditure Batches from Microsoft Excel

You can enter and upload pre-approved expenditure batches using Microsoft Excel spreadsheets. You can validate records during entry by connecting to the database

or you can create the spreadsheet offline and allow validation to occur during the transaction upload.

Note: If you choose to create the spreadsheet offline, only mandatory fields associated with a list of values are validated during transaction upload. The transaction upload calls the Transaction Import process where additional transaction validations take place.

To download an entry template:

1. Using Microsoft Internet Explorer, log into Oracle Self-Service Applications.
2. Select the Project Super User Responsibility or a user-defined responsibility that includes the Microsoft entry options.
3. Use the scroll bar on the right to access the Expenditure Entry Using Microsoft Excel menu options.
4. Select a template.
5. Enter data in the spreadsheet.

All fields marked with an asterisk are mandatory. If List-text appears under the column name, then a list of values is available. To access the list of values, double-click in the column or select List of Values from the Oracle menu option located at the top of the spreadsheet template.

To upload spreadsheet entries to Oracle Projects

1. Select *Upload* from the Oracle menu option located at the top of the spreadsheet template.
2. Optionally, select the Parameters button to select upload options. After viewing the Parameters window, you must select Close or Proceed to Upload to return to the Upload window.
3. Select *Upload* to launch the upload process. The upload process updates the message column for each record in the spreadsheet to indicate whether the upload was successful.

Note: The upload process populates the transaction import table. You can optionally use the upload parameter to run the transaction import process automatically. For more information, see: *Transaction Import, Oracle Projects APIs, Client Extensions, and Open Interfaces Reference*.

Copying an Expenditure Batch

If you frequently enter similar groups of timecard expenditures, you can reduce manual data entry by copying data from one week to the next. The Copy function copies all expenditures and, optionally, all expenditure items from a specified source batch. Then you need to revise only the items that are different in the new batch. There are two approaches to copying expenditure data:

- Create, then copy a batch template.
- Copy expenditures from any previously created timecard batch.

To create a batch template:

A timecard template is a generic batch containing the most frequently used data elements. For example, if you expect timecards from certain employees to be submitted each week, you can create a template that contains just the expenditure information. Or, if employees generally perform the same tasks for the same projects week after week, you can enter expenditure items in your template as well.

1. To create a batch template, follow the normal steps for creating a batch. See: Entering Pre-Approved Expenditure Batches, page 2-12.

Tip: Give the batch a name that will indicate it is a template.

2. Do not submit the batch, since the batch template does not contain real expenditures and expenditure items.

To copy a batch:

1. Navigate to the Expenditure Batches window.
2. Enter the Batch name, Ending Date, Class, and Description.
3. Save your new batch.
4. Choose Copy From.
5. In the Copy From Expenditure Batch window, enter the name and description of the batch you want to copy. If you want to copy the expenditure items associated with the batch, choose Copy Expenditure Items.
6. Choose OK.
7. Revise the batch information (such as the Expenditure Ending date), make any changes to individual expenditure items, and save your work.

Verifying Control Totals and Control Counts

When you enter a Control Total or Control Count on the Expenditure Batch window, or enter a Control Total on the Expenditures window, Oracle Projects keeps track of the running total and running count of expenditures within a batch, and the running total for expenditure items associated with an expenditure. As you enter expenditure items, the system maintains a running total of each amount.

- To verify that the total hours, usages, expenses, or miscellaneous, burden, inventory, or work in process transaction amounts entered for a batch match the total recorded on the paper expenditure reports, calculate the total Units of Measure in the batch and enter the result as the Control Total.

Note: The Running Total field will tabulate a total only if each expenditure item in the batch uses the same Unit of Measure.

- To verify that the total number of expenditures entered matches the total number of expenditures in the batch, count the paper expenditure records and enter the result as the control Count.

Oracle Projects verifies control totals and control counts when you submit a batch. If the running total or running count does not equal your control totals, the system does not let you submit the expenditure batch until your totals match. If you do not enter control totals, the system does not check that control totals match.

Submitting an Expenditure Batch

After entering a batch of expenditures and verifying data entry, you submit the batch for review. Your supervisor typically reviews the batch and either releases it for cost distribution or returns it to you to rework. When you rework a batch, the status changes from Submitted to Working.

Note: You can choose *Unreleased* from the Status poplist in the Find Expenditure Batches window to retrieve both *Working* and *Submitted* expenditure batches.

To submit a batch for review:

1. Navigate to the Expenditure Batches window and choose the batch you want to submit.

Tip: You can use the Find Expenditure Batches window to query a particular batch in the Expenditure Batches window.

2. Choose the Submit button. The status of the batch changes from *Working* to *Submitted* after Oracle Projects validates the control totals and counts.

Reviewing and Releasing Expenditure Batches

Once submitted, batches of pre-approved expenditures are reviewed and released for cost distribution or returned to the user who entered the batch for reworking. You release a batch of expenditures by changing its status from *Submitted* to *Released*. Releasing a batch automatically releases all the expenditures and expenditure items in the batch.

To review an expenditure batch:

Find the batch you want to review in the Find Expenditure Batches window. In the Expenditure Batches Summary window, choose the batch you want to review and choose Open to review information for the batch, or choose Expenditures to review expenditure and expenditure item information.

To release an expenditure batch:

From the Expenditure Batches or the Expenditure Batches Summary windows, select the batch or batches you want to release and choose Release. For information on selecting multiple records, see the *Oracle Applications User's Guide*.

Related Topics

Correcting Expenditure Batches, page 2-23

Reversing an Expenditure Batch

The Reverse button is enabled only if the current batch is released. In addition, an expenditure batch can be reversed only if the transaction source of the batch allows adjustments.

When you reverse an expenditure batch, all the expenditure items are reversed except the following:

- Related items

- Expenditure items that have already been reversed
- Reversing items (net zero adjusted items)
- Expenditure items that were created as a result of a transfer adjustment

To reverse an expenditure batch:

1. Navigate to the Find Expenditure Batches window.
2. Find the batch that you want to reverse.
3. In the Expenditure Batches window, choose Reverse.
4. In the Reverse an Expenditure Batch window, enter the name of the new reversing batch and choose OK .

When the reversal is complete, Oracle Projects displays the number of items that were adjusted and the number of items that were rejected.

Related Topics

Creating Automatically Reversing Expenditure Batches, page 2-13

Correcting Expenditure Batches

After you submit a batch, you can add, delete, and revise expenditures and expenditure items. You also must correct a batch if your supervisor rejects and returns a submitted batch to you.

If the batch has a status of Submitted, locate the batch, return its status to Working, and change the expenditure or expenditure item before resubmitting the batch.

If the batch has a status of Released, correct the individual expenditure items by reversing the full amount of the original item and then entering the correct information. For example, if you entered six hours on a timecard expenditure item when the correct number of hours is four, create a reversing item equal to a negative six hours, then add a new expenditure item of four hours. To enter the corrected items, create a new batch and then follow the normal steps for submitting and releasing expenditures.

To rework (correct) a submitted or returned batch:

1. Navigate to the Find Expenditure Batches window and find the expenditure batch you want to rework.
2. From the Expenditure Batches window, choose Rework. The status of the batch changes from Submitted to Working.
3. Choose the Expenditures button to display the expenditures in the Expenditures window, then make corrections to any expenditure or expenditure items in the batch.
4. Save your work and submit the batch again. See: Submitting an Expenditure Batch, page 2-22.

To correct a released expenditure item:

1. Create a new batch for the correction items. The Expenditure Ending date must identify the week that includes the expenditure item you are reversing. See: Entering Pre-Approved Expenditure Batches, page 2-12.

Note: Optionally check the *All Negative Transactions Entered As Unmatched* check box if you want to enter transactions with negative amounts and do not want Oracle Projects to search for corresponding existing transactions.

2. In the Expenditure Items window, select the Reverse Original button.

Note: Instead of choosing the Reverse Original button, you can enter a negative amount in the Quantity field. Negative amounts are preceded by a minus (-) sign. If you have checked the *All Negative Transactions Entered As Unmatched* check box, Oracle Projects will not search for corresponding existing transactions. Otherwise, Oracle Projects will prompt you to confirm the creation of each negative transaction that does not have a corresponding existing transaction.

3. In the Reverse Expenditure Items window, fill in all the fields to specify the item you want to reverse. Then choose the Reversal button.

The system inserts a reversing (negative) expenditure item into the batch.

4. Finish entering the batch and submit the batch as usual. See: Submitting an Expenditure Batch, page 2-22.

Note: Expenditure batches can contain both positive and negative transactions.

Related Topics

Reviewing and Releasing Expenditure Batches, page 2-22

Controlling Expenditures

This section describes how to use transaction controls to control the expenditures that can be charged to a project.

Oracle Projects provides you with many levels of charge controls:

Project Status	You can use the project status to control whether any charges are allowed for the project.
Task Chargeable Status	You can specify a lowest task as chargeable or non-chargeable, to control whether any charges are allowed for the task.
Start and Completion Dates	You can specify the start and completion dates of a lowest task, to record the date range for which charges are allowed for the task. The start and completion dates of the project also limit when transactions can be charged.
Transaction Controls	You can define transaction controls to specify the types of transactions that are chargeable or non-chargeable for the project and tasks.

Use *transaction controls* to configure your projects and tasks to allow only charges that you expect or plan. You can also define which items are billable and non-billable on your contract projects. For capital projects, you can define which items are capitalizable

and non-capitalizable. This proactive means to control charges to projects enables you to better manage your projects.

You enter transaction controls in the Project Options and Task Options windows. See: Project and Task Information, *Oracle Projects Fundamentals*.

You can configure transaction controls by the following:

- Expenditure Category
- Expenditure Type
- Employee (includes contingent workers)
- Non-Labor Resource

You can create any combination of transaction controls that you want; for example, you can create a transaction control for a specific person and expenditure type, or you can create a combination for a person, expenditure type, and non-labor resource.

You also specify the date range to which each transaction control applies.

If you do not enter transaction controls, you can charge expenditure items from any person, expenditure category, expenditure type, and non-labor resource to all lowest tasks on the project.

Using Transaction Control Extensions

To define more complex rules for implementing company-specific expenditure entry policies, you may need to use transaction control extensions.

See: Transaction Control Extensions, *Oracle Projects APIs, Client Extensions, and Open Interfaces Reference*

Inclusive and Exclusive Transaction Controls

You specify whether the transaction controls you enter are inclusive or exclusive.

- *Inclusive* transaction controls limit charges to only the transaction controls entered; Oracle Projects then rejects any charges that are not listed as chargeable in the transaction controls.

You make your transaction controls inclusive by checking the Limit to Transaction Controls box on the Transaction Controls window.

- *Exclusive* transaction controls allow all charges except those that are specified as non-chargeable in the transaction controls. Oracle Projects defaults to exclusive transaction controls.

For either method of transaction controls, you can enter the following information:

- Expenditure category
- Expenditure type
- Non-labor resource
- Employee (or contingent worker)
- Scheduled Expenditure Only
- Chargeable

- Workplan Resources Only
- Person Type
- Billable (contract projects)
- Capitalizable (capital projects)
- Effective from
- Effective to

You must specify a person (employee or contingent worker) or expenditure category for each record. You can specify a non-labor resource for usage expenditure types.

Employee Controls with Usage and Supplier Transactions

Transaction controls that you define for people (employees and contingent workers) do not apply to transactions that are not associated with people. This includes purchasing and supplier invoice transactions entered for a supplier not associated with a person, and usage items incurred by an organization and not a person.

If you define transaction controls to list people who can charge to your project, Oracle Projects allows transactions incurred by those people. It also allows any purchasing transactions, supplier invoice transactions, and usage items incurred by an organization, and any other transactions that do not require an employee number.

Employee Controls with Expense Reports Entered in Oracle Payables

If you enter expense reports in Oracle Payables, and use suppliers associated with employees, Oracle Projects validates the transaction using the person associated with the supplier. For example, if you specify that Donald Gray cannot charge to the project, and you enter an expense report item for the supplier GRAY, DONALD who is associated with the person Donald Gray, Oracle Projects does not allow you to charge the item to the project, because it validates the transaction controls that you have defined.

Allowable Charges for Each Transaction Control

You can further control charges for each transaction control record by specifying whether to allow charges. The default value is to allow charges.

You usually select *Chargeable* when you are using inclusive transaction controls. For example, if you wanted to allow people to charge only labor to your project, you would check Limit To Transaction Controls to limit charges to only the transaction controls entered. Then you would define a transaction control with the Labor category, and allow charges to that transaction control.

You usually do not select Chargeable when you are using exclusive transaction controls because exclusive transaction controls list the exceptions to chargeable transactions.

You can also record exceptions by defining some transaction controls to allow charges and others not to allow charges. For example, say you want to define that people can charge all labor except administrative labor. Select Limit To Transaction Controls to make the transaction control inclusive. You then enter one transaction control record with the Labor category that allows charges, and another transaction control record with the Labor category, Administrative type that does not allow charges.

Scheduled Expenditures Only Controls

When Oracle Project Resource Management is installed, you can specify that only people with scheduled work assignments are allowed to charge their labor and expense report transactions to your project.

Workplan Resources Only Controls

You can control charges to tasks based on the people assigned to the workplan tasks. The following table summarizes the validation rules for timecards and expense reports when the *Workplan Resources Only* control is set with the other transaction control attributes.

Validation Rules for Workplan Resources Only Control

Control Value	Validation Rules
Category	People can enter their timecards and expense reports for the category if they have a named-person assignment on a workplan task.
Category/Type	People can enter their timecards and expense reports for the category and type if they have a named-person assignment on a workplan task.
Category/Type/Person	The specified person can enter timecards and expense reports for the category and type if they have a named-person assignment on a workplan task.
Person	The specified person can enter timecards and expense reports if they have a named-person assignment on a workplan task.

Person Type Control

You can select no value, Employee Only, or Contractor Only from the list in the *Person Type* field. You can use this control to specify whether transactions incurred by only employees, only contractors (contingent workers), or both are chargeable.

Validation Rules for Person Type Control

Limit To Check Box	Person Type	Validation Rules
Checked	No Value	Transactions incurred by both employees and contingent workers are chargeable.
Checked	Employee Only	Only transactions incurred by employees are chargeable.
Checked	Contractor Only	Only transactions incurred by contingent workers are chargeable.
Not Checked	No Value	Transactions incurred by both employees and contingent workers are not chargeable.
Not Checked	Employee Only	Transactions incurred by employees are not chargeable.
Not Checked	Contractor Only	Transactions incurred by contingent workers are not chargeable.

Specifying Billable and Capitalizable Transactions

You can control what transactions for contract projects are non-billable and what transactions for capital projects are non-capitalizable when you set the *Billable/Capitalizable* field. You can choose between the options of *No* or *Task Level*. You select *No* if you want the charges to be non-billable or non-capitalizable; you select *Task Level* if you want the billable or capitalizable status to default from the task to which the item is charged.

You define the billable or capitalizable status for a task in the Task Details window. This value defaults to all expenditure items charged to the task.

Specifying Effective Dates for Transaction Controls

You can define transactions as chargeable for a given date range by entering an Effective From and Effective To date for each transaction control record. You must specify a start date; Oracle Projects defaults this value to the Effective From date of the project or task. The Effective To date is optional.

Determining if an Item is Chargeable

Oracle Projects checks all levels of chargeability control when you try to charge a transaction to a project. The check is performed when you save the record. Oracle Projects checks the control when you:

- enter an online or pre-approved expenditure item
- copy a pre-approved timecard item
- transfer items to a new project or task
- enter a project-related requisition or purchase order distribution in Oracle Purchasing

- enter a project-related invoice distribution in Oracle Payables

Chargeability Controls

The transaction validation checks are performed using the following tests (chargeability controls):

- Project status allows new transactions
- Task is chargeable
- Expenditure item date is between the start and end dates for the project and task
- Expenditure item passes validation based on applicable project or task transaction controls

If the expenditure item passes the first three chargeability controls, then Oracle Projects checks the transaction controls.

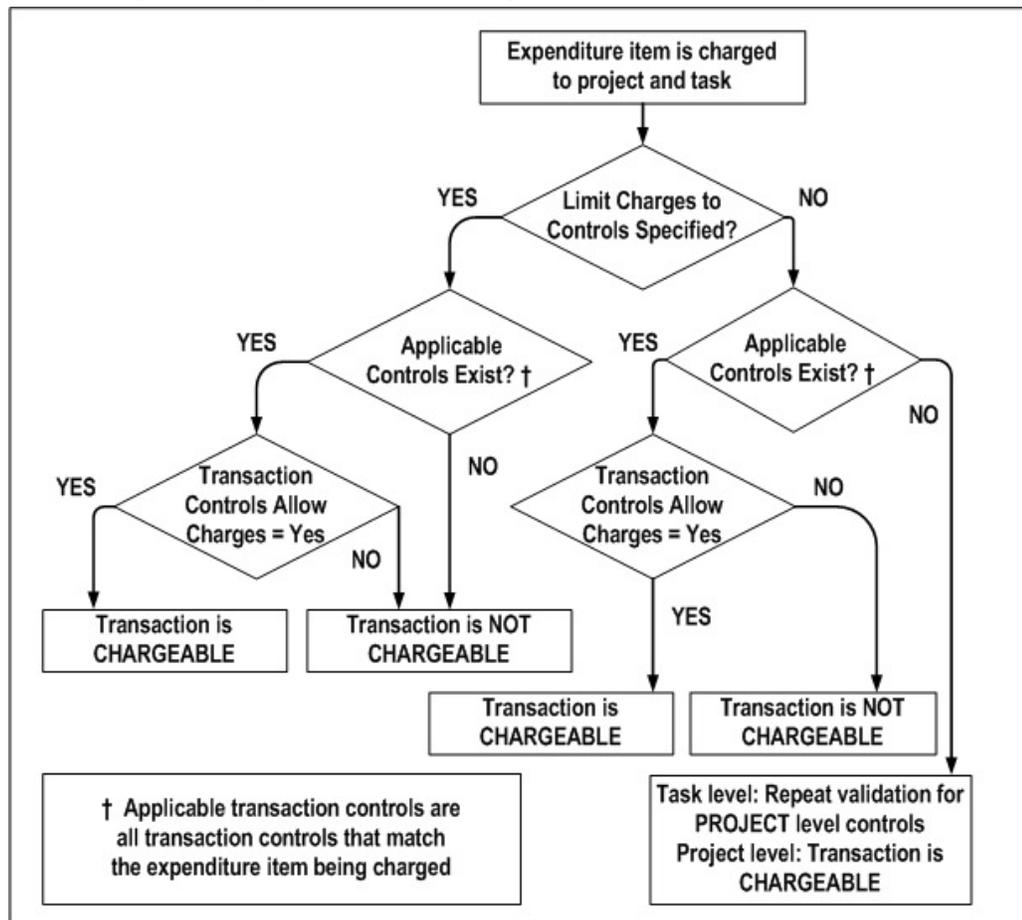
The system first looks for an applicable task level transaction control. If it does not find applicable task level controls, it looks for project level controls. If the item matches an applicable transaction control at the task level, project level controls are not checked. The task level controls override the project level controls.

Applicable transaction controls are all of the transaction control records that apply to an expenditure item based on the person, expenditure category, expenditure type, non-labor resource, and dates.

Determining the Chargeable Status of an Expenditure Item

The following illustration shows the steps Oracle Projects uses to determine the chargeable status of an expenditure item. The steps, which are explained in the paragraphs that follow, are first followed when checking transaction controls at the task level, then are repeated at the project level, if required.

Determining the Chargeable Status of an Expenditure Item



- If the *Limit to Transaction Controls* check box is selected and applicable transaction controls do not exist, then the transaction is not chargeable. If applicable controls do exist, then the system checks whether the controls allow charges. If the Chargeable check box is selected for an applicable control, then the transaction is chargeable. If the Chargeable check box is not selected, then the transaction is not chargeable.
- If the *Limit to Transaction Controls* check box is not selected and there are no applicable controls, then the transaction is chargeable. If applicable controls do exist, then the system checks whether the controls allow charges. If the Chargeable check box is selected for an applicable control, then the transaction is chargeable. If the Chargeable check box is not selected, then the transaction is not chargeable.

Determining if an Item is Billable or Capitalizable

You specify whether an item is billable for contract projects. Oracle Projects provides you with two levels of billability control.

Task Billable Status

You can specify a lowest level task as billable or non-billable. This billable status defaults to all expenditure items charged to that task.

Transaction Controls

You can define transaction controls to specify what transactions are non-billable.

Note: You can override the billable status of an expenditure item in the Expenditure Items and Invoice Line Details window.

You control the capitalizability of transactions for capital projects just as you control the billability of transactions for contract projects. For more information, see: *Specifying Which Capital Asset Transactions to Capitalize*, page 5-12.

Billable Controls

If a transaction is chargeable, Oracle Projects next determines if it is billable using the following transaction validation checks:

A transaction must meet ALL of the following criteria to be billable:

- Transaction is chargeable
- Task is billable
- Billable field must be set to *Task Level* in all applicable rows in Transaction Controls

You can specify what is non-billable using transaction controls.

For an item to be billable, the task must be billable. You can make an item non-billable by setting the Billable field to No for a transaction control record. You cannot mark a task as non-billable, and then mark expenditure items as billable through transaction controls.

Examples of Using Transaction Controls

Following are some examples of what you can do with transaction controls. You can study the example configurations to help you better understand how to use transaction controls in different business scenarios. The examples show you how you can use:

- A combination of employee, expenditure category, expenditure type, and non-labor resource in your transaction controls
- A combination of project and task level transaction controls
- Transaction controls to control both billability and chargeability

Note: You control capitalizability just as you control billability.

The case studies are:

- CASE 1: Limited employees charge limited expenses, page 2-31
- CASE 2: Different expenditures during different phases of a project, page 2-32
- CASE 3: Some tasks, but not all, are only chargeable for labor expenditures, page 2-33

CASE 1: Limited employees charge limited expenses

In this example, only two employees can charge a project, and they can charge only labor and expenses, not including entertainment expenses.

Scenario

Project SF100 begins on September 1, 1999. The only people working on the project are Donald Gray and Amy Marlin; therefore, they are the only employees who can charge to the project. They can charge only labor and in-house recoverables; however, computer expenses are not allowed. All charges are billable and reimbursable by the client.

Setup

You create Project SF100 and create all tasks as billable. You enter the project-level transaction controls shown in the following table in the options window of the Projects, Templates window. Transaction controls that have the Limit to Transaction Controls flag set are those with the letter *X* in the *Chargeable* column

Expenditure Category	Expenditure Type	Non-Labor Resource	Employee	Chargeable	Billable	Effective From	Effective To
Labor			Marlin	X	Task Level	01-SEP-99	
Labor			Gray	X	Task Level	01-SEP-99	
In-House Recoverables			Marlin	X	Task Level	01-SEP-99	
In-House Recoverables			Gray	X	Task Level	01-SEP-99	
In-House Recoverables	Computer Services				Task Level	01-SEP-99	

Logic

When the transaction controls have the Limit to Transaction Controls flag set:

- a transaction only needs to match the listed expenditure combination on a given line OR match the listed employee, AND
- the transaction must not qualify under a Non-Chargeable condition.

Resulting Transactions

Any expenditure that has Amy Marlin or Donald Gray in the employee field may be charged to the project *except* Computer Services.

Any expenditure with the expenditure category Labor or In-House Recoverables may be charged against the project unless the In-House Recoverable is Computer Service, in which case it is rejected.

All charges are billable as defined by the billable field.

Supplier invoices, expense report charges, and other costs are not allowed.

CASE 2: Different expenditures charged during different phases of a project

In Case 2, different types of expenditures should be charged to the project at different phases in the project.

Scenario

You have negotiated Project SF200. The project charges will include supplier invoices for material, labor, and employee travel expenses. You know that supplier invoices are charged throughout the life of the project; you know that supplier invoices will be charged before the work even begins since you have ordered materials that you must have before you can start the project work. The project work is scheduled to last two

months; employees submit timecards each week, but are allowed a two week lag to submit their expense reports.

The project is scheduled to begin on September 1, 1995. The project work, which is dependent on receiving materials purchased, is scheduled for October 1 to December 31, 1995. Expense reports can be charged until January 15, 1996, two weeks after the project ends.

Setup

You create Project SF200 with a duration from 01-SEP-95 to 15-JAN -96. You create the transaction controls shown in the following table. Transaction controls that have the Limit to Transaction Controls flag set are those with the letter X in the *Chargeable* column.

Expenditure Category	Expenditure Type	Non-Labor Resource	Employee Chargeable	Billable	Effective From	Effective To
Material			X	Task Level	01-SEP-95	
Labor			X	Task Level	01-OCT-95	31-DEC-95
Labor	Administrative		X	No	01-OCT-95	31-DEC-95
Travel			X	Task Level	01-OCT-95	15-JAN-96

Resulting Transactions

Supplier invoices for materials can be charged to the project from 01-SEP-95 to the end of the project.

Labor can be charged to the project from 01-OCT-95 to 31-DEC-95. Any labor charged outside those dates is not allowed. All labor, except Administrative, is billable based on the billable field; Administrative labor is non-billable based on the transaction control billable field.

Travel expenses can be charged to the project from 01-OCT-95 to 15-JAN-96. Any expenses charged outside those dates are not allowed.

CASE 3: Some tasks, but not all, are only chargeable for labor expenditures

Only labor can be charged to the project. There are exceptions to this rule for specific tasks, which are configured using task transaction controls.

Scenario

Project SF300 has been negotiated to perform an environmental study for the proposed site of a new housing development. You organize the project so that you can easily manage its status and control the charges using the project work breakdown structure shown in the following table. All tasks except Task 1 are defined as billable.

Task Number	Task Name
Task 1	Administration
Task 2	Purchases
Task 3	Analysis
Task 3.1	Onsite Analysis
Task 3.2	In-house Analysis
Task 4	Writeup

Most of the charges on the project are labor. All labor is billable, except for Administrative labor. Some tasks involve charges other than labor.

- All administration for the project, which includes only labor and computer usage, is charged to task 1. Donald Gray, the project manager, and Sharon Jones, his assistant, are the only people handling the administration of the project.
- You know that you must make a few purchases to perform the analysis for the project; you will monitor the charges for the supplier invoices in task 2.
- You have reserved Field Equipment and a van for the onsite analysis (Task 3.1), but know that your client will not reimburse vehicle charges on this project.
- You have arranged for Susan Marshall from the East Coast office to fly in for a week to help with the in-house analysis since she has done this type of analysis before. She will charge her expenses to the same task, but your client will not be invoiced for those expenses. No other expenses are allowed on that task.

In summary, the controls you want to define for your project are shown in the following table:

Project/Task	Task Name	Transaction Controls
Project		- only labor allowed - Administrative labor is non-billable
Task 1	Administration	- only labor and computer allowed - only Gray and Jones can charge - all charges non-billable
Task 2	Purchases	- only supplier invoices allowed
Task 3	Analysis	
Task 3.1	Onsite Analysis	- labor, equipment, and van charges allowed - van charges are non-billable
Task 3.2	In-house Analysis	- labor allowed - no expenses allowed, except for expenses from Susan Marshall; her expenses are non-billable
Task 4	Writeup	- only labor allowed - Administrative labor is non-billable

Setup: Project Level

You create Project SF300 with your work breakdown structure. You enter the transaction controls shown in the following table at the project level. Transaction controls that have the Limit to Transaction Controls flag set are those with the letter *X* in the *Chargeable* column.

Expenditure Category	Expenditure Type	Non-Labor Resource	Employee	Chargeable	Billable	Effective From	Effective To
Labor				X	Task Level	01-SEP-95	
Labor	Administrative			X	No	01-SEP-95	

Setup: Task 1

You enter the transaction controls shown in the following table for Task 1 (task is non-billable). Transaction controls that have the Limit to Transaction Controls flag set are those with the letter *X* in the *Chargeable* column.

Expenditure Category	Expenditure Type	Non-Labor Resource	Employee	Chargeable	Billable	Effective From	Effective To
Labor				X	Task Level	01-SEP-95	
In-House Recoverables	Computer			X	Task Level	01-SEP-95	
			Gray	X	Task Level	01-SEP-95	
			Jones	X	Task Level	01-SEP-95	

Resulting Transactions: Task 1

Donald Gray and Sharon Jones can charge to all expenditure categories and types for this task.

All other employees can only charge to Labor and to In-House Recoverables / Computer for this task.

The project transaction controls are not evaluated for charges to this task, because the Limit to Transaction Controls is selected.

Setup: Task 2

You enter the transaction controls shown in the following table for Task 2. Transaction controls that have the Limit to Transaction Controls flag set are those with the letter X in the *Chargeable* column.

Expenditure Category	Expenditure Type	Non-Labor Resource	Employee	Chargeable	Billable	Effective From	Effective To
Material				X	Task Level	01-SEP-95	
Outside Services				X	Task Level	01-SEP-95	
Other Expenses	Other Invoice			X	Task Level	01-SEP-95	

Resulting Transactions: Task 2

Only supplier invoice expenditures can be charged to this task. The charges are billable as defined by the billable field.

All other types of charges are not allowed. The project transaction controls are not evaluated for charges to this task, because the Limit to Transaction Controls is selected.

Setup: Task 3.1

You enter the transaction controls shown in the following table for Task 3.1 (task is billable). Transaction controls that have the Limit to Transaction Controls flag set are those with the letter *X* in the *Chargeable* column.

Expenditure Category	Expenditure Type	Non-Labor Resource	Employee	Chargeable	Billable	Effective From	Effective To
In-House Recoverables	Field Equipment			X	Task Level	01-SEP-95	
In-House Recoverables	Vehicle	Van		X	No	01-SEP-95	
Labor				X	Task Level	01-SEP-95	

Resulting Transactions: Task 3.1

The only type of in-house recoverable expenditures allowed are Field Equipment and Vehicle. The only type of Vehicle charge allowed is the use of a van. The Van charges are non-billable as defined by the transaction control.

All labor can also be charged to this task. Expense report charges, supplier invoices, in-house recoverables other than Field Equipment and Vehicle usage of a Van, and other costs (such as Miscellaneous Transactions, Inventory, Work in Process, and Burden Transactions) cannot be charged to this task, as defined by the task transaction controls using Limit to Transaction Controls selected.

Setup: Task 3.2

You enter the transaction controls shown in the following table for Task 3.2 (task is billable). Transaction controls that have the Limit to Transaction Controls flag set are those with the letter *X* in the *Chargeable* column.

Expenditure Category	Expenditure Type	Non-Labor Resource	Employee	Chargeable	Billable	Effective From	Effective To
Travel					Task Level	01-SEP-95	
Travel			Marshall	X	No	01-SEP-95	

Resulting Transactions: Task 3.2

Susan Marshall can charge travel expenses, which are non-billable as defined by the task transaction controls. No other employee can charge travel expenses to this task.

All labor can also be charged to this task. Because this task's Limit to Transaction Controls is set to No and no applicable transaction control was found at the task level for the following types of charges, the charges are evaluated based on the project transaction controls; these type of charges include: labor, supplier invoices, and in-house recoverables. Supplier invoices, in-house recoverables, and other costs are not allowed since they are not listed in the project level transaction controls.

Setup: Task 4

You do not enter transaction controls for this task.

Resulting Transactions: Task 4

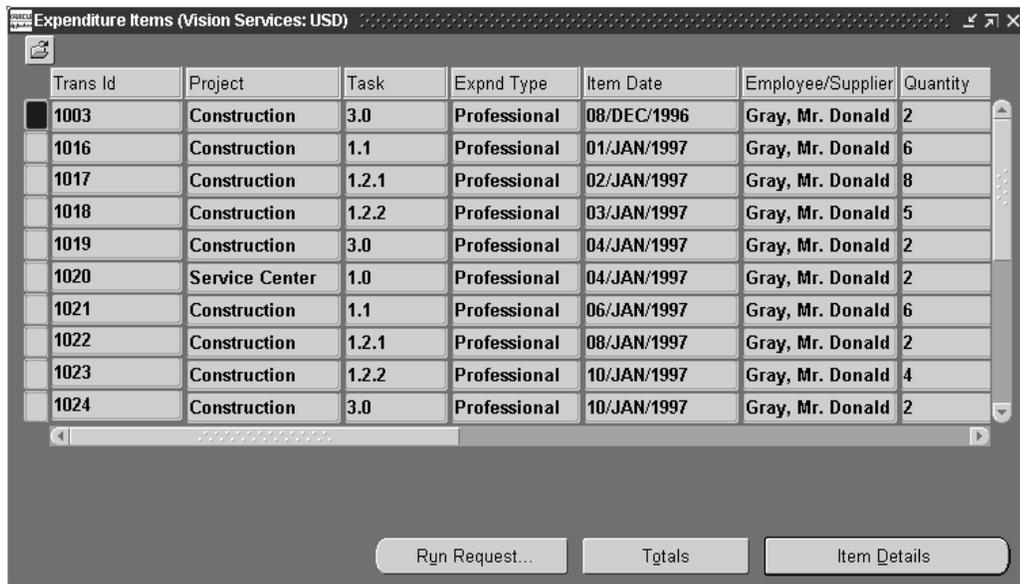
All labor can be charged to this task. All other charges are not allowed based on the project transaction controls.

All charges are evaluated based on the project transaction controls, because no transaction controls are entered for the task.

Viewing Expenditures

This section describes use of the Expenditure Items and View Expenditure Accounting windows to review project expenditures.

Viewing Expenditure Items



The screenshot shows the 'Expenditure Items (Vision Services: USD)' window. It contains a table with the following data:

Trans Id	Project	Task	Expnd Type	Item Date	Employee/Supplier	Quantity
1003	Construction	3.0	Professional	08/DEC/1996	Gray, Mr. Donald	2
1016	Construction	1.1	Professional	01/JAN/1997	Gray, Mr. Donald	6
1017	Construction	1.2.1	Professional	02/JAN/1997	Gray, Mr. Donald	8
1018	Construction	1.2.2	Professional	03/JAN/1997	Gray, Mr. Donald	5
1019	Construction	3.0	Professional	04/JAN/1997	Gray, Mr. Donald	2
1020	Service Center	1.0	Professional	04/JAN/1997	Gray, Mr. Donald	2
1021	Construction	1.1	Professional	06/JAN/1997	Gray, Mr. Donald	6
1022	Construction	1.2.1	Professional	08/JAN/1997	Gray, Mr. Donald	2
1023	Construction	1.2.2	Professional	10/JAN/1997	Gray, Mr. Donald	4
1024	Construction	3.0	Professional	10/JAN/1997	Gray, Mr. Donald	2

At the bottom of the window, there are three buttons: 'Run Request...', 'Totals', and 'Item Details'.

Use the Expenditure Items window to review a project's expenditure items. You can see the amount and type of expenditure items charged to a project, the date an expenditure item occurred, accrued revenue, and other information. You can also drill down to Oracle Payables to view the Invoice Overview form, or to Oracle General Ledger to view T-accounts.

To view expenditure items (perform an expenditure inquiry):

1. Navigate to the Find Project Expenditure Items or Find Expenditure Items window.

Your ability to navigate to either window (by selecting *Project* or *All*) depends on your user responsibility.

If you select *Project*, you can view expenditure items for a single project. If your system uses project security, you can select only projects that you are allowed to see. You can view expenditure items for a project that are specific to the current operating unit, as well as those expenditure items that are charged across operating

units. You can enter search criteria to determine whether Oracle Projects queries expenditure items specific to the current operating unit, expenditure items charged across operating units, or both.

If you select *All*, you can view expenditure items across projects, and can structure your query to retrieve information across projects. No project security is enforced. Oracle Projects shows only the expenditure items that correspond to the current operating unit. If a project has expenditure items that are charged across operating units, then you are not able to view these expenditure items using the Find Expenditure Items window. In this case, you must use the Find Project Expenditure Items window to view these expenditure items.

2. In the Find Expenditure Items window, enter your search criteria. See: Expenditure Items Windows Reference, page 2-41.
3. Choose *Find* if you want to execute the search, or choose *Mass Adjust* if you want to process mass adjustment of expenditures. See: Mass Adjustment of Expenditures, page 2-50.
4. From the Expenditure Items window, choose:
 - *Run Request* to create Project Streamline Requests to process adjustments. You can select multiple processes to run for your project. The requests will run in the correct order. See: Adjusting Expenditure Items, page 2-49.
 - *Totals* to view the totals for the expenditure items returned based on your search criteria.

Note: This window does not display events. If your project uses event-based or cost-to-cost revenue accrual or invoice generation, use the Events window to view the total project revenue and bill amounts.

- *Item Details* to select a window for reviewing the details of this expenditure item. The Inquiry Options window will be displayed, from which you can choose one of the following options:
 - Choose *Cost Distribution Lines* to view individual transactions and the debit and credit GL accounts charged for raw and burdened costs for each expenditure item. You can also view other information about the cost lines, such as PA and GL period and interface status and the rejection reason if transactions could not be interfaced.
 - Choose *Revenue Distribution Lines* to view the revenue transactions generated for a specific expenditure item. The GL account credited for the revenue is displayed. You can also see the GL and PA posting period for the revenue and the interface status. The rejection reason will be displayed for any transactions that are rejected during the interface to GL.
 - Choose *AP Invoice* to drill down to the Invoice Overview form in Oracle Payables. (This option is only enabled for expenditure items whose expenditure type class is either Supplier Invoices or Expense Reports.)

Note: You can also view rejection reasons for transactions rejected during the costing or revenue generation processes from the Expenditure Items window. From the Folder menu, choose Show Field and select either Cost Distr. Rejection or Revenue Distr. Rejection.

Viewing Accounting Lines

Trans Class	Line Num	Line Type	Account	Debit (USD)	Credit (USD)
Cost	1	Raw Debit	01.420.7020.000	100.00	
Cost	1	Raw Credit	01.000.2410.000		100.00
Cost	2	Burdened Deb	01.000.1580.000	225.00	
Cost	3	Burdened Cre	01.420.7020.000		225.00
Cost	4	Raw Debit	01.420.7020.000	<100.00>	
Cost	4	Raw Credit	01.000.2410.000		<100.00>
Cost	5	Raw Debit	01.720.7580.000	100.00	
Cost	5	Raw Credit	01.000.2410.000		100.00
				325.00	325.00

Account Desc	Vision Services (USA)-Consulting-Labor Burden Allocated-No Product		
Project Name	Construction	Task Name	Foundation
Expend Type	Professional	Item Date	31/DEC/1996
Expend Org	Consulting-East	Accounting Date	31/JAN/1997

Alternate Currency T Accounts

You can see how a transaction will affect the account balances in your general ledger by viewing the detail accounting lines for the transaction as balanced accounting entries (debits equal credits) or T-accounts.

To view accounting lines:

1. Query the expenditure transaction you want to view.
2. From the Expenditure Items window, choose *View Accounting* from the Tools menu.

You see the View Expenditure Accounting window.

Note: The View Expenditure Accounting window is a folder form that you can customize to display additional columns. See: *Customizing the Presentation of Data in a Folder, Oracle Applications User's Guide.*

3. (Optional) To view the accounting detail for the selected line as T-accounts, choose T-Accounts. In the Options window that opens, select from the Default Window poplist, and then choose from the window buttons to drill down in General Ledger.

See: *T-Accounts, Oracle General Ledger User Guide*

Drilling Down to Oracle Projects from Oracle General Ledger

From General Ledger, you can drill down to subledger details from the Account Inquiry, Enter Journals, or View Journals windows for journals that have specific journal sources assigned to them. For example, if a journal source is Projects, you can drill down to the transaction details in Oracle Projects.

Depending on the nature of the originating Projects transaction, drilling down from General Ledger will open the Project Expenditure Accounting or Project Revenue Accounting window.

To drill down to detail transactions or to view transaction accounting:

1. From the Project Expenditure Accounting or Project Revenue Accounting window, select a detail accounting line.
2. Choose the Show Transaction button to view detail transactions.
3. Choose the Show Transaction Accounting button to view the transaction accounting.

Expenditure Items Windows Reference

This section describes the expenditure items windows.

Find Expenditure Items Window, page 2-41

Expenditure Items Window, page 2-42

Find Expenditure Items Window

Use the Find Expenditure Items window to enter search criteria for expenditures and expenditure items. This section describes some of the attributes you can use to search for expenditure items.

Inventory Item: Enter an inventory item number to search for inventory transactions imported from Oracle Project Manufacturing.

WIP Resource: Enter a work-in-process resource to search for work-in-process transactions imported from Oracle Project Manufacturing.

Set of Books Currency: The reporting set of books currency in which you want to view the expenditure items. In the windows that display expenditure items and their details, you can toggle between the primary set of books currency and the reporting set of books currency you select here.

Note: You can select an alternate set of books currency only if Multiple Reporting Currencies (MRC) is enabled. See: Multiple Reporting Currencies, *Oracle Projects Fundamentals*.

Item Dates: The date of the expenditure items you want to find. You can enter a date range, or either a start or end date.

Exp Ending Dates: The expenditure ending dates of the items you want to find. You can enter a date range, or either a start or end date.

Billing Status: You can choose from the following status types:

Billable Choose *Yes* to view only billable expenditure items.

Billing Hold Choose *Yes* to view expenditure items that are on hold indefinitely. Choose *No* to view items that are not on hold. Choose *Both* to view items that are on both one-time hold, and on hold indefinitely. Choose *Once* to view expenditure items that are on one-time hold from this project's next invoice.

Billed Choose *Yes* to view expenditure items that have ever appeared on an invoice, regardless of invoice status. When you choose this option, Oracle Projects retrieves expenditure items on a project invoices that have a status of Unapproved, Approved, Released, and Accepted.

CIP/RWIP Status: You can choose from the following status types:

Capitalizable Choose *Yes* to view only capitalizable expenditure items.

Grouped CIP Choose *Yes* to view expenditure items that have been grouped into CIP asset lines.

Grouped RWIP Choose *Yes* to view expenditure items for tasks that are set up for retirement cost processing.

Expensed Choose *Yes* to view only expensed expenditure items.

Processing Status: You can choose from the following status types:

Costed Choose *Yes* to view only costed expenditure items.

Revenue Distributed Choose *Yes* to view only revenue distributed expenditure items, or choose *Partial* to view expenditure items that have partially distributed revenue due to a hard limit on the agreement.

Expenditure Batch: Choose an expenditure batch name if you want to find expenditure items grouped and entered by batch.

Transaction Source: The source of the imported expenditure items you want to find. Examples of transaction sources include faxed timecards and PBX. You can choose from a valid list of values.

Exclude Net Zero Items: Choose this check box if you want to exclude net zero expenditure items from the items you query. Net zero items consist of an original item and a reversing item for the entire amount of the original item. Together, these two items net to zero.

Expenditure Items Window

The Expenditure Items window displays detailed information about each expenditure item.

Note: When displaying inventory transactions imported from Oracle Project Manufacturing, the Expenditure Items window shows the base unit of measure associated with the inventory item. For all other transactions, the window shows the unit of measure associated with the expenditure type. For information on defining expenditure types, see the *Oracle Projects Implementation Guide*.

For an expenditure item, when the base unit of measure associated with the inventory item and the unit of measure associated with the expenditure type are same, then Oracle Projects attaches a prefix of @ to the base unit of measure from Oracle Project Manufacturing or Oracle Inventory. For Example, if the unit of measure associated with an inventory item is *Each* and the unit of measure associated with the expenditure type is also *Each*, then Oracle Projects displays the unit of measure as *@Each* for the transaction.

Currency Fields

This window is a folder form, which allows you to set up a folder that contains the fields you need to view. For example, some of the currency fields are not visible in the default folder. Currency fields are listed in the following table:

Currency Field	Description
Bill Amount	The bill amount in the project currency
Accrued Revenue	The accrued revenue in the project currency
Project Burdened Cost	The burdened cost in the project currency
Transaction Currency	The transaction currency code
Transaction Raw Cost	The raw cost in the transaction currency
Transaction Burdened Cost	The burdened cost in the transaction currency
Functional Currency	The functional currency code
Functional Rate Type	The rate type used to determine the functional currency exchange rate
Functional Exchange Rate	The functional currency exchange rate
Functional Raw Cost	The raw cost in the functional currency
Functional Burdened Cost	The burdened cost in the functional currency
Project Currency	The project currency code
Project Rate Type	The rate type used to determine the project currency exchange rate
Project Rate Date	The date used to determine the project currency exchange rate
Project Exchange Rate	The project currency exchange rate
Project Raw Cost	The raw cost in the project currency
Receipt Currency	The receipt currency code
Receipt Amount	The expenditure amount in the receipt currency
Receipt Exchange Rate	The receipt currency exchange rate

Multiple Reporting Currency Fields

If you have selected a reporting set of books currency in the Find Expenditures window, then reporting currency amounts and information can also be selected for viewing in the Expenditure Items window. The reporting currency information is shown in the following table:

Type of MRC Information	Available Fields
MRC Conversion Information	Currency Code, Rate Date, Rate Type, Exchange Rate
MRC Transfer Price Information	Rate Type, Rate Date, Exchange Rate, Transfer Price
MRC Cost Information	Raw Cost Rate, Burdened Cost Rate, Raw Cost, Burdened Cost
MRC Revenue Conversion Information	Conversion Date, Exchange Rate, Rate Type
MRC Revenue Information	Raw Revenue, Accrued Revenue, Adjusted Revenue, Bill Amount, Forecast Revenue Bill Rate, Accrual Rate, Adjusted Rate
MRC Project Functional Currency: Invoice Conversion Information	Rate Type, Rate Date, Exchange Rate
MRC Project Functional Currency: Forecast Conversion Information	Rate Type, Rate Date, Exchange Rate

Adjusting Expenditures

Oracle Projects provides powerful features that allow you to:

- adjust expenditure items on your projects
- interface the adjustments to other Oracle applications
- report the audit trail of the adjustments

You can make adjustments to expenditure items after the items have been costed, revenue distributed, and invoiced. Oracle Projects automatically processes the adjusted items and interfaces the adjusting accounting transactions to other Oracle Applications.

The project status of a project can restrict your ability to enter adjustments to project transactions. See : Project Statuses, *Oracle Projects Implementation Guide*.

Audit Reporting for Expenditure Adjustments

Oracle Projects provides an audit trail of all adjustments performed on an expenditure item. The audit trail records the following information about the adjustment:

- The name of the user who performed the adjustment
- The type of adjustment action performed
- The date and time that the adjustment was performed
- The window from which the adjustment action was performed

Oracle Projects also records the audit trail to the original item for transfers, splits, and corrections to approved items. With this audit trail, you can identify where an item was transferred or where an item was transferred from.

You can review the expenditure adjustment audit information for a project in the AUD:Project Expenditure Adjustment Activity report. You can review the transfer activity for a project using the MGT: Transfer Activity report.

Related Topics

Project Expenditure Adjustment Activity, *Oracle Projects Fundamentals*

Transfer Activity Report, *Oracle Projects Fundamentals*

Types of Expenditure Item Adjustments

This section describes the types of adjustments you can make to expenditure items. Whether you can adjust expenditure items depends on:

- The project status of the project charged.
- The transaction source (if the expenditure item was imported via Transaction Import).

Except where noted, you can also adjust project invoice lines. See: Adjusting Project Invoices, *Oracle Project Billing User Guide*.

Correct Approved Expenditure Items

You can correct the following attributes of an approved expenditure item using the Pre-Approved Expenditure Entry windows.

- date
- expenditure type
- project
- task
- amount

You make the corrections by reversing the original item and then creating a new item using the correct information. You cannot correct these items using the Expenditure Items window.

You can also change the project and task assignment of an expenditure item by selecting the Transfer adjustment action.

You cannot correct the amount, date, expenditure type, or supplier of supplier invoice items in Oracle Projects. You must correct these attributes of supplier invoice item in Oracle Payables.

You must correct expenditure items imported from Oracle Inventory or Oracle Manufacturing in their respective systems except for the transactions with transaction source Inventory Misc. You cannot reverse or correct expenditure items from these applications in Oracle Projects.

Change Billable Status

Use the adjustment actions Billable to Non-Billable and Non-Billable to Billable to change the billable status of an expenditure item.

- A *billable* item accrues work-based revenue and can be invoiced.
- A *non-billable* item does not accrue work-based revenue and is not invoiced.

You may want to check the setup of the billable status of your project to reduce the number of items you need to adjust for billable classification. You can define tasks as billable or non-billable. You can further specify which items are non-billable using transaction controls. See: Controlling Expenditures, page 2-24.

Change Capitalizable Status

Use the adjustment actions Capitalizable to Non-Capitalizable and Non-Capitalizable to Capitalizable to change the capitalizable status of an expenditure item.

- A *capitalizable* item can be grouped into an asset line you send to Oracle Assets.
- A *non-capitalizable* item cannot become an asset cost in Oracle Assets.

You can define tasks as capitalizable or non-capitalizable; you can further specify which items are non-capitalizable using transaction controls. See: Controlling Expenditures, page 2-24.

Set and Release Billing Hold

You can place an expenditure item on billing hold. An item on billing hold is not included on an invoice until you release the billing hold on the item.

One-Time Hold

You can place an expenditure item on one-time billing hold. An item on one-time billing hold is not billed on the current invoice but is eligible for billing on the next invoice. The one-time billing hold is released when you release the current invoice.

Release Hold

If you have placed an expenditure item on billing hold, you use the release hold to take it off hold so the item can be billed.

Recalculate Burden Cost

You can recalculate the burden cost of an expenditure item if you find that the burdened cost amount is incorrect. To produce correct recalculation results, you must correct the source of the problem before redistributing the items.

Notes

- When you select Recalculate Burden Cost for a burden transaction, no recalculation of the burden amount takes place.
- You can recalculate the burden cost of an invoice line.

Recalculate Raw Cost

You can recalculate the raw cost of an expenditure item if you find that the raw cost amount is incorrect. To produce correct recalculation results, you must correct the source of the problem before redistributing the item.

Notes

- You cannot recalculate raw cost on expenditure items that were imported through Transaction Import as costed items.

- You can recalculate the raw cost of an invoice line for accounting purposes. Raw cost will still not change for such transactions.

Recalculate Revenue

You can recalculate revenue if you find that:

- The revenue or bill amount is incorrect due to incorrect bill rate or markup
- AutoAccounting is incorrect

You must correct the source of the problem before redistributing the items.

Recalculate Cost and Revenue

You can recalculate cost and revenue if you find that:

- The raw cost rate is incorrect
- The burden cost multiplier is incorrect
- AutoAccounting is incorrect

You must correct the source of the problem before redistributing the items.

If you recalculate cost, the revenue is automatically adjusted to ensure that revenue that is based on the cost (with markup or labor multipliers) is correct.

Change Work Type

You can change the work type of an item. You can use this adjustment to reclassify an item for reporting and billing purposes.

Change Comment

You can edit the expenditure comment of an item. You can use this adjustment to make the expenditure comment clearer if you are including the comment on an invoice backup report.

Split Item

You can split an item into two items so that you can process the two resulting split items differently. The resulting split items are charged to the same project and task as the original item.

For example, you may have an item for 10 hours, of which you want 6 hours to be billable and 4 hours to be non-billable. You would split the item of 10 hours into two items of 6 hours and 4 hours, marking the 6 hours as billable and 4 hours as non-billable.

Transfer Item

You can transfer an item from one project and task to another project and task.

Oracle Projects provides security as to which employees can transfer items between projects. Cross-project users can transfer to all projects. Key members can transfer to projects to which they are assigned. See: Security in Oracle Projects, *Oracle Projects Fundamentals*.

Oracle Projects performs a standard validation on all transferred items. For a description of the standard validation process and resulting rejection reasons, see: Expenditure Item Validation, page 2- 2 .

Oracle Projects also ensures that you only transfer items which pass the charge controls of the project and task to which you are transferring. If the items you are transferring do not pass the new project and task's charge controls, then you cannot transfer the item. See: Controlling Expenditures, page 2-24.

Change Currency Attributes

You can change the functional or project currency attributes of multi-currency transactions. When you select Change Functional Currency Attributes or Change Project Currency Attributes from the Reports menu, a window is displayed where you can enter changes in the following fields:

- Rate Type
- Rate Date
- Exchange Rate

The windows display the project or functional currency, depending on which currency you have selected, as well as the transaction currency.

The same conditions apply to changes in currency attributes that apply during transaction entry. See: Entering Currency Fields, page 2-17.

You can also change currency attributes for an expenditure using the Mass Adjustments feature. When you select Change Functional Currency Attributes or Change Project Currency Attributes under Mass Adjustments, most of the validations are performed by the costing program. See: Mass Adjustment of Expenditures, page 2-50.

Note: If the project currency and the functional currency for an expenditure item are the same, only the Function Currency Attributes option is displayed on the Reports menu. Any changes you make to the functional currency attribute are copied to the project currency attributes.

Related Topics

Restrictions for Adjusting Converted Items, page 2-48

Project Statuses, *Oracle Projects Implementation Guide*

Transaction Sources, *Oracle Projects Implementation Guide*

Restrictions for Adjusting Converted Items

You can mark expenditure items as converted when you load expenditure items from another system into Oracle Projects during conversion. To do this, you set the CONVERTED_FLAG to Y (for Yes) in the PA_EXPENDITURE_ITEMS_ALL table.

Some adjustment actions are not permitted for converted items. The following table shows which adjustment actions are and are not allowed for converted items.

Adjustment Action	Allowed for Converted Items
Correct Approved Expenditure Item	YES
Allow Billing	YES
Billable to Non-Billable	NO
Non-Billable to Billable	NO
Capitalizable to Non-Capitalizable	NO
Non-Capitalizable to Capitalizable	NO
Billing Hold	YES
One-Time Hold	YES
Release Hold	YES
Recalculate Burden Cost	NO
Recalculate Raw Cost	NO
Recalculate Revenue	NO
Recalculate Cost/Revenue	NO
Change Comment	YES
Split	NO
Transfer	NO
Work Type	NO

If an item is marked as converted, Oracle Projects assumes that the item does not have all the data required to support the recalculation of cost, revenue, and invoice. Therefore, you cannot perform the adjustment actions that may result in the recalculation of cost, revenue, or invoices for converted items.

Note: Marking items as converted has a similar effect to enabling the transaction source attribute that disallows adjustments on imported transactions originating from that source.

Adjusting Expenditure Items

Use the Expenditure Items window to adjust project expenditure items.

To adjust expenditure items:

1. Navigate to the Find Project Expenditure Items or Find Expenditure Items window. See: Viewing Expenditure Items, page 2-38.
2. Find the expenditure items you want to adjust.

3. In the Expenditure Items window, choose the items you want to adjust. See: *Selecting Multiple Records, Oracle Applications User's Guide*. You can also use the Mass Adjust feature to adjust items. See: *Mass Adjustment of Expenditures, page 2-50*.
4. Choose an option from the *Tools* menu or the *Reports* menu to specify how you want to adjust the expenditure items.

The following table shows the adjustment options for each menu.

Menu	Selection
Tools	Billing Hold
	Capitalizable
	Change Comment
	Non-Billable
	Non-Capitalizable
	One-Time Hold
	Recalculate Burden Cost
	Recalculate Cost/Revenue
	Recalculate Raw Cost
	Recalculate Revenue
	Release HoldSplit
Transfer	
Reports	Change Functional Currency Attributes
	Change Project Currency Attributes
	Change Transfer Price Currency Attributes
	Mark for no Cross Charge Processing
	Reprocess Cross Charge

For a description of adjustment options, see: *Types of Expenditure Item Adjustments, page 2-45*.

5. Choose Run Request to select the Project Streamline Request process for the adjustment. See: *Processing Adjustments, page 2-57*.

Mass Adjustment of Expenditures

Use the Find Expenditure Items window to process mass adjustment of expenditures.

You can optionally use the multi-select functionality in the Expenditure Items window to perform adjustments on more than one expenditure. However, the mass adjustment feature provides improved performance when you adjust a large number of expenditures.

To perform mass adjustment of expenditures:

1. Navigate to the Find Project Expenditure Items or Expenditure Items window. See: *Viewing Expenditure Items, page 2-38*.

2. Enter your search criteria. For example, if you want to make an identical adjustment to all billable expenditures by a specific employee, enter the Employee Name field and select Yes for Billable under the Billing Status fields.
3. Choose *Mass Adjust*.
4. From the Mass Adjust poplist, select the adjustment you want to perform on the selected expenditures. When the adjustment process is complete, view the message indicating the results of the process.

Transferring Expenditure Items

You can transfer an expenditure item from its current project or lowest task assignment to another project or lowest task.

Run the Transfer Activity report to view the activity of expenditure items that you transfer.

To transfer expenditure items:

1. Navigate to the Find Project Expenditure Items or Find Expenditure Items window. See: Viewing Expenditure Items, page 2-38.
2. Find the expenditure items you want to transfer.
3. In the Expenditure Items window, choose the items you want to transfer. See: Selecting Multiple Records, *Oracle Applications User's Guide*. You can also use the Mass Adjust feature to adjust items. See: Mass Adjustment of Expenditures, page 2-50.
4. Choose *Transfer* from the Tools menu.
5. In the Transfer Items to Project/Task window, enter the Project Number and Task Number to which you want to transfer the expenditure items.
6. Choose OK to mark the expenditure items for transfer.
7. Enter *Yes* if you want to re-query your expenditure items so you can see the new expenditure items created from the transfer. Select the Search Criteria to use to re-query the records.
8. Process the adjustments. See: Processing Adjustments, page 2-57.

Related Topics

New Expenditure Items Resulting from Transfer and Split, page 2-57

Splitting Expenditure Items

You can split an expenditure item to change its billing, capitalizable, and hold status for a portion of the original item's quantity.

When you split an expenditure item, you create a reversing entry for the original expenditure item, and create two new expenditure items for that expenditure, totalling the same quantity as the original item.

Note: You cannot split an original expenditure item that has already been split or transferred. You can, however, split or transfer the new expenditure items created from a split or transfer.

To split expenditure items:

1. Navigate to the Find Project Expenditure Items or Find Expenditure Items window. See: Viewing Expenditure Items, page 2-38.
2. Find the expenditure items you want to split.
3. In the Expenditure Items window, choose the items you want to split. See: Selecting Multiple Records, *Oracle Applications User's Guide*.
4. Choose *Split* from the Tools menu.
5. In the Split Expenditure Item window, enter the Split Quantity/Raw Cost/Burdened Cost that you want to allocate to the first item from the expenditure item you are splitting.

The system prompts you to enter a quantity, raw cost, or burdened cost based on what amounts are assigned to the original expenditure item, as shown in the following table:

If the quantity is ...	and the raw cost is ...	then the amount split is ...
non-zero	non-zero	the quantity
zero	non-zero	the raw cost
zero	zero	the burdened cost

- Expenditure items with a zero quantity and a nonzero raw cost include costed transactions imported via Transaction Import.
- Expenditure items with both quantity and raw cost equal to zero include burden transactions imported via Transaction Import.

The system calculates the difference between the quantity or cost of the original expenditure item and the quantity or cost you enter for the first item, and displays the remaining amount as the quantity or cost of the second item.

6. Choose OK to mark the expenditure item to be split.
7. Enter *Yes* if you want to re-query your expenditure items to see the new expenditure items created from the transfer. Select the Search Criteria to use to re-query the records.
8. Process the adjustments. See: Processing Adjustments, page 2-57.

Related Topics

New Expenditure Items Resulting from Transfer and Split, page 2-57

Adjustments to Multi-Currency Transactions

When multi-currency transactions are adjusted, the system must determine currency attributes for the transactions that result.

If the original item is not an imported, accounted item, the following rules apply:

- The original expenditure item is reversed, with all the same amounts and currency attributes as the original item.

- The new expenditure items are created and treated as new transactions, following the standard default logic for currency attributes.

Reversals and Splits

For reversals and splits, the reversing and new items have the same currency attributes as the original transaction.

Transfers

For a transfer, the reversing item has the same currency attributes as the original transaction. For the new item, the cost distribution program uses the conversion rules for a new transaction, taking the default currency attributes from the destination project. See: *Converting Multiple Currencies, Oracle Projects Fundamentals*.

Adjustments to Accounted Imported Transactions

Imported, accounted transactions can be adjusted in Oracle Projects only if `ALLOW_ADJUSTMENTS_FLAG` is set to `Y` for the transaction source.

For imported multi-currency transactions that have been posted to GL by the feeder system, adjustments are processed as shown below:

Note: For these adjustments, both the reversing transactions and their cost distribution lines are created online.

Recalculation Adjustments

The cost distributed flag for the item is set to `N`, and the transaction is treated as costed and burdened.

The cost distribution program recalculates project currency amounts. All other amounts are copied from the original transaction.

The cost distribution program creates a reversing cost distribution line and a new cost distribution line. Both lines will be interfaced to GL (their transfer status is set to `P` (Pending)).

Transfers and Splits

Reversing items are created with the attributes of the original item.

Transfers: For the new item, all amounts and attributes are copied from the original item, except for the project currency amounts. For the project currency amounts, the cost distribution program uses the conversion rules for a new transaction, taking the default currency attributes from the destination project. See: *Converting Multiple Currencies, Oracle Projects Fundamentals*.

Splits: For new items, all currency amounts are prorated based on the split ratio.

Both reversing and new items create cost distribution lines that will be interfaced to GL (their *transfer status* is set to `P` (Pending)).

Adjustments to Burden Transactions

You can perform adjustments on burden transactions that are not system-generated.

You can perform billing adjustments on burden transaction expenditure items that are created by the Create and Distribute Burden Transactions process. For example, the

items can be placed on billing hold. To make any other type of adjustment on a system-generated burden transaction, you must adjust the source expenditure item related to these burden transactions.

You can adjust a burden transaction that is imported via Transaction Import only if `ALLOW_ADJUSTMENTS_FLAG` is set to `Y` for the transaction source. For the predefined transaction sources Inventory, Inventory Miscellaneous, and Work In Process, `ALLOW_ADJUSTMENTS_FLAG` is set to `N`.

Adjustments to Related Transactions

Whenever an adjustment is performed on a source transaction that requires the item to be backed out (transfer, split, manual reversal through the Pre-Approved Expenditure form), Oracle Projects creates reversals for the related transactions of the source transaction.

Oracle Projects creates related items via labor transaction extensions. See: *Labor Transaction Extensions, Oracle Projects APIs, Client Extensions, and Open Interfaces Reference*.

You cannot independently process related transactions from the source transactions. However, there are adjustment actions for which related transactions are processed with the source transaction.

Transfer

You can transfer only the source transaction. When you transfer the source transaction, Oracle Projects reverses the source transaction and the related transactions, and creates only the new source transaction in the destination project. Oracle Projects does not create related transactions in the destination project because the related transactions may not be appropriate under the conditions of the project.

You can create new related transactions using the labor transaction extension when the transferred source transaction is cost-distributed.

Split

You can split only the source transaction. When you split the source transaction, Oracle Projects reverses the source transaction and the related transactions, and creates the two new source transactions. Oracle Projects does not create related transactions in the destination project because the related transactions may not be appropriate under the conditions of the project.

You can create new related transactions using the labor transaction extension when the new source transactions are cost-distributed.

Recalculate Cost/Revenue

You can mark only the source transaction for cost or revenue recalculation. However, when you mark the source transaction, Oracle Projects automatically marks the related transactions of the source transaction for recalculation.

Change Billable Status

You can change the billable status on both the source transaction and the related transactions independently. However, a reclassification on a source transaction only

will not automatically result in the reclassification of related transactions since these related transactions may have been created with a billable status independent of the source transaction. For example, you may create the source transaction as billable and the related transaction as non-billable.

Bill Hold/Release

You can perform bill holds and releases on both source transactions and related transactions independently. However, an action performed on a source transaction will not automatically result in the same action on the related transactions. For example, since the transactions are treated independently, a bill hold on a source transaction will not automatically place a bill hold on any related transactions.

Comment Change

You can change the comment on both the source transaction and the related transactions independently.

Manual Reversal

You can reverse source transactions using the Expenditures form. When you reverse a source transaction, Oracle Projects automatically reverses the related transactions. If you delete the source transaction, Oracle Projects automatically deletes the related transactions.

Reversal Using Transaction Import

You can reverse source transactions using Transaction Import. When you reverse a source transaction, Oracle Projects automatically reverses the related transactions if the transaction being loaded is an adjustment and the unmatched negative flag is set to No.

Work Type

You can change the work type on both the source transaction and related transactions independently.

Marking Items for Adjustments

When you select an adjustment action, the expenditure items are marked for adjustment processing. Most adjustment actions require additional processing to be completed.

The following table shows how each adjustment action marks expenditure items for adjustment processing.

- The first eleven adjustment actions update the expenditure item with the values as noted below for subsequent adjustment processing.
- The Change Comment adjustment action updates the comment and does not require additional adjustment processing.
- The Split and Transfer adjustment actions create reversing and new items to be processed.

Adjustment Action	Cost Distributed	Revenue Distributed	Billable / Capitalizable	Bill Hold	New Items Created
Billable to Non-Billable	No	No	No		
Non-Billable to Billable	No	No	Yes		
Capitalizable to Non-Capitalizable	No		No		
Non-Capitalizable to Capitalizable	No		Yes		
Billing Hold				Yes	
One-Time Hold				Once	
Release Hold				No	
Recalculate Burden Cost	No				
Recalculate Raw Cost	No	No			
Recalculate Revenue		No			
Recalculate Cost/Revenue	No	No			
Change Comment					
Split					Yes
Transfer					Yes
Work Type	See Note	See Note	See Note		

Note: If a work type change results in a change in the billable status, then expenditure items are marked for adjustment processing as required.

A billable reclassification requires an item to be re-costed so that the billable and non-billable costs are correctly maintained in the project summarization tables, and (optional) to change the assignment of the general ledger cost account. Also, if

you change from billable to non-billable, the assignment of the GL cost account in AutoAccounting may change. The same is true for a capitalizable reclassification.

New Expenditure Items Resulting from Transfer and Split

When you transfer or split an item, the original item is reversed and new items are created automatically by Oracle Projects. These items are similar to the items that you create manually when you correct an approved expenditure item.

Transfer Example

The following table shows an example of an original item (Item 1) and the new items (Items 2 and 3) resulting from the transfer of an item from project TM1 to project SF1, task 2.

Item Number	Item Reversed	Expenditure Item Date	Expenditure Type	Project	Task	Quantity	Billable
1		01-JAN-96	Professional	TM1	1	10	Yes
2	1	01-JAN-96	Professional	TM1	1	-10	Yes
3		01-JAN-96	Professional	SF1	2	10	Yes

Note: The billable status of Item 3 is determined from the billable status of the project and task to which it is transferred.

Split Example

The following table shows an example of an original item (Item 1) and the new items (Items 2 through 4) resulting from the split of an item on the same project and task. The original item had 10 billable hours, which are split into 6 billable hours and 4 non-billable hours. When you split an item, you specify the billable status and bill hold status of each of the two new items.

Item Number	Item Reversed	Expenditure Item Date	Expenditure Type	Project	Task	Quantity	Billable
1		01-JAN-96	Professional	TM1	1	10	Yes
2	1	01-JAN-96	Professional	TM1	1	-10	Yes
3		01-JAN-96	Professional	TM1	1	6	Yes
4		01-JAN-96	Professional	TM1	1	4	No

Processing Adjustments

After you have performed the adjustment actions, you need to run the appropriate processes to process the adjustments.

The following table shows which processes to run for each adjustment action.

Adjustment Action	Distribute Costs	Generate Asset Lines	Generate Draft Revenue	Generate Draft Invoices
Correct Approved Expenditure Item	Yes	Yes	Yes	Yes
Billable to Non-Billable	Yes		Yes	Yes
Non-Billable to Billable	Yes		Yes	Yes
Capitalizable to Non-Capitalizable	Yes	Yes		
Non-Capitalizable to Capitalizable	Yes	Yes		
Billing Hold				Yes
One-Time Hold				Yes
Release Hold				Yes
Recalculate Burden Cost	Yes	Yes	Yes	Yes
Recalculate Raw Cost	Yes	Yes	Yes	Yes
Recalculate Revenue			Yes	Yes
Recalculate Cost/Revenue	Yes	Yes	Yes	Yes
Change Comment				
Split	Yes	Yes	Yes	Yes
Transfer	Yes	Yes	Yes	Yes
Work Type	See Note	See Note	See Note	

Note: If a work type change results in a change in the billable status, then you must run the appropriate processes to process this change.

You can use the Submit Request window to run the appropriate the processes for your project only.

You can also mark items for adjustment and allow the items to be processed automatically the next time you run the processes to distribute costs, generate asset lines, and generate draft revenue and invoices.

Related Topics

Submitting Requests, *Oracle Projects Fundamentals*

Results of Adjustment Processing

After you run the appropriate processes to recalculate the adjusted expenditure items, you can review the results of the adjustments.

Cost Adjustments

- Raw cost amount
- Burden cost amount
- Account to which the cost is charged
- Billable/Capitalizable status of the item

When the Distribute Costs program encounters an item requiring a cost adjustment, the program updates the expenditure item with the new raw and burden cost rates and amounts, and creates new cost distribution lines. The program creates a reversing cost distribution line and a new cost distribution line. These lines form the audit trail of cost adjustments.

The following table shows an example of cost distribution lines for an expenditure item that was re-costed due to a cost rate change in a subsequent month. Lines 2 and 3 are new lines resulting from the cost adjustment. Line 2 reverses the same amount and account as Line 1. Line 3 uses the new cost multiplier and account based on current AutoAccounting rules.

Line Number	Line Reversed	Amount	Quantity	Billable	Account	GL Date
1		100	10	Yes	04.401.4100	31-JAN-94
2	1	-100	-10	Yes	04.401.4100	28-FEB-94
3		200	10	Yes	04.401.4100	28-FEB-94

You can review these distribution lines in the Cost Distribution Lines window.

Corrections to Approved Items, Transfers, and Splits

When processing a reversing item which resulted from a correction of an approved expenditure item, a transfer, or a split, the Distribute Costs program uses the same cost rate used by the original item to ensure that the cost nets to zero for the original and reversing item. The reversing item is charged to an account based on the current AutoAccounting rules.

The new positive item resulting from a transfer is processed just as a new expenditure item is processed; no special adjustment processing is performed. But to process a

correction of an approved expenditure item or a split just as a new expenditure item is processed, it has to be marked for recalculation.

Interfacing Adjustments to General Ledger and Payables

The Interface process will send lines 2 and 3 (shown in the table above) to Oracle General Ledger or Oracle Payables to reflect the cost adjustment originating in Oracle Projects.

The cost adjustment lines are posted to the earliest open or future GL period. See also: Date Processing in Oracle Projects, *Oracle Projects Fundamentals*.

Note: Lines 2 and 3 are posted to a new GL period of February 1994 since the original GL period of January 1994 was closed when the cost adjustment occurred.

Revenue Adjustments

When the Generate Draft Revenue program encounters a item requiring a revenue adjustment, the program updates the expenditure item with the new revenue amount, and creates new revenue distribution lines. The program creates a reversing and new revenue distribution lines, which records the audit trail of revenue adjustments.

The following table shows an example of revenue distribution lines for an expenditure item with a revenue adjustment caused by a change in a bill rate in a subsequent month. Lines 2 and 3 are new lines resulting from the revenue adjustment. Line 2 reverses the same amount and account as Line 1. Line 3 has the new revenue amount based on the new bill rate/markup and the account based on current AutoAccounting rules.

Line Number	Line Reversed	Amount	Account	Draft Revenue Number	Transfer Status	GL Date
1		100	04.401.3100	1	Accepted	31-JAN-96
2	1	-100	04.401.3100	2	Pending	28-FEB-96
3		200	04.401.3100	3	Pending	28-FEB-96

Each revenue distribution line is grouped into a draft revenue. A draft revenue may credit another draft revenue. Line 2 above is grouped into Draft Revenue 2, which credits Draft Revenue 1, in which Line 1 is grouped. Line 3 is included on a new draft revenue 3.

You can review these distribution lines in the Revenue Distribution Lines window. You also can view the distribution lines in the Revenue Line Details window accessed from the Revenue Review window.

Transfers, Splits, and Corrections to Approved Items

When processing a reversing item which resulted from a correction of an approved expenditure item, a transfer, or a split, the Generate Draft Revenue program reverses the revenue of the original item to ensure that the revenue nets to zero for the original and reversing item. The reversing item is charged to a revenue account based on the original distribution line.

The new positive item resulting from a correction of an approved expenditure item, a transfer, or a split are processed just as a new expenditure item is processed; no special adjustment processing is performed on these items.

Interfacing Adjustments to Oracle General Ledger

The Interface Revenue to General Ledger process will send lines 2 and 3 (shown in the previous table) to Oracle General Ledger to reflect the revenue adjustment originating in Oracle Projects.

The revenue adjustment lines are posted to the earliest open or future GL period. See also: Date Processing in Oracle Projects, *Oracle Projects Fundamentals*.

Note: Lines 2 and 3 are posted to a new GL period of February 1994 since the original GL period of January 1994 was closed when the revenue adjustment occurred.

Invoice Adjustments

The Generate Draft Invoice program compares the bill amount on the item's revenue distribution lines to determine if the item needs to be adjusted. When program encounters a item requiring a invoice adjustment, it creates a crediting invoice and a new invoice.

The following table shows an example of invoices created for the items shown in the table above. Assume the project's invoices only bill the one item and that the item was originally billed on Invoice 1 in January. Invoices 2 and 3 are new invoices resulting from the invoice adjustment.

Invoice Number	Invoice Credited	Amount	Transfer Status	GL Date
1		100	Accepted	31-JAN-96
2	1	-100	Pending	28-FEB-96
3		200	Pending	28-FEB-96

You can review these invoices in the Invoice Summary window in the Invoice Review window.

Transfers, Splits, and Corrections to Approved Items

When processing a reversing item which resulted from a correction of an approved expenditure item, a transfer, or a split, the Generate Draft Invoice program credits the invoice on which the original item was billed.

The new positive item resulting from a correction of an approved expenditure item, a transfer, or a split are processed just as a new expenditure item is processed; no special adjustment processing is performed on these items.

Interfacing Adjustments to Oracle Receivables

The Interface Invoices to Receivables process will send invoices 2 and 3 (shown in the previous table) to Oracle Receivables.

The invoices are posted to the open or future GL period in which the invoice date falls in Oracle Receivables.

Note: Lines 2 and 3 are posted to a new GL period of February 1994 since the original GL period of January 1994 was closed when the invoice adjustment occurred.

Refer to the following essay regarding how a credit memo is interfaced to Oracle Receivables, if the outstanding balance is less than the credit memo amount.

Related Topics

Integrating with Oracle Receivables, *Oracle Project Billing User Guide*

Adjustments to Supplier Invoices

You can perform a number of adjustments to supplier invoices in Oracle Projects and Oracle Payables. In Oracle Projects, you can perform the following adjustments on a supplier invoice:

- Transfer an item to another project or task
- Split an item
- Reclassify an item's billable or capitalizable status

In Oracle Payables, you can adjust the following items on a project-related supplier invoice:

- Invoice amount
- Supplier
- Expenditure type

Example of an Adjustment to a Supplier Invoice

In the example shown in the following table, Item 1 represents an original invoice for \$100 that is entered in Oracle Payables. The invoice includes one invoice distribution line charged to project A that is interfaced to Oracle Projects. An Oracle Projects project manager transfers the item from project A to project B, resulting in a net zero difference accounting transaction. The adjusting transactions, Item 2 and Item 3, are interfaced to Oracle Payables and attached to the original invoice. Oracle Projects provides the amount, the accounts, and the GL date to which the transactions are to be posted.

Item	Project	Amount	Account	Comment
1	A	100	01.101.5200	Entered in AP
2	A	-100	01.101.5200	Created in PA and interfaced to AP via the transfer process
3	B	100	02.201.5200	Adjusted in PA and interfaced to AP via the transfer process

To process supplier invoice adjustments from Oracle Projects to Oracle Payables:

1. Perform the adjustment in Oracle Projects.
2. Process the adjustment by running the PRC: Distribute Supplier Invoice Adjustment Costs process, or you can submit the streamline process Distribute and Interface Supplier Invoice Adjustments to Payables. If you run the streamline process, you can skip Step 3.
3. Interface the supplier invoice adjustments to Oracle Payables using the PRC: Interface Supplier Invoice Adjustment Costs to Payables process.

Note: All new invoice lines created from the adjustment are linked to the originating invoice in Oracle Payables. This allows you to reconcile all project-related supplier invoices in Oracle Payables, and accurately account for your cash books if you use Cash Basis Accounting.

4. Run AutoApproval in Oracle Payables to approve the new invoice distribution lines.
5. Post the supplier invoices from Oracle Payables to Oracle General Ledger.

To process supplier invoice adjustments from Oracle Payables to Oracle Projects:

1. Perform the adjustment in Oracle Payables.
2. Run AutoApproval in Oracle Payables to approve the new invoice distribution lines.
3. Post the supplier invoices from Oracle Payables to Oracle General Ledger.
4. Send the adjustment to Oracle Projects using the Oracle Projects PRC: Interface Supplier Costs process.

Note: Before interfacing adjustments to Oracle Projects, the process checks whether the original and adjusting invoice items net to zero. If so, then neither item is transferred to Oracle Projects.

Related Topics

Adjusting Project-Related Documents in Oracle Purchasing, Oracle Payables, and Oracle Projects, page 7-28

Restrictions to Supplier Costs Adjustments, page 7-30

Distribute Supplier Invoice Adjustment Costs, *Oracle Projects Fundamentals*

Interface Supplier Invoice Adjustment Costs to Payables, *Oracle Projects Fundamentals*

Submitting Streamline Processes, *Oracle Project Fundamentals*

Interface Supplier Costs, *Oracle Project Fundamentals*

Invoice Validation, *Oracle Payables User Guide*

Payables Transfer to General Ledger Program, *Oracle Payables User Guide*

Burdening

This chapter describes how to use burdening in Oracle Projects.

This chapter covers the following topics:

- Overview of Burdening
- Building Up Costs
- Using Burden Structures
- Using Burden Schedules
- Assigning Burden Schedules
- Storing, Accounting, and Viewing Burden Costs
- Reporting Requirements for Project Burdening

Overview of Burdening

Burdening (also known as cost plus processing) is a method of calculating burden costs by applying one or more burden cost components to the raw cost amount of each individual transaction. You can then review the raw cost and total burdened cost (the sum of raw cost and burden cost) of each transaction.

Oracle Projects displays the raw cost and burdened cost in expenditure inquiry windows, and shows the cost of each detail transaction in reports. You can choose to account for the individual burden cost components to either track the overhead absorption or to account for the total burdened costs. You can write custom reports using standard views to report all burden cost components for each detail transaction.

Using burdening, you can perform internal costing, revenue accrual, and billing for any type of burdened costs that your company applies to raw costs. Oracle Projects calculates costs using the following formulas. (The formulas for cost also apply to revenue and billing amounts.)

Oracle Projects calculates burden cost by multiplying raw cost by a burden multiplier. This calculation is represented in the following formula:

Burden Cost = Raw Cost x Burden Multiplier

Oracle Projects calculates total burdened cost by adding burden cost to the raw cost amount. This calculation is represented in the following formula:

Total Burdened Cost = Raw Cost + Burden Cost

You use the burden multiplier to derive the total amount of the burden cost. For example, you may burden the raw cost of labor using a multiplier of thirty percent to derive the fringe component, and in turn, compute the total burdened cost of labor as shown in the following table:

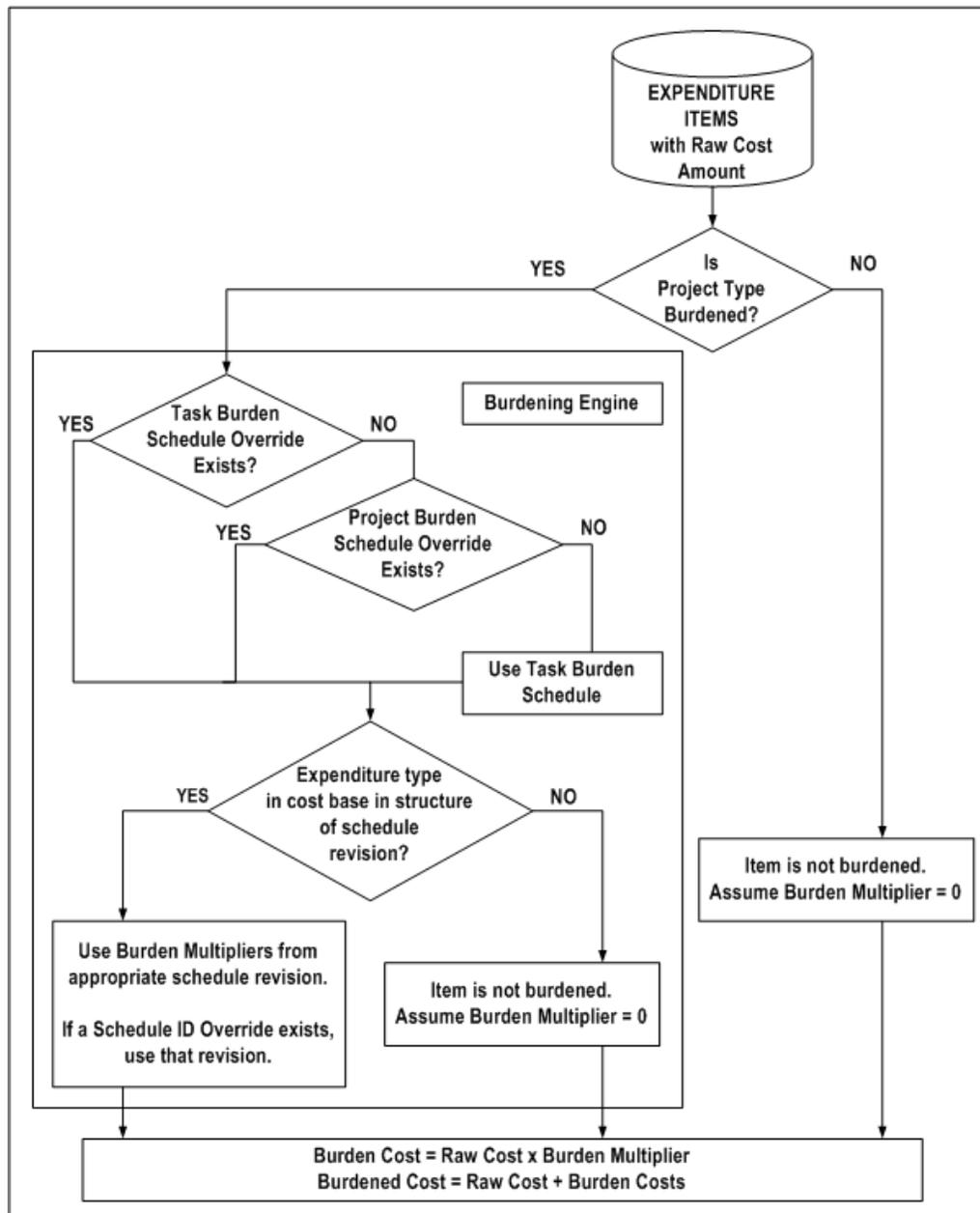
Cost Component	Amount
Labor (raw cost)	1,000
Add: Fringe at 30% (burden cost)	300
Total Burdened Cost	1,300

On a project for which costs are burdened, you can create some transactions that are burdened and others that are not burdened. You define which projects should be burdened by setting the Burden Cost indicator for each project type in the Project Types window. When you specify that a project type is burdened, you must then specify the burden schedule to be used. The burden schedule stores the rates and indicates which transactions are burdened, based on cost bases defined in the burden structure. You specify which expenditure types are included in each cost base. With burdening, you can use an unlimited number of burden cost codes, easily revise burden schedules, and retroactively adjust multipliers. You can define different multipliers for costing, revenue accrual, and billing.

Burden Calculation Process

The following illustration shows the burden calculation process.

Burden Calculation Process



As shown in the illustration *Burden Calculation Process*, page 3-3, the calculation of burden cost includes the following processing decision logic and calculations:

1. Expenditure items with a raw cost amount are selected for processing.
2. The process determines if the related project type of the expenditure item is defined for burdening.
3. If *Yes* (the project type is defined for burdening), then the process determines the burden schedule to be used.

4. If *No* (the project type is not defined for burdening), then the item is not burdened. The process assumes the burden multiplier is zero (burden cost is zero, thus burdened cost equals raw cost).
5. To determine which burden multiplier to use, the process determines if there is a burden schedule override for the expenditure:
6. The process uses the task burden schedule override on the associated task, if such an override exists.
7. If no task burden schedule override exists on the associated task, then the process uses the project burden schedule override on the associated project.
8. If there are no burden schedule overrides, the process determines which standard burden schedule to use for burden cost calculations in the following order:
9. Standard task burden schedule
10. Standard project burden schedule
11. After a schedule has been determined, the process verifies that the expenditure item's expenditure type is found in any of the cost bases of the selected burden schedule revision.
12. If an expenditure type is excluded from all cost bases in the burden structure, then the expenditure items that use that expenditure type are not burdened (burden cost equals zero, thus burdened cost equals raw cost).
13. Otherwise, burden multipliers from the appropriate burden schedule revision are used. If a schedule ID override exists, the process uses that revision.
14. The system calculates burden cost and total burdened cost amounts according to the following calculation formulas:
15. $\text{burden cost} = \text{raw cost} \times \text{burden multiplier}$
16. $\text{total burdened cost} = \text{raw cost} + \text{burden cost}$

Building Up Costs

The objective of burdening is to provide you with a buildup of raw and burden costs, so you can accurately represent the total cost of doing business. You can choose to calculate total burdened costs as a buildup of costs using a precedence of multipliers. Taking the raw cost, Oracle Projects performs a buildup of burden costs on top of raw costs to provide you with a true representation of costs. You provide the multiplier that is used to calculate the cost. The buildup is performed for each detailed transaction.

Example of Cost Buildup

The following table provides an example of how Oracle Projects calculates total burdened cost as a buildup of raw and burden costs.

Cost Type	Reference	Cost Amount	Formula
Labor (raw cost)	(A)	1,000.00	
Overhead at 95% (burden cost)	(B)	950.00	.95 A
Total Labor (total burdened cost)	(C)	1,950.00	A + B
Materials (raw cost)	(D)	500.00	
Material Handling at 15% (burden cost)	(E)	75.00	.15 D
Total Materials (total burdened cost)	(F)	575.00	D + E
Total Labor and Materials (total burdened cost)	(G)	2,525.00	C + F
General and Administrative at 15% (burden cost)	(H)	378.75	.15 G
Total Burdened Cost (total burdened cost)	(I)	2,903.75	G + H

In this example, raw costs are categorized by the Labor and Materials cost bases. Each raw cost has one or more types of burden cost applied to it to derive the total burdened cost amount.

The first-tier multipliers are applied to the raw costs of each cost base. For labor, the first-tier multiplier is for Overhead. For materials, the first-tier multiplier is for Material Handling costs.

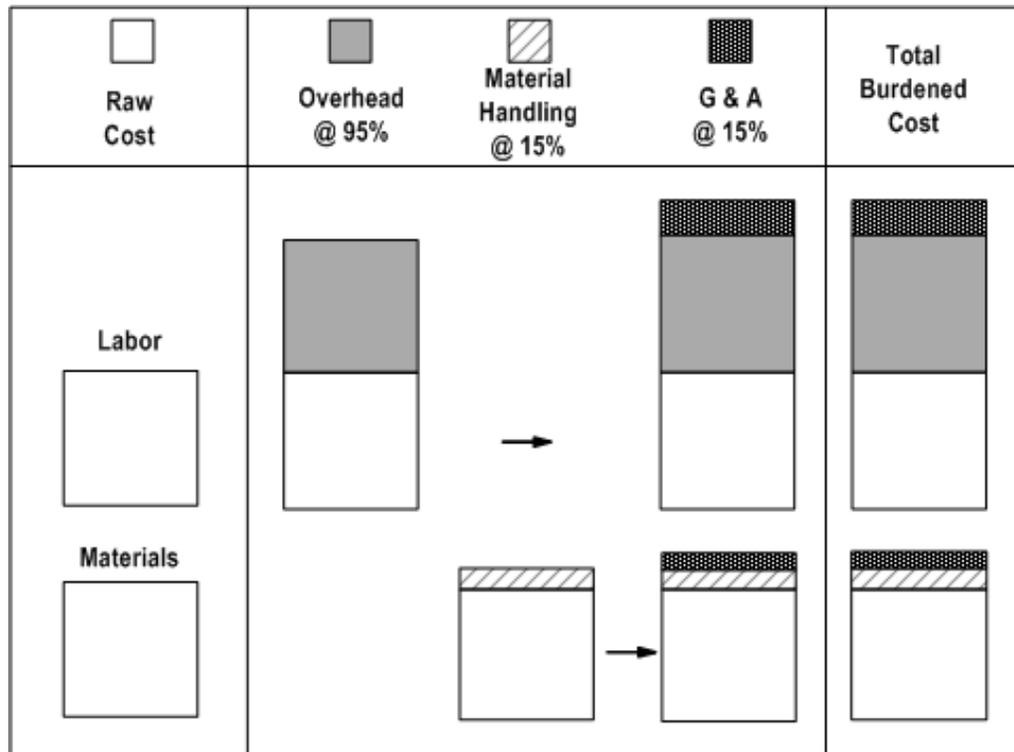
The second-tier multiplier is then applied to the sum of the raw cost and the first-tier burden cost amount for each cost base. In the example in the table, the second tier multiplier for General and Administrative is applied to the total raw and burden costs for Labor and Materials.

The cost buildup in this example is calculated as follows:

- First, the raw labor cost of \$1,000 is burdened by overhead at a multiplier of 95 percent, resulting in a burden cost of \$950 and a total labor cost of \$1,950.
- Then, the general and administrative multiplier of 15% is applied against the total labor cost of \$1,950, for a total of \$292.50 of general and administrative cost. The total burdened labor cost is the sum of \$1,950 plus \$292.50, or \$2,242.50.
- Next, the raw materials cost of \$500 is burdened by material handling at a multiplier of 15 percent, resulting in a burden cost of \$75 and a total materials cost of \$575.
- Finally, the general and administrative multiplier of 15% is applied to the total of the buildup of burdened Materials cost, yielding \$86.25, resulting in a total burdened Material cost amount of \$ 661.25.

The following illustration shows the flow of the cost buildup calculations in the table above.

Cost Buildup Flow



The illustration *Cost Buildup Flow*, page 3- 6 illustrates the following cost buildup steps:

1. Overhead is applied to the raw labor cost.
2. Material handling is applied to the raw materials cost.
3. General and administrative is then applied to the buildup of the total burdened costs for Labor and Materials to derive the total burdened cost amount.

Using Burden Structures

You define the cost buildup using a burden structure. A burden structure determines how cost bases are grouped and establishes the method of applying burden costs to raw costs. Expenditure types classify raw costs, and burden cost codes classify burden costs. The relationship between expenditure types and burden cost codes within cost bases determines what burden costs are applied to specific raw costs, and the order in which they are applied.

Note: To account for burden cost codes separately, you also define unique expenditure types to link to burden cost codes. See: *Storing, Accounting, and Viewing Burden Costs*, page 3-15.

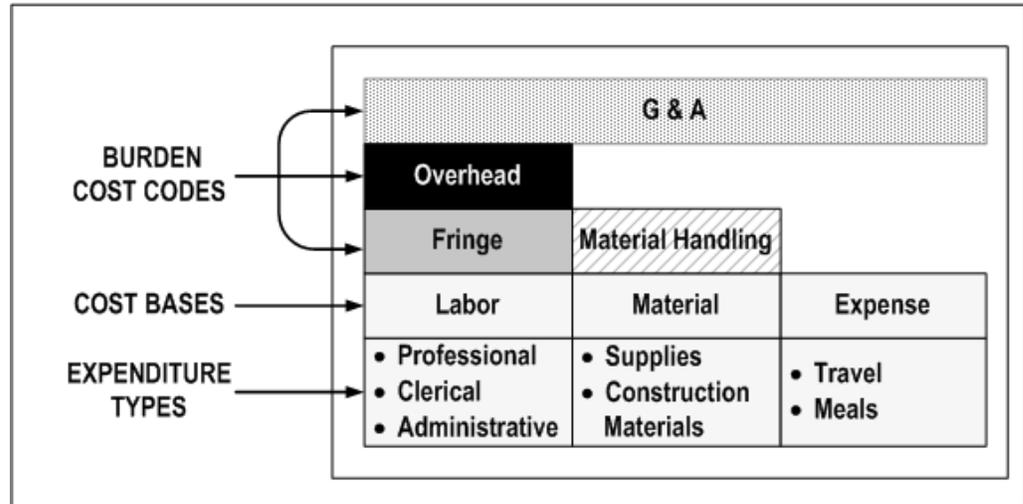
Your company may have several different burden structures for unique business requirements. For example, you may use a different structure for internal costing than you use for government billing.

Note: If you change your burden structure and subsequently transfer an expenditure item burdened with the old structure, then the reversed

amount and the amount charged to the new task each equals the original burdened amount.

The following illustration shows the components of a burden structure.

Components of a Burden Structure



The illustration *Components of a Burden Structure*, page 3-7 shows a burden structure with the following cost bases:

- The *Labor* cost base:
 - includes the expenditure types *Professional*, *Clerical*, and *Administrative*.
 - is assigned the burden cost codes *Fringe*, *Overhead*, and *General and Administrative (G&A)*.
- The *Material* cost base:
 - includes the expenditure types *Supplies* and *Construction Materials*.
 - is assigned the burden cost codes *Material Handling* and *General and Administrative (G&A)*.
- The *Expense* cost base:
 - includes the expenditure types *Travel* and *Meals*.
 - is assigned the burden cost code *General and Administrative (G&A)*.

Related Topics

Burden Structures, *Oracle Projects Implementation Guide*

Burden Structure Components

A *burden cost code* represents the type of burden costs you want to apply to raw costs. For each burden cost code in the burden structure, you specify what cost base it is applied to, the expenditure type or types it is linked to, and the order in which it is applied to raw costs within the cost base.

You burden a type of cost with burden costs to obtain a more accurate representation of your company's operating costs. For example, each hour of employee time costed directly to a project may be supported by burden costs for benefits and office space.

You specify which costs are burdened through the definition of cost bases. A *cost base* is a grouping of raw costs to which you apply burden costs. A cost base assignment consists of expenditure types. You specify the types of transactions that constitute the cost base when you assign expenditure types to the cost base. These expenditure types assignments represent the raw costs to which you apply the burden costs of the cost base. If you exclude an expenditure type from all cost bases in a structure, the expenditure items that use that expenditure type will not be burdened (burden cost equals zero, thus burdened cost equals raw cost).

If you want to burden transactions using a new expenditure type, you must add the expenditure type to the appropriate burden structures. You should do this before you enter transactions using this expenditure type. This will ensure that all transactions using this expenditure type are burdened. If you have charged transactions using this expenditure type before you added the expenditure type to the appropriate burden structures, you must mark these transactions to be reprocessed to burden the costs.

Cost bases also consist of burden cost codes. While the expenditure types represent the raw costs, the burden cost codes represent the burden costs that support the raw costs. Cost bases may be different within the context of different burden structures. For example, you may use a different definition of a labor cost base in a billing schedule than you would use in an internal costing schedule.

You also assign an expenditure type to each burden cost code. You may use any expenditure type that has been defined with the *Burden Transaction* expenditure type class or, if you want to account for the burden cost components in the GL or budget by burden cost component, you can define an expenditure type with the same name as the burden cost code.

In summary, cost bases are comprised of expenditure types and burden cost codes. Expenditure types represent the raw costs, and burden cost codes represent the burden costs that support the raw costs. Cost bases may be different within the context of different burden structures. For example, you may use a different definition of a labor cost base in a billing schedule than you would use in an internal costing schedule.

An *expenditure type* classifies each detailed transaction according to the type of raw cost incurred.

A burden structure can be additive or precedence based. If you have multiple burden cost codes, an *additive* burden structure applies each burden cost code to the raw costs in the appropriate cost base. A *precedence* burden structure is cumulative and applies each cost code to the running total of the raw costs, burdened with all previous cost codes. The examples in the following two tables illustrate how different burden structures using the same cost codes can result in different total burdened costs.

The following table shows the calculation of total burdened cost using the additive burden structure.

Cost Type	Cost Amount	Formula
Labor (A)	100.00	
Overhead at 95% (B)	95.00	.95 A
Fringe at 25% (C)	25.00	.25 A
General and Administrative at 15% (D)	15.00	.15 A
Total Burdened Cost	235.00	A + B + C + D

The following table shows the calculation of total burdened cost using the precedence burden structure.

Cost Type	Cost Amount	Formula
Labor (A)	100.00	
Overhead at 95% (B)	95.00	.95 A
Fringe at 25% (C)	48.75	.25 (A + B)
General and Administrative at 15% (D)	36.56	.15 (A + B + C)
Total Burdened Cost	280.31	A + B + C + D

Note: The order of the burden cost codes has no effect on the total burdened cost with either additive or precedence burden structures.

Related Topics

Example of Cost Buildup, page 3- 4

Cost Bases and Cost Base Types, *Oracle Projects Implementation Guide*

Burden Cost Codes, *Oracle Projects Implementation Guide*

Using Burden Schedules

Burden schedules establish the multipliers used to calculate the burdened cost, revenue, or bill amount of each expenditure item charged to a project. You can define different burden schedules for use in internal costing, revenue accrual, and invoicing. When you define burden schedules, you specify the burden structure on which the schedule is based.

You can use both burden schedules and bill rate schedules within a project to accrue revenue and invoice. You can also use a bill rate schedule for non-labor expenditure items, and use a burden schedule for labor expenditure items.

You specify default burden schedules for each project type. You can use different schedules for different types of projects. You can override the default burden schedules for each project by using a schedule of multipliers negotiated for the project or task.

Types of Burden Schedules

There are two types of schedules you can use in Oracle Projects: firm and provisional.

Use *firm* schedules if you do not expect your multipliers to change. Generally, firm schedules are used for internal costing or commercial billing schedules.

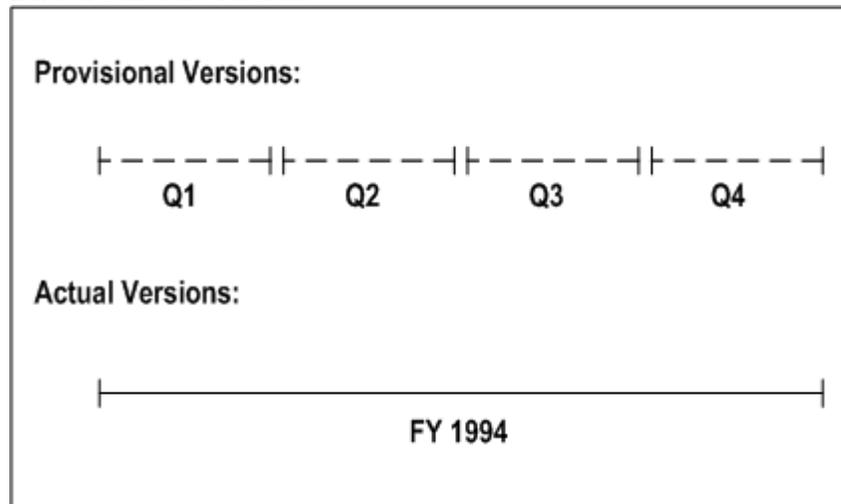
Because burden multipliers may not always be known at the time that you are calculating total burdened costs, you use interim, or *provisional* multipliers. Provisional multipliers are generally estimates based on a company's forecast budget for the year based on the previous year's results. When you determine the *actual* multipliers that apply to costs (after the multipliers are audited), then you replace the provisional multipliers with the actual multipliers. Oracle Projects processes the adjustments from provisional to actual changes for costing, revenue, and billing.

Defining Burden Schedule Versions

You define schedule versions for a burden schedule to record the date range within which multipliers are effective. You can have an unlimited number of versions for each burden schedule, but use one active version at a given point in time. However, after you apply actuals, you can have one active provisional version and one active actual version existing at the same time within a schedule.

In addition, you may have a number of versions for each quarter of the fiscal year in which your company does business, especially for government billing projects. At the end of the year, when the government audits your burden multipliers, you create a new version that reflects the actual billing rates. The following illustration shows an example of the use of schedule versions.

Burden Schedule Versions



In the illustration *Burden Schedule Versions*, page 3-10, a company defines provisional burden schedules on a quarterly basis, based on a forecast of budgeted costs. Each quarter, the company creates a new version of the burden schedule to reflect updates in the budget. At the end of the fiscal year, when the company is audited, actual multipliers are applied which reflect the true burdened cost of affected items.

Related Topics

Applying Actuals, *Oracle Projects Implementation Guide*

Burden Calculation Process, page 3- 2

Assigning Burden Multipliers

When you create burden schedules, you assign a *multiplier* to an organization and burden cost code. The multiplier specifies the amount by which to multiply the raw cost to obtain the burden cost amount.

When you compile a burden schedule version, Oracle Projects calculates and stores the multipliers for each organization and burden cost code in a schedule version. Additional information stored includes compiled multipliers, which allow Oracle Projects to quickly determine burden cost amounts based on the burden multipliers used for a particular organization as of a particular date.

Instead of performing a buildup of costs each time you calculate burden amounts, Oracle Projects uses the compiled multipliers to multiply the compiled multiplier by the raw cost to determine each burden cost component.

The following table shows an example of the multipliers a company uses to determine the burden cost amounts for labor during cost calculation.

Organization	Burden Cost Code	Multiplier
Headquarters	Fringe	.35
Headquarters	Overhead	.95
Headquarters	General and Administrative	.15
Los Angeles	General and Administrative	.20

Suggestion for Organizations that Have No Burden

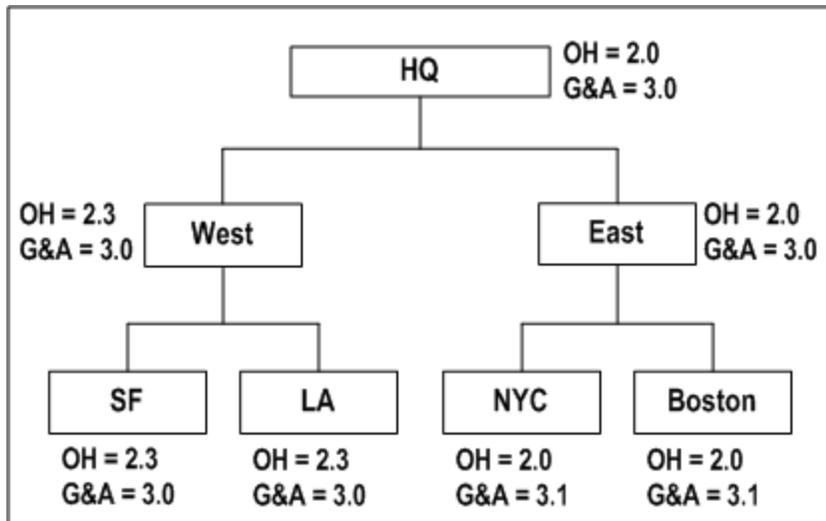
You may need to set up special procedures for organizations that have no burden. For example, your company may use contractors that do not have a particular type of burden cost (such as fringe) applied to their raw cost. To implement this scenario, you can first set up a new organization for contractors. Then, create a zero burden cost amount by assigning that organization to the burden schedule and using a multiplier of zero for the burden cost of Fringe. Each time that burden cost for Fringe is calculated for the contractor's organization, Oracle Projects will multiply the contractor's raw cost multiplier by zero, resulting in a burden cost amount of zero, which reflects the true representation of the raw cost and burden multipliers.

Burden Multiplier Hierarchy

Effective multipliers cascade down the Project Burdening Hierarchy, starting with the parent organization. If Oracle Projects finds a level in the hierarchy that does not have a multiplier defined, it uses the multipliers entered for the parent organization. Therefore, an organization multiplier schedule hierarchy is really a hierarchy of exceptions; you define only the multipliers for an organization if they override the multipliers of its parent organization.

The following illustration shows an example of how multipliers are assigned for a multi-level organization.

Assigning Multipliers to Organizations



In the illustration *Assigning Multipliers to Organizations*, page 3-12, the parent organization, Headquarters (HQ), has two defined multipliers: Overhead (OH) with a multiplier of 2.0, and General and Administrative (G & A) with a multiplier of 3.0.

- When Oracle Projects processes transactions for the *East* organization, no multipliers are found. Therefore, the system assigns the multipliers from the parent organization, Headquarters. However, when Oracle Projects looks for multipliers for the Boston and New York (NYC) organizations, a multiplier of 3.1 for General and Administrative is found for each organization. Therefore, the system uses the General and Administrative multiplier of 3.1 from these organizations.
- When Oracle Projects processes transactions for the *West* organization, the multiplier of 2.3 for Overhead from the *West* organization overrides the multiplier of 2.0 from its parent organization, Headquarters. Since no multiplier is found for General and Administrative, the system assigns the multiplier of 3.0 from the Headquarters organization. No multipliers are found for the San Francisco (SF) and Los Angeles (LA) organizations. Therefore, Oracle Projects, assigns the multipliers from their parent organization, *West*.

Suggestion for Burdening a Borrowed or Lent Resource

When lending a resource to another organization for a specific project, you may want to burden the resource using the borrowing organization’s multipliers.

For example, the Los Angeles organization lends a resource to the New York City organization, and it is agreed that the borrowed resource is to be burdened using the New York City multipliers. For burdening, Oracle Projects uses the destination organization of an organization distribution override, in place of the expenditure organization, if an organization distribution override exists. If you want the project to have the New York City burden multipliers use burdened costs of the borrowed resource from Los Angeles, then enter an organization distribution override with a source organization of Los Angeles and a destination organization of New York City.

Related Topics

Organization Overrides, *Oracle Projects Fundamentals*

Assigning Burden Schedules

You can assign burden schedules to project types, projects, and tasks. When you assign schedules to a project type, the schedules are the default schedules for projects and tasks that use the project type. Assigning burden schedules to project types allows you to implement company policies; for example, you can implement a policy that requires all projects of a particular project type to maintain the same multipliers for internal costing purposes.

You can change the default schedule for a project or task. You can also override default schedules at the project and task level by using burden schedule overrides. Burden schedule overrides generally reflect multipliers that have been negotiated specifically for a particular project or task.

Defining Burden Schedules for Project Types

You define default standard burden schedules for each project type. These schedules default to each project defined with that project type. You can override the default schedules at the project and task level. See: Project Types, *Oracle Projects Implementation Guide*.

Assigning Burden Schedules at the Project and Task Level

When you assign a project type to a new project, Oracle Projects automatically provides default burden schedules from the project type. These schedules are also the default schedules for each top task added to the project, and schedules for a top task are the default schedules for lower level tasks.

The schedules used for burdening and billing are those assigned to the lowest task.

Note: When you change the burden schedule assignment for a project that already has tasks set up, the schedules assigned to tasks that already exist do not automatically change. You may need to review schedules for the existing WBS to make sure they are correct.

Related Topics

Costing Burden Schedules, *Oracle Projects Fundamentals*

Assigning Fixed Dates for Burden Schedules

You can assign fixed dates for each of your burden schedules, just as you can for bill rate schedules. You can assign fixed dates only to firm schedules. You cannot use fixed dates with provisional schedules.

The fixed date specifies the date for determining the schedule revision to use in calculations, regardless of the expenditure item date.

You enter a fixed date for a cost burden schedule only if the project type definition allows you to override the cost burden schedule.

You can enter schedule fixed dates for standard burden schedules only. Schedule fixed dates are *not* used for burden schedule overrides.

Changing Default Burden Schedules

You can change the default burden schedules for a project or task.

If you change the burden schedule for a lowest level task that has items processed, then the items are *not* automatically marked for reprocessing. Only new items charged to the task will use the new burden schedule. You can mark the items for recalculation in the Expenditure Inquiry window. This will cause the items to be reprocessed using the new burden schedule assigned to the task.

- **Changing Cost Burden Schedule**

You can override the cost burden schedule if the project type definition allows you to override the cost burden schedule, and the project is burdened.

- **Changing Revenue or Invoice Burden Schedule**

You can change the revenue or invoice burden schedule within a schedule type at any time.

- **Changing the Type of Revenue or Invoice Burden Schedule Used**

You can change the burden schedule type of any task or project at any time. You may change a task from a burden schedule type of Bill Rate to Burden, even after you have defined bill rate overrides. These bill rate overrides will not be used in processing. You can also define burden schedule overrides and then change your task to use a bill rate schedule. The burden schedule overrides will not be used.

Overriding Burden Schedules

You can define burden schedules at the project level to override the default burden schedules from the project type. You can also define burden schedules at the task level to override the default schedules from the project and project type.

- **Defining Burden Schedule Overrides**

You can define a schedule of *negotiated* burden multipliers for your projects and tasks which overrides the schedule that you assigned to the project and tasks. When you define burden schedule overrides, you cannot override just one multiplier for the standard schedule; you need to define an entire schedule for the project or task that overrides the standard burden schedule.

Defining burden schedule overrides is similar to defining burden schedules. You specify the revisions and the associated multipliers. The revisions are created as firm revisions. You cannot apply actuals to provisional multipliers with burden schedule overrides. You can select only burden structures that are allowed for use in burden schedule overrides.

The burden schedule overrides that you define are created as burden schedules in Oracle Projects. You must compile schedule revisions as you do with standard burden schedules.

Important: You do not define override multipliers by organization. The multipliers that you define are used for all items, regardless of the organization.

- **Assigning Burden Schedule Overrides**

You can enter override burden schedules for a project or task in the Project, Templates window or the Tasks window.

The burden schedule override option is available only if the project is burdened and the project type allows override of the cost schedule. You can also choose this option if the schedule type for labor or non-labor is Burden, if you want to allow overrides of revenue and invoice schedules.

- **Adjusting Burden Schedule Overrides**

You can correct, adjust, and create new revisions for your burden schedule override as you do for standard burden schedules.

Determining Which Burden Schedule to Use

The costing and revenue programs in Oracle Projects determine the effective burden schedule to use for burden cost calculations in the following order:

- Task-level burden schedule override
- Project-level burden schedule override
- Task standard burden schedule

Oracle Projects uses the first schedule it finds to process all items charged to that task.

Distribute Costs and Interface Supplier Invoices from Payables

The Distribute Costs programs and the Interface Supplier Invoices from Payables program use the overrides and schedules to burden transactions charged to projects that are defined to be burdened for internal costing based on the project type definition. These programs calculate the burdened cost for all transactions on these projects.

Related Topics

Burden Calculation Process, page 3- 2

Storing, Accounting, and Viewing Burden Costs

You can choose how you want to store, account, and view burden costs for individual expenditure items, using one of the following methods:

- Burden cost on the same expenditure item, page 3-15
- Burden cost as a separate, summarized expenditure item on the same project, page 3-17
- Burden cost as summarized expenditure items on a separate project, page 3-18

You decide how to store the burden costs based on your requirements for budgeting and reporting burden costs. You specify the method for each burdened project type that you define. See: *Choosing a Burden Storage Method*, page 3-19.

To define a burdened project type, you enable the Burdened check box in the Costing Information region of the Project Types window. Oracle Projects then displays the Burden Cost Display and Accounting region, where you enter all burden cost information. See: *Project Types, Oracle Projects Implementation Guide*.

Storing Burden Cost on the Same Expenditure Item

You can choose to store the total burdened cost as a value along with the raw cost on each expenditure item. The total burdened cost equals the raw cost plus the sum of the

burden cost components. With this method, you can easily view the total burdened cost and the raw cost of each item. Oracle Projects displays the raw and burdened costs of the expenditure items on windows and reports.

The example in the following table illustrates the total burdened cost method. With this method, the raw cost is stored on each expenditure item. The burdened cost is calculated and then also stored on each expenditure item. The burden cost shown in the table is an interim value that is not stored. In this example, Labor is burdened and Computer Rental is not.

Item	Transaction	Raw Cost	Burden Cost	Burdened Cost
1	Project A, Task 1.1, Labor, August 29, Amy Marlin	100.00	200.00	300.00
2	Project A, Task 1.1, Labor, August 29, Don Gray	200.00	400.00	600.00
3	Project A, Task 1.1, Computer Rental, August 29, Data Systems	500.00	0.00	500.00
	Totals	800.00	600.00	1,400.00

The following table shows the detail of the burden cost on Item 1 in the table above.

Burden Cost Element	Amount
Fringe	40.00
Overhead	100.00
General and Administrative	60.00
Total Burden Cost	200.00

Oracle Projects calculates the burdened cost of each expenditure item in the Distribute Cost processes. For supplier invoices, the burdened cost of each expenditure item is calculated in the Interface Supplier Invoices from Payables process.

Note: The burden cost of each item may be comprised of a buildup of individual burden cost components, as shown in the table above. This is not readily visible by looking at the expenditure item. However, Oracle Projects provides the ability to report this buildup of burden cost for each individual expenditure item. For more information on reporting the individual burden cost components when you use this method of storing burden amounts, see: Reporting Burden Components in Custom Reports, page 3-29.

Storing Burden Costs as a Separate Expenditure Item on the Same Project

You can choose to hold the burden cost components as a separate expenditure item on the same project. The expenditure items storing the burden cost components are identified with a different expenditure type that is classified by the expenditure type class *Burden Transaction*.

The example in the following table illustrates burden cost as a separate, summarized expenditure item on the same project.

Item	Transaction	Raw Cost	Burden Cost	Burdened Cost
1	Project A, Task 1.1, Labor, August 29, Amy Marlin	100.00	0.00	100.00
2	Project A, Task 1.1, Labor, August 29, Don Gray	200.00	0.00	200.00
3	Project A, Task 1.1, Computer Rental, August 29, Data Systems	500.00	0.00	500.00
4	Project A, Task 1.1, Fringe, September 1, Consulting East	0.00	120.00	120.00
5	Project A, Task 1.1, Overhead, September 1, Consulting East	0.00	300.00	300.00
6	Project A, Task 1.1, General and Administrative, September 1, Consulting East	0.00	180.00	180.00
	Totals	800.00	600.00	1400.00

Note: The expenditure items that incur the raw cost have a burdened cost equal to the raw cost, because the burden cost of those transactions are included in the burden transactions. The burden transactions have a raw cost of zero and a summarized burden cost from the incurred raw costs.

Oracle Projects creates the burden transactions by summarizing the burden cost components by project, lowest task, expenditure organization, expenditure classification, supplier, PA period, and burden cost code.

If you use this method of storing burden costs, you must assign an expenditure type to each burden cost code. You may also want to define an expenditure type for each burden cost code to use for reporting and budgeting purposes. The Create and Distribute Burden Transactions process summarizes the burden costs for all costed, burdened items. If

you are processing new items for a task that already has burden transactions, Oracle Projects will create new burden transactions. The existing burden transactions are not updated. Each new transaction will be assigned the system date when the process is run.

For transactions imported from external systems via transaction import, such as supplier invoices imported from Payables, burden costs on separate items are created only after running the Create and Distribute Burden Transactions process.

Expenditure Item Date of Summary Burden Transactions

The expenditure item date of the new summary burden transactions matches the latest expenditure item date of the expenditures being burdened.

The following table shows examples of expenditure item dates for burden transactions.

PA Period of Burdened Expenditures	Latest Expenditure Item Date of Source Expenditures	Length of PA Period	Expenditure Cycle Start Day	Expenditure Item Date of Burden Transactions
Monday, 10/19 through Sunday, 10/25	Sunday, 10/25	1 Week	Monday	Sunday, 10/25
Monday, 10/12 through Sunday, 10/25	Sunday, 10/18	2 weeks	Monday	Sunday, 10/18
Thursday, 10/1 through Saturday, 10/31	Saturday, 10/24	1 month	Monday	Saturday, 10/24

See also: *Creating and Interfacing the Accounting for Burden Costs by Burden Cost Component*, page 3-22.

Storing Burden Cost as Summarized Expenditures on a Separate Project

You can choose to additionally show the burden cost as summarized expenditures on a separate project. You assign this separate *Burden Cost Project* in the Project Types window. The Burden Cost Project can be a single, indirect project that collects all burden costs or a project you define for a particular Project Type. These separate expenditures are generated in the same manner as the separate expenditures described in Burden Cost as Separate, Summarized Expenditure Items in the following section. The link to the original expenditure item is maintained but is not readily visible by looking at the summarized expenditures.

The example in the following table illustrates accounting for summarized burden cost expenditures on a separate project.

Item	Transaction	Raw Cost	Burden Cost	Burdened Cost
1	Project Overhead, Task 1, Fringe, Sept 1, Consulting East	0.00	120.00	120.00
2	Project Overhead, Task 1, Overhead, Sept 1, Consulting East	0.00	300.00	300.00
3	Project Overhead, Task 1, General and Administrative, Sept 1, Consulting East	0.00	180.00	180.00

Choosing a Burden Storage Method

The key difference between burden storage methods is how you view the burden costs on your project. You view the burden costs as another value on the same expenditure item or as a separate expenditure item.

The way you budget your projects may influence how you choose to store burden cost:

- If you budget burden components as separate elements in your budget, you would typically choose to view the actuals in a similar way (as a separate expenditure item).
- If you budget burdened costs as a calculation of the raw cost for a given resource, you would typically choose to view the actuals in a similar way (with the burdened costs as a value for the individual expenditure items).

Note: To budget by burden cost component, you use the expenditure type assigned to the burden cost code during setup.

Regardless of which method you choose to store the burden cost, the total raw and burdened costs of the project do not change. The key difference is how you view the information. Also, these methods only apply to storing the cost amounts of the transactions. If you are using cost plus processing for revenue accrual and/or invoicing, then the revenue or invoice amounts are held as an amount along with the raw cost on the expenditure item. You cannot store the burden costs applied for revenue accrual and invoicing as separate summarized, burden transactions.

Related Topics

Overview of Project Budgeting and Forecasting, *Oracle Project Management User Guide*

Setting Up The Burden Cost Storage Method

You choose the method by which you want to store burden amounts on each burdened project type.

If you want to store the burdened cost as an amount on the same expenditure item, you perform the following step:

In the Costing Information region of the Project Types window, enable the *Burden Cost on Same Expenditure Item* check box.

If you want to store the burden costs as separate, summarized transactions on the same project, you perform the following steps:

1. In the Costing Information region of the Project Types window, enable the *Burden Cost as Separate Expenditure Item* check box.
2. In the Expenditure Types window, define an expenditure type with expenditure type class *Burden Transaction*.
3. In the Burden Cost Codes window, assign the appropriate burden transaction expenditure type to each burden cost code.

If you want to store burden amounts on each burdened expenditure item and, additionally, store the burden amounts in a separate project, you perform the following steps:

1. Define a destination project and task for generated burden transactions.
2. In the Costing Information region of the Project Types window, enable the *Account for Burden Cost Components* check box and add the Project and Task name.
3. In the Expenditure Types window, define an expenditure type with expenditure type class *Burden Transaction*.
4. In the Burden Cost Codes window, assign the appropriate burden transaction expenditure type to each burden cost code.

If you want to create total burdened cost credit and debit lines, you perform the following step:

1. In the Costing Information region of the Project Types window, enable the *Enable Accounting for Total Burdened Cost* check box.

Note: When the *Enable Accounting for Total Burdened Cost* check box is enabled, Oracle Projects creates total burdened cost credit and debit lines for all transactions, including summarized burden transactions.

If you do *not* want to create total burdened cost credit and debit lines, you perform the following step:

1. In the Costing Information region of the Project Types window, disable the *Enable Accounting for Total Burdened Cost* check box.

Note: If the project type class of the project type is *Capital* and the Cost Type for capitalization is *Burdened Costs*, Oracle Projects does not allow you to disable the *Enable Accounting for Total Burdened Cost* check box and save the change. Oracle Projects requires total burdened cost credit and debit lines to capitalize burdened costs.

Accounting for Burden Costs

You determine if you want to account for the burden costs. You can choose one of the following accounting methods:

- Account for burden costs by burden cost component, page 3-21

- Account for the total burdened costs, page 3-23
- Perform no accounting -- calculate burden costs only for use in management reporting with no accounting impact, page 3-25

Oracle Projects supports all of these accounting methods for burden costs regardless of the method that you choose to store the burden costs, either as a value on the expenditure item or as separate, summarized expenditure items. There are cases in which you may choose to use both of the methods of accounting for burdened costs, based on different objectives.

Accounting for Burden Costs by Burden Cost Component

You can account for the individual burden cost components when you want to track the burdening in General Ledger.

Example of Accounting for Burden Costs by Burden Cost Component

The following two tables provide an example of the accounting for the expenditure items shown in the example data for the topic: Storing Burden Costs as a Separate Expenditure Item on the Same Project, page 3-17. The following table shows the accounting for the raw cost amounts.

Transaction	Item	Accounting Transactions	Debit	Credit
Labor Cost	1	Labor Expense	100	
		Payroll Clearing		100
Labor Cost	2	Labor Expense	200	
		Payroll Clearing		200
Expense	3	Computer Rental Expense	500	
		Payables Liability		500

The following table shows the accounting for the burden cost amounts.

Transaction	Item	Accounting Transactions	Debit	Credit
Fringe	4	Project Fringe Expense	120	
		Fringe Absorption/Recovery		120
Overhead	5	Project Overhead Expense	300	
		Overhead Absorption/Recovery		300
General and Administrative	6	Project General and Administrative Expense	180	
		General and Administrative Absorption/Recovery		180

Setting Up Accounting for Burden Costs by Burden Cost Component

To set up accounting for burden costs by burden cost component you must perform the following steps:

1. Define AutoAccounting rules for the Burden Transaction Debit (Burden Cost Account) and Burden Transaction Credit (Burden Cost Clearing Account) AutoAccounting functions. These rules are used to determine the debit and credit GL accounts to be charged. You use the expenditure type parameter to distinguish between different types of burden cost components. You also have the AutoAccounting Function Burden Cost Revenue Account to account for revenue.
2. If you have chosen to store burden costs as a summarized value on a separate project and task (as defined by selecting the Burden Cost on the same expenditure item indicator on the project type), you must perform the following additional steps:
 - Define a project and appropriate tasks, which will be used as a storing bucket for summarized, burden transactions used for accounting for the individual burden costs. You typically would not do project reporting from these collection projects. However, you may choose to perform some analysis for burden absorption using these projects. After you account for the burden costs to General Ledger, you can perform additional analysis within General Ledger.
 - Specify the above project and task on the project type. This project and task are used for collecting the summarized burden transactions that are used only for the burden accounting.

Creating and Interfacing the Accounting for Burden Costs by Burden Cost Component

To create and interface the accounting for the burden transactions, you run the following processes:

- **PRC: Create and Distribute Burden Transactions.** This process summarizes the burden costs, creates the expenditure items for the burden transactions, and runs the distribution process. The burden transactions are created on different projects depending on the method you use to store burden costs. If you store burden costs as separate, summarized burden transactions, the burden transactions are created on the same project that incurred the costs. If you choose to store burden costs as a value along with raw cost on the expenditure item on the project that incurred the transactions, the burden transactions are created on the collection project and task used for collecting burden transactions intended for accounting by burden cost components only.
- **PRC: Interface Usage and Miscellaneous Costs to General Ledger.** This process interfaces the burden transactions to Oracle General Ledger. Based on the expenditure type class you enter as a process parameter, this process will interface only those transactions that match the parameter. If no parameter is entered, then this process picks up all Burden Transactions, Miscellaneous Transactions, Usage Transactions, Inventory Transactions and WIP Transactions for processing.
- **PRC: Tieback Usage Costs from General Ledger.** This process ties back all transactions processed in the PRC: Interface Usage and Miscellaneous Costs process.

You can also use the streamline processes to create distribution lines for burdened costs.

Related Topics

Create and Distribute Burden Transactions, *Oracle Projects Fundamentals*

Interface Usage and Miscellaneous Costs to General Ledger, *Oracle Projects Fundamentals*

Accounting for Total Burdened Cost

You may choose to account for the total burdened cost of the items, without distinguishing the amounts by burden cost components. This is typically done when you track the total burdened cost in a cost asset or *cost WIP* (work in process) account. This method is also sometimes referred to as *project inventory*. You may track cost WIP when you:

- capitalize total burdened costs
- track the total burdened costs as project inventory (also known as cost WIP) on contract projects and later calculate a cost accrual when you generate the revenue.

Note: You must run the appropriate processes to create and interface total burdened costs distribution lines if you are capitalizing burdened costs for capital projects or are using burdened costs for the cost accrual calculation during revenue generation.

Example of Accounting for Total Burdened Cost

The following two tables provide an example of the accounting for the expenditure items shown in the example for the topic: Storing Burden Cost on the Same Expenditure Item, page 3-15. The following table shows the accounting for the raw cost amounts.

Transaction	Item	Accounting Transactions	Debit	Credit
Labor Cost	1	Labor Expense	100	
		Payroll Clearing		100
Labor Cost	2	Labor Expense	200	
		Payroll Clearing		200
Expense	3	Computer Rental Expense	500	
		Payables Liability		500

The following table shows the accounting for the total burdened cost amounts.

Transaction	Item	Accounting Transactions	Debit	Credit
Labor	1	Project Cost Inventory	300	
		Labor Burdened Inventory Transfer		300
Labor	2	Project Cost Inventory	600	
		Labor Burdened Inventory Transfer		600
Expense	3	Project Cost Inventory	500	
		Computer Burdened Inventory Transfer		500

Note: The Computer Rental expense is included in the total burdened cost accounting, even though it is not burdened. This is done to include the total project cost in the cost WIP accounts.

Setting Up Accounting for Total Burdened Cost

To set up an Account for Total Burdened Costs configuration, you must perform the following step:

- Define AutoAccounting rules for the Total Burdened Costs Debit and Total Burdened Cost Credit AutoAccounting functions. These rules are used to determine the debit and credit GL accounts that will be charged. You must ensure that your AutoAccounting rules handle all transactions charged to burdened projects, not just those transactions that are burdened.

Creating and Interfacing the Accounting for Total Burdened Costs

To create and interface the accounting for the total burdened costs, you run the following processes:

- **PRC: Distribute Total Burdened Costs.** This process creates the total burdened cost distribution lines for all transactions charged to burdened projects, even if the transaction is not burdened, to account for the total project costs in the cost WIP account.
- **PRC: Interface Total Burdened Costs to General Ledger.** This process interfaces total burdened cost distribution lines to Oracle General Ledger.
- **PRC: Tieback Total Burdened Costs from General Ledger.** This process ties back total burdened cost distribution lines from Oracle General Ledger.

You can also use the streamline processes to create distribution lines for burdened costs.

Related Topics

Overview of Asset Capitalization, page 5- 1

Revenue-Based Cost Accrual, *Oracle Project Billing User Guide*

Distribute Total Burdened Cost, *Oracle Project Fundamentals*

Interface Total Burdened Cost to General Ledger, *Oracle Projects Fundamentals*

Storing Burden Costs with No Accounting Impact

You can choose to calculate the burden costs for project transactions for management reporting without an accounting impact.

If you store burden costs as a value on the expenditure item, you have no extra setup to perform and no accounting processes to run on the burden costs.

If you store the burden costs as separate, summarized expenditure items and perform the accounting in Oracle Projects (rather than importing the accounting), you must set up AutoAccounting for those burden transaction expenditure items to post the debit and the credit to the same GL account. Oracle Projects requires that you interface the cost distribution lines of these expenditure items to Oracle General Ledger.

Troubleshooting Burden Transactions

If Oracle Projects does not properly distribute cost or generate revenue for an expenditure item, you can view revenue rejection reasons from the Expenditure Items window. Use the Folder option Show Field to display either *Cost Distr. Rejection* or *Revenue Distr. Rejection*.

To be burdened, an expenditure item must meet the following conditions:

- For internal costing, the item must be charged to a project with a project type set up to burden cost
- For revenue accrual and billing, the item must be charged to a task with a labor schedule type of Burden, if the item is a labor item; or with a non-labor schedule type of Burden, if the item is a non-labor item
- Must be categorized by an expenditure type that belongs in a *cost base*
- Must be included in a compiled schedule
- The *lowest task* that the expenditure item is charged to must have an assigned compiled burden schedule for the appropriate calculation of costing, revenue, or invoicing

Processing Transactions After a Burden Schedule Revision

When you recompile burden schedules, Oracle Projects identifies the existing transactions that are impacted by the adjustments and marks the transactions for reprocessing. For example, when the multiplier for a given organization and burden cost code changes, the system marks for reprocessing all transactions for the organization that are charged to an expenditure type that is linked to the burden cost code. You must then reprocess the items by running the appropriate cost, revenue, and invoice processes.

Accounting for Cost Adjustments Resulting from Burden Schedule Revisions

When accounting for the adjusted cost, you can choose to reverse the original accounting entries and generate new ones for the adjusted cost, or you can choose to generate new accounting lines for the difference between the original and new burden cost amounts. To select the accounting option that best fits your business needs, enable or disable the *PA: Create Incremental Transactions for Cost Adjustments Resulting from a Burden Schedule Recompilation* profile option.

For more information on this profile option, see: PA: Create Incremental Transactions for Cost Adjustments Resulting from a Burden Schedule Recompilation, *Oracle Projects Implementation Guide*.

Note: Enabling this profile option does not affect raw and burden cost recalculation adjustments that you make from the *Expenditure Items* window. Although raw cost amounts and accounts are not affected by a burden cost recalculation, Oracle Projects always accounts for burden cost recalculation adjustments made from the Expenditure Items window with a full reversing and rebooking accounting entry that includes both the raw cost and burden cost amounts. See: Adjusting Expenditure Items, page 2-49.

Examples of Transaction Accounting After a Burden Schedule Revision

The examples that follow illustrate the original accounting entries generated for a labor transaction and the adjusting accounting entries generated when the transaction is reprocessed after a burden schedule is recompiled.

The following assumptions are made in all examples:

- Transaction Raw Cost = \$100
- Original Total Burden Cost = \$300
- Adjusted Total Burdened Cost = \$400

Example One: Total Burdened Cost Accounting

When the PA: Create Incremental Transactions for Cost Adjustments Resulting from a Burden Schedule Recompilation profile option is set to *No*, Oracle Projects reverses the original accounting entries and creates new entries for the adjusted cost amounts.

The following table illustrates the accounting entries generated for raw cost when total burdened cost is accounted.

Note: The raw accounting lines are reversed and new adjusted lines are generated even though the raw cost amount does not change.

Item Number	Accounting Type	Accounting Transactions	Debit	Credit
1	Original	Labor Expense	100	
		Payroll Clearing		100
1	Adjusting	Labor Expense		100
		Payroll Clearing	100	
		Labor Expense	100	
		Payroll Clearing		100

The following table illustrates the accounting entries generated for total burdened cost.

Transaction	Item Number	Accounting Transactions	Debit	Credit
Labor Cost	1	Project Cost Inventory	300	
		Labor Burdening Inventory Transfer		300
		Project Cost Inventory		300
		Labor Burdening Inventory Transfer	300	
		Project Cost Inventory	400	
		Labor Burdening Inventory Transfer		400

When the PA: Create Incremental Transactions for Cost Adjustments Resulting from a Burden Schedule Recompilation profile option is set to Yes, Oracle Projects does not reverse the original accounting entries. Instead, Oracle Projects creates new accounting entries for the difference between the original and new burden cost amounts.

The following table illustrates the accounting entries generated for raw cost when total burdened cost is accounted.

Transaction	Item Number	Accounting Transactions	Debit	Credit
Labor Cost	1	Labor Expense	100	
		Payroll Clearing		100

The following table illustrates the accounting entries generated for total burdened cost.

Transaction	Item Number	Accounting Transactions	Debit	Credit
Labor Cost	1	Project Cost Inventory	300	
		Labor Burdening Inventory Transfer		300
		Project Cost Inventory	100	
		Labor Burdening Inventory Transfer		100

Example Two: Accounting for Summarized Burden Cost Components

When the PA: Create Incremental Transactions for Cost Adjustments Resulting from a Burden Schedule Recompilation profile option is set to No, Oracle Projects reverses the original accounting entries for the raw cost. Oracle Projects then creates new raw cost entries and burden entries for the difference between the original and new burden cost amounts.

The following table illustrates the accounting entries generated for raw cost.

Transaction	Item Number	Accounting Transactions	Debit	Credit
Labor Cost	1	Labor Expense	100	
		Payroll Clearing		100
		Labor Expense		100
		Payroll Clearing	100	
		Labor Expense	100	
		Payroll Clearing		100

The following table illustrates the accounting entries generated for burden costs.

Transaction	Item Number	Accounting Transactions	Debit	Credit
Fringe	2	Project Fringe Expense	40	
		Fringe Absorption/Recovery		40
		Project Fringe Expense	20	
		Fringe Absorption/Recovery		20
Overhead	3	Project Overhead Expense	100	
		Overhead Absorption/Recovery		100
		Project Overhead Expense	50	
		Overhead Absorption/Recovery		50
General and Administrative	4	Project General and Administrative Expense	60	
		General and Administrative Absorption/Recovery		60
		Project General and Administrative Expense	30	
		General and Administrative Absorption/Recovery		30

When the *PA: Create Incremental Transactions for Cost Adjustments Resulting from a Burden Schedule Recompilation* profile option is set to *Yes*, Oracle Projects does not reverse the original accounting entries. Instead, Oracle Projects creates new burden entries for the difference between the original and new burden cost amounts.

The following table illustrates the accounting entries that are generated for raw cost.

Transaction	Item Number	Accounting Transactions	Debit	Credit
Labor Cost	1	Labor Expense	100	
		Payroll Clearing		100

The following table illustrates the accounting entries that are generated for burden costs.

Transaction	Item Number	Accounting Transactions	Debit	Credit
Fringe	2	Project Fringe Expense	40	
		Fringe Absorption/Recovery		40
		Project Fringe Expense	20	
		Fringe Absorption/Recovery		20
Overhead	3	Project Overhead Expense	100	
		Overhead Absorption/Recovery		100
		Project Overhead Expense	50	
		Overhead Absorption/Recovery		50
General and Administrative	4	Project General and Administrative Expense	60	
		General and Administrative Absorption/Recovery		60
		Project General and Administrative Expense	30	
		General and Administrative Absorption/Recovery		30

Related Topics

Adjustments to Burden Transactions, page 2-53

Reporting Burden Components in Custom Reports

You can report the buildup of costs for each detail transaction, by invoice, in summary for a project, by GL period, by PA period, or in any way that you want to review information. This applies only if you stored the burdened cost as a value on the expenditure item and not if you store it as a summarized burden transaction. You may want to report this information for internal reporting and for customer billing. For example, your company may need to create an invoice backup report that displays the raw cost as well as the related burden cost components on an invoice.

You report the individual burden cost components for costing, revenue, and invoicing using the appropriate view from the following list:

- PA_CDL_BURDEN_DETAILS_V
- PA_CDL_BURDEN_SUMMARY_V
- PA_COST_BURDEN_DETAILS_V
- PA_INV_BURDEN_DETAILS_V
- PA_REV_BURDEN_DETAILS_V

To create error reports, use the following views:

- PA_CDL_BURDEN_SUM_ERROR_V
- PA_BURDEN_EXP_ITEM_CDL_V

To create the reports for burdened commitments, use the following views:

- PA_CMT_BURDEN_DETAIL_V
- PA_CMT_BURDEN_SUMMARY_V
- PA_CMT_BURDEN_SUM_ERROR_V
- PA_CMT_BURDEN_TXN_V

For more information, refer to the *Oracle eBusiness Suite Electronic Technical Reference Manual (eTRM)*, available on Oracle MetaLink

Revenue and Billing for Burden Transactions

All expenditure types that will be used on a project must be included in the bill rate schedule that will be used by that project. If they are not, you will receive an error message when you generate invoices or revenue.

Including Burden Transactions in Revenue and Invoices

The expenditure type *Burden Transaction* is a non-labor expenditure type. To include burden transactions in revenue and invoice calculations, you must include Burden Transactions as an expenditure type when you set up the non-labor bill rate schedule.

Markup is based on the raw cost amount, except in the case of burden transactions, where markup is based on burden cost. If you need to distinguish the bill rate or markup for each type of cost base, then you must define burden cost codes and expenditure types for each category.

For example, if all expenditures are burdened with General and Administrative burden, but you want to distinguish the labor value of this burden on an invoice, or mark it up differently, you must create a General and Administrative burden cost code expenditure type for labor. (Burden cost code expenditure types are defined under Entities that Affect Burdening, page 3-44.)

Revenue and Billing for Burdened Labor

If your employee bill rates are based on quantity and hours, then burden cost does not affect revenue and billing. However, if you bill for labor based on markup, you may need to distinguish labor burden cost by defining burden cost codes and expenditure types for labor.

Revenue Burdening Using Revenue or Invoice Schedules

If you use revenue or invoice schedules and you want the burden transaction to be revenue burdened, then you must include the burden expenditure types in the burden structures that are used for revenue and invoicing.

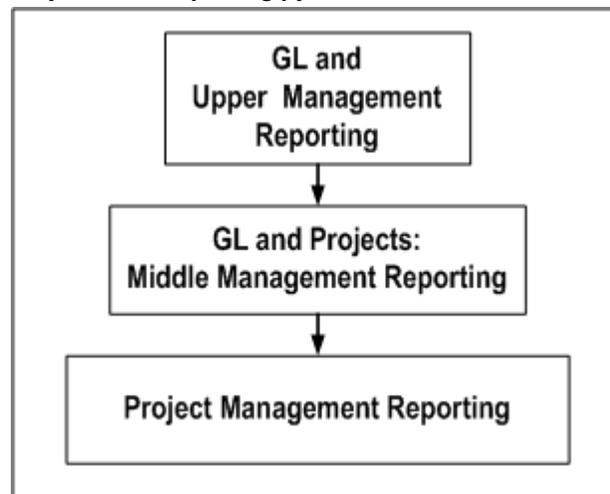
Showing Non-Labor Burden Transactions on an Invoice

If you show burden transactions for non-labor expenditures on a project invoice, the *quantity* for burden transactions will be displayed as zero.

Reporting Requirements for Project Burdening

The following illustration shows how the reporting requirement for project costs generally has three levels.

Project costs reporting pyramid



Oracle Projects provides several ways to set up burdening to serve project reporting needs. For example:

- You can show burden transactions individually on a project, and also record the detail transactions in the general ledger.
- You can charge burden costs to internal projects to provide visibility within Oracle Projects of total recovered overhead costs.
- You can choose not to view the individual burden transactions in Oracle Projects, while charging total burdened cost to project inventory in the general ledger.

GL and Upper Management Reporting

During the financial cycle, the financial reports (income statement and balance sheet) provide a summary view of a company's fiscal performance. Before the beginning of a new fiscal year, a company develops budgets for the coming year based on the prior year's performance, as well as expectations and plans for the coming fiscal year. The accountants review the total budgeted burden costs such as overhead, fringe, and G&A (general and administrative). They then estimate, for each project type, the burden multipliers and basis (such as labor hours) for applying the burden.

An overhead cost may be associated with the entire company and therefore must be shared across organizations. A burden multiplier algorithm can be implemented to distribute (burden) overhead costs to selected organizations and/or projects. To monitor the burdening of projects, the costing processes must capture the burden information. Management reports must track the recovery of overhead, identify overhead costs that have been insufficiently or excessively recovered (unders and overs), and show comparison ratios such as actual revenue to actual total cost, and budget to actual cost.

In the income statement and balance sheet shown in the following two tables, overhead is recovered at the general ledger level. These statements do not reflect the use of project burdening.

Income Statement

The following income statement shows overhead recovered at the general ledger level.

Income Statement Item	Amount
Revenue	100
Less: Direct Cost of Projects	30
Contribution Margin 1	70
Less: Burden 1 Cost (Project Indirect Cost)	10
Contribution Margin 2	60
Less: Burden 2 Cost (Corporate Expense)	27
PROFIT	33

Balance Sheet:

The following balance sheet shows overhead recovered at the general ledger level.

Balance Sheet Item	Amount
ASSETS	
Project Inventory	200
Construction in Progress (CIP)	138
TOTAL ASSETS	338
LIABILITIES	
Accounts Payable	75
EQUITY	
Owners' Shares and Retained Earnings	230
Plus: <i>Raw Cost Profit</i>	33
TOTAL EQUITY	263
TOTAL LIABILITIES AND EQUITY	338

In the financial statements shown in the tables above, project expenditures are charged directly to projects and are subtracted from revenue to produce the Contribution Margin 1. Overhead (project indirect cost) is subtracted from Contribution Margin 1 to produce Contribution Margin 2. Corporate expense is then subtracted, to determine the profit.

If overhead is recovered at the project level, expense components of the income statement are reclassified as direct project cost elements. This provides management with an alternative view of the cost of doing business.

Burden Multiplier Algorithm

The cost of doing business may vary from department to department or from project to project. How you apply burden costs can be driven directly by how much overhead an organization or project incurs. You typically determine the burden multiplier based on a forecast of the amount of overhead cost incurred.

The table below shows an example of a burden multiplier algorithm.

Cost Element	Cost	Reference / Formula
Raw Labor (1 hour)	10	A
Burden 1 (30%)	3	$B = A \times .3$
Burden 2 (69%)	9	$C = (A+B) \times .69$
Total Labor	22	$D = A + B + C$

In this algorithm, indirect costs (Burden 1) are weighted at a rate of 30% of an employee's hour of labor. Burden 2 is weighted at 69% of a labor hour after Burden 1 is applied.

If the algorithm shown in the table above were implemented in Oracle Projects, the financial statements would be restated to show overhead recovery. This is shown in the reclassified income statement and reclassified balance sheet represented in the following two tables.

Reclassified Income Statement

The following income statement is restated to show overhead recovery.

Income Statement Item	Burden Detail Amounts	Net Amounts
Revenue		100
Less: Cost of Projects (Total cost incurred, including overhead)		58
Contribution Margin 1		42
Burden 1 Cost	10	
Less: Recovered Income Statement	7	
Less: Recovered Balance Sheet	2	
Net Burden 1 Cost		1
Contribution Margin 2		41
Burden 2 Cost	27	
Less: Recovered Income Statement	21	
Less: Recovered Balance Sheet	5	
Net Burden 2 Cost		1
PROFIT		40

Reclassified Balance Sheet

The following balance sheet is restated to show overhead recovery.

Balance Sheet Item	Amount
ASSETS	
Project Inventory	200
Plus: Burden Cost	5
Total Inventory Cost	205
Construction in Progress (CIP)	138
Plus: Burden Cost	2
Total Construction in Progress (CIP)	140
TOTAL ASSETS	345
LIABILITIES	
Accounts Payable	75
EQUITY	
Owners' Shares and Retained Earnings	230
Plus <i>Burdened</i> Profit	40
TOTAL EQUITY	270
TOTAL LIABILITIES AND EQUITY	345

Accounting Transactions for Burden Cost Reporting

Examples of typical accounts payable (AP), purchasing (PO), and general ledger (GL) transactions that result in cost reporting in the general ledger are shown in the following table:

Transaction Type	Direct, Burden 1 and Burden 2 Costs	Debit Account	Credit Account
AP/PO	Material Purchase - Raw Cost	Cost of Project	AP Liability
AP/PO	Stationery Purchase - Burden 1	Stationery	AP Liability
GL	Interest Expense - Burden 2	Interest Expense	Bank

The Oracle Projects transactions shown in the table below are used to offset the overhead entries shown in the table above. Labor hours are used as the cost basis for applying overhead.

Generated Transactions	Debit Account	Credit Account
Labor Hour	Labor Expense	Payroll Clearing
Burden 1	Project Burden 1	Burden 1 Recovered
Burden 2	Project Burden 2	Burden 2 Recovered

Burdening Options for General Ledger Accounting and Reporting

Oracle Projects provides the following options for accounting for and reporting project burdening in the general ledger:

1. Track burden amount for each burden cost code
2. Show burdening in one account
3. Show total burdened cost as one sum
4. Show total burdened cost as one sum, and expense project burden
5. No burden tracking in GL

Following are descriptions and examples of these options.

Note: The examples that follow use a three-segment general ledger account. The segments are company, cost center, and account. Because all transactions occur within the same company, the journal entries show only the cost center segment and account. Additionally, the *Type of Account (Acct)* column in each table reflects whether each account is an *income statement (I.S.)* account or a *balance sheet (B.S.)* account.

GL Option 1: Track Burden Amount for Each Burden Cost Code

In this option, shown in the following table, each burden transaction (Burden 1 and Burden 2 in our example) is charged to a general ledger account set up for the appropriate burden cost code. This provides visibility to overhead recovery information at the burden cost code level.

The burden transactions can optionally be charged (debited) to the same account as the raw cost, but the credit transaction will go to a recovery account set up for each burden cost code.

Generated Transactions	Cost Center Segment	Account	Dr.	Cr.	Type of Acct
Labor Costs	Project Organization	Project Expense	20		I.S.
	Expenditure Org.	Payroll Clearing		20	I.S.
Burden 1 Costs	Project Organization	Project Burden 1	6		I.S.
	Expenditure Org.	Burden 1 Recovered		6	I.S.
Burden 2 Costs	Project Organization	Project Burden 2	18		I.S.
	Expenditure Org.	Burden 2 Recovered		18	I.S.
Usage Cost	Project Organization	Project Expense	100		I.S.
	Expenditure Org.	Usage Clearing		100	I.S.

GL Option 2: Show Burdening in One Account

In this option, shown in the following table, burden is accounted for separately from raw cost for reconciliation and reporting purposes. It is recovered in one recovery account. A separate account is not required for each burden cost code.

The balance in the Burden Recovered account is the summary burden cost. The Project Inventory balance is total burdened cost (raw cost plus burden cost).

Generated Transactions	Cost Center Segment	Account	Dr.	Cr.	Type of Acct
Labor Costs	Project Org.	Project Inventory	20		B.S.
	Expenditure Org.	Payroll Clearing		20	I.S.
Overhead (Burden 1 and Burden 2)	Project Org.	Project Inventory	24		B.S.
	Expenditure Org.	Burden Recovered		24	I.S.
Usage Cost	Project Org.	Project Inventory	100		B.S.
	Expenditure Org.	Usage Clearing		100	I.S.

GL Option 3: Show Total Burdened Cost as One Sum

As in GL option 2, the net balance in the Burden Recovered account is the summary burdened cost (24), and the Project Inventory balance is the total burdened cost (Labor=44, Usage=100). However, the amount for each burden cost code is not visible in the general ledger. GL option 3 is summarized in the following table:

Generated Transactions	Cost Center Segment	Account	Dr.	Cr.	Type of Acct
Raw Labor Costs	Expenditure Org.	Burden Recovered	20		I.S.
	Expenditure Org.	Payroll Clearing		20	I.S.
Raw Usage Cost	Expenditure Org.	Usage Expense	100		I.S.
	Expenditure Org.	Usage Clearing		100	I.S.
Total Burdened Labor Costs	Project Org.	Project Inventory	44		B.S.
	Expenditure Org.	Burden Recovered		44	I.S.
Total Burdened Usage Cost	Project Org.	Project Inventory	100		B.S.
	Expenditure Org.	Usage Transferred Out		100	I.S.

GL Option 4: Show Total Burdened Cost as One Sum, and Expense Project Burden

For this option, shown in the following table, total burdened cost is shown as one sum, as in GL option 3. In addition, total overhead costs, summarized by burden cost code, are accounted as expense. With this method, the Project Inventory account shows the total burdened cost, but details of the burden (by burden cost code) are stored separately for burden recovery purposes.

Generated Transactions	Cost Center Segment	Account	Dr.	Cr.	Type of Acct
Raw Labor Costs	Expenditure Org.	Burden Recovered	20		I.S.
	Expenditure Org.	Payroll Clearing		20	I.S.
Raw Usage Cost	Expenditure Org.	Usage Expense	100		I.S.
	Expenditure Org.	Usage Clearing		100	I.S.
Total Burdened Labor Costs	Project Org.	Project Inventory	44		B.S.
	Expenditure Org.	Burden Recovered		44	I.S.
Total Burdened Usage Cost	Project Org.	Project Inventory	100		B.S.
	Expenditure Org.	Usage Transferred Out		100	I.S.
Burden 1 Costs	Expenditure Org.	Burden 1 Expense	6		I.S.
	Expenditure Org.	Burden 1 Recovered		6	I.S.
Burden 2 Costs	Expenditure Org.	Burden 2 Expense	18		I.S.
	Expenditure Org.	Burden 2 Recovered		18	I.S.

GL Option 5: No Burden Tracking in GL

In this option, shown in the table below, the project managers need to track burden but upper and accounting managers do not.

Using this option, the burden cost journals in the general ledger net to zero. Only the raw cost is shown in the Project Inventory balance.

Generated Transactions	Cost Center Segment	Account	Dr.	Cr.	Type of Acct
Labor Costs	Project Org.	Project Inventory	20		B.S.
	Expenditure Org.	Payroll Clearing		20	I.S.
Usage Cost	Project Org.	Project Inventory	100		B.S.
	Expenditure Org.	Usage Clearing		100	I.S.
Total Burdened Cost	Expenditure Org.	Burden Recovered	24		I.S.
	Expenditure Org.	Burden Recovered		24	I.S.
Usage Cost	Expenditure Org.	Usage Clearing	100		I.S.
	Expenditure Org.	Usage Clearing		100	I.S.

Middle Management Reporting

As shown in the illustration *Project Costs Reporting Pyramid*, page 3-31, middle management relies on both Oracle Projects and the general ledger for their required information.

A division or department manager looks for project information at the summary projects level. This manager may want to see total project burdening by burden cost code (Burden 1 and Burden 2), as shown in the following table:

All Projects	Total
Revenue	60
Raw Cost	18
Burden 1	5
Burden 2	17
Contribution Margin	20

Or, the division or department manager may want to see only the total burdened costs of all projects, as shown in the following table:

All Projects	Total
Revenue	60
Total Cost of Projects	40
Contribution Margin	20

Project Management Reporting

During a project life cycle, project managers review project information in the Oracle Projects application. They review comparison ratios (revenue to cost, budget to actual, etc.) for each project and/or for all projects in a division or department.

The project manager and accounting manager may want to view the same level of detail for projects as for GL accounts, or their needs may be different.

A project manager is concerned about revenue and cost on an individual project basis. How is the project doing compared to the budget? When burden recovered in the project, at the expenditure item level, the project manager can review total project cost on an ongoing basis.

A project manager may want to see the burden cost on a project by burden cost code (Burden 1 and Burden 2), or may only want to see total burdened cost (raw and burden).

Burdening Options for Project Reporting

Oracle Projects provides flexible options to provide solutions for different project reporting requirements. Some examples of these requirements are:

- Burden costs are visible on each project
- Budgeting is done by burden cost code
- Only total cost needs to be visible on a project
- A project requires separation of raw cost and burden cost for a complete project management picture

The following burdening options are provided by Oracle Projects for project reporting.

1. Burden transactions on the original project/task
2. Total burdened cost and separate burden transactions
3. Total burdened cost only

These options are described below.

In the examples, labor costs are burdened with Burden 1 and Burden 2, and usage costs are not burdened. This rule is for these examples only -- In practice, usage can be burdened. The examples are designed this way because

- it is a common practice to burden labor but not usage, and
- with this scenario we can illustrate how both burdened and non-burdened transactions are handled in each example.

Projects Option 1: Burden transactions on the original project/task

In this option, summarized burden transactions are shown on the same project/task as the original expenditures.

Using this option, the project manager can view the total project cost, and can also view the burden costs separately from the raw cost. The following table shows this information as it might be viewed in Project Status Inquiry or in a custom report.

Project ABC Cost	Raw Cost	Burdened Cost
Labor Cost (Employee 1)	10	10
Labor Cost (Employee 2)	10	10
Burden 1 (30%)	0	6
Burden 2(69%)	0	18
Total Labor Cost	20	44
Usage Cost	100	100
Total Burdened Cost	120	144

Projects Option 2: Total burdened cost and separate burden transactions

In this option, the project shows total burdened cost for each burdened expenditure, as shown in the following table. Summarized burden transactions are shown on a separate project.

Using this option, analysis and reporting on burden are done on an overview basis, not project by project. Budgeting can be done by burden cost code on the separate project. This enables budget-to-actual analysis of the overall project burden.

Project ABC Cost	Raw Cost	Burdened Cost
Labor Cost (Employee 1)	10	22
Labor Cost (Employee 2)	10	22
Total Labor Cost	20	44
Usage Cost	100	100
Total Project Cost	120	144

The details of the total burdened cost are visible in database views, as shown in the following table. Custom solutions can be developed for individual implementations to report the required details.

Project ABC	Total	Cost Breakdown
Revenue	4	
Total Cost	3	Raw Cost - 1.5, Burden 1 - 0.4, Burden 2 - 1.1
Contribution Margin	1	

A separate project, Project XYZ, is set up to collect burden transactions on Project ABC and other projects. The following table shows the burden costs collected by project XYZ for the labor cost incurred on project ABC.

In this table, the burden costs are displayed in the Burdened Cost/Burden Element column. While the amounts represent only the burden element, they would be displayed in the Burdened Cost column when viewed in the Project Status Inquiry window.

Project XYZ Cost	Raw Cost	Burdened Cost /Burden Element
Burden 1 (30%)	0	6
Burden 2(69%)	0	18

Project Option 3: Total burdened cost only

In this option, the project shows total burdened cost, as shown in the following table. Separate burden transactions are not created.

You can use this option when the project manager does not need to view the burden transactions. Total burdened cost provides the information required to manage the project.

Project ABC Cost	Raw Cost	Burdened Cost
Labor Cost (Employee 1)	10	22
Labor Cost (Employee 2)	10	22
Total Labor Cost	20	44
Usage Cost	100	100
Total Project Cost	120	144

Setting Up Burden Cost Accounting to Fit Reporting Needs

The following table shows how burden cost accounting can be set up in Oracle Projects and GL to accommodate reporting needs. The table shows which of the following four setup options you can use for each Oracle Projects and GL setup combination:

- Setup A: Maximum Detail, page 3-44
- Setup B: Detail in Oracle Projects, One Sum in GL, page 3-45

- Setup C: Total Burdened Cost, page 3-46
- Setup D: No Project Burden Tracking in GL, page 3-46

Oracle Projects Options:	GL Option 1: By Burden Cost Code	GL Option 2: One Account	GL Option 3: One Sum	GL Option 4: Expensed	GL Option 5: Not Tracked
1. Burden transactions on the original project	Setup A	Setup A	n/a	n/a	Setup D
2. Total burdened cost and separate burden transactions	n/a	n/a	Setup B	Setup B	Setup D
3. Total burdened cost	n/a	n/a	Setup C	n/a	Setup D

Entities That Affect Burdening

How a project is burdened depends on the setup of the following entities:

1. Burden Cost Code Expenditure Types

The expenditure types you set up to associate with burden cost codes are used only for burden transactions. These expenditure types are referred to as burden cost code expenditure types.

2. Burden Cost Codes

3. Burden Structures

When you define burden structures, you associate expenditure types with each cost base you enter. Therefore, although an expenditure type can be associated with multiple expenditure type classes, the burden structure is based on the expenditure type, not the expenditure type class.

4. Burden Schedules

5. Project Types

6. AutoAccounting for raw, burden, and/or total burdened cost

The following sections tell you how to set up these entities for the four burdening setup options referenced in the table above.

Setup A: Maximum Detail

This solution provides maximum visibility of burden costs on the original project, and shows details of the recovered burden in the general ledger.

Use this implementation to set up GL options 1 and 2 with Projects option 1. To track maximum detail, you follow these steps:

1. Burden Cost Code Expenditure Types

In the Expenditure Types window, create an expenditure type for each of the burden cost codes you plan to use. Each expenditure type must have the expenditure type class *Burden Transaction*. If you define each expenditure type with the same name as the corresponding burden cost code, it will make it easier to reconcile and set up AutoAccounting for your burden costs.

2. **Burden Cost Codes**

Assign the burden cost code expenditure types to burden cost codes in the Burden Cost Codes window.

3. **Burden Structures and Burden Schedules**

Create burden structures that map the different burden cost codes to cost bases and expenditure types. Create burden schedules that use appropriate burden multipliers.

4. **Project Types**

Define one or more project types with the following options selected in the Costing Information region:

- 5. Enable the *Burdened* check box and select a burden schedule.
- 6. Enable the *Burden Cost as Separate Expenditure Item* check box. This selection generates summarized burden transactions on the same project/task where expenditures are incurred.

7. **AutoAccounting**

Set up AutoAccounting rules for all raw and burden costs.

Warning: Do not enable the rules for Total Burden Cost for this option.

Setup B: Detail in Oracle Projects, One Sum in GL

With this solution, you report overall burden cost by burden cost code in Oracle Projects. In the general ledger, burden cost will be tracked as one sum. This solution implements Projects option 2, combined with either GL option 3 or GL option 4. To track detail in Oracle Projects, and show one sum in GL, follow these steps:

1. **Burden Cost Code Expenditure Types**

Create an expenditure type for each of the burden cost codes you plan to use. Each expenditure type must have the expenditure type class *Burden Transaction*. If you define each expenditure type with the same name as the corresponding burden cost code, it will make it easier to reconcile and set up AutoAccounting for your burden costs.

1. **Burden Cost Codes**

Assign the burden cost code expenditure types to burden cost codes in the Burden Cost Codes window. This step is necessary only if you have created expenditure types for burdening in step 1 above.

1. **Burden Structures and Burden Schedules**

Create burden structures that incorporate the multiple burden cost codes. Create burden schedules that use appropriate burden multipliers.

1. **Project Types**

Define one or more project types with the following options selected in the Costing Information region:

- Enable the *Burdened* check box and select a burden schedule.
- Enable the *Burden Cost on Same Expenditure Item* option and the *Account for Burden Cost Components* check box. This selection generates summarized burden transactions on a separate project as well as total burdened cost on the original expenditure.
- Enter a project/task for the burden transactions.
- **AutoAccounting**

Set up AutoAccounting rules for all raw, burden, and total burdened costs.

Setup C: Total Burdened Cost

With this solution, total burdened cost will be shown on the project. The general ledger will show total burdened cost as one sum.

This solution implements Projects option 3 with GL option 3. To show total burdened cost on the project and one sum in GL, follow these steps:

1. Burden Structures

Create burden structures that incorporate the multiple burden cost codes. Create burden schedules that use appropriate burden multipliers.

2. Project Types

Define one or more project types with the following options selected in the Costing Information region:

3. Enable the *Burdened* check box and select a burden schedule.
4. Enable the *Burden Cost on Same Expenditure Item* check box. This selection generates total burdened cost balances on each burdened expenditure item.
5. **AutoAccounting**

Set up AutoAccounting rules for all raw, burden, and total burdened costs. Burden transaction accounting is configured to handle one off, manual, or imported burden transactions.

Setup D: No Project Burden Tracking in GL

With this solution, there is no tracking in the general ledger of burden recovered on projects. This solution implements GL option 5.

Steps 1 and 2 below are required if the you require visibility of burden transactions on the project. If you only want to report by summary burden cost codes, then these steps are not necessary. For reporting purposes, the individual burden expenditures are available internally. To track burdening only in Oracle Projects, follow these steps:

1. Burden Cost Code Expenditure Types

Create an expenditure type for each of the burden cost codes you plan to use. Each expenditure type must have the expenditure type class *Burden Transaction*. If you define each expenditure type with the same name as the corresponding burden cost code, it will make it easier to assign expenditure types correctly.

1. Burden Cost Codes

Assign the new expenditure types to burden cost codes in the Burden Cost Codes window.

1. Burden Structures

Create burden structures that incorporate the multiple burden cost codes. Create burden schedules that use appropriate burden multipliers.

1. Project Types

Define one or more project types with the following options selected in the Costing Information region:

- Enable the *Burdened* check box and select a burden schedule.
- Projects option 1: If you want to view burden costs as separate transactions on the same project, enable the *Burden Cost as Separate Expenditure Item* check box. This selection generates summarized burden transactions on the same project where expenditures are incurred.
- Projects option 2: If you want to view burden costs on the same project, and collect summary burden transactions on a different project, enable the *Burden Cost on Same Expenditure Item* option and the *Account for Burden Cost Components* check box, and enter the project and task name. This selection generates summarized burden transactions on a separate project while generating total burdened cost on the original expenditure.
- **AutoAccounting**

Set up AutoAccounting rules for all raw and burden costs.

Although this solution does not require general ledger tracking of burden recovery, Oracle Projects will still interface the burden transactions to the general ledger. To create a net zero transaction, set up AutoAccounting to post the debit and credit to the same account.

Warning: Do not enable the rules for Total Burden Cost for this option.

Allocations

This chapter describes how you can allocate costs to projects and tasks.

This chapter covers the following topics:

- Overview of Allocations
- Creating Allocations
- Full and Incremental Allocations
- AutoAllocations

Overview of Allocations

Project managers often need to allocate certain costs (amounts) from one project to another. The allocations feature in Oracle Projects can distribute amounts between and within projects and tasks, or to projects in other organizational units. For example, a manager could distribute across several projects (and tasks) amounts such as salaries, administrative overhead, and equipment charges. Your allocations can be as simple or elaborate as you like.

Note: Oracle Projects performs allocations among and within projects and tasks. MassAllocations in Oracle General Ledger performs allocations among GL accounts. You can use AutoAllocations in either General Ledger or Oracle Projects to run MassAllocations.

You identify the *sources*-costs or amounts you want to allocate-and then define *targets*-the projects and tasks to which you want to allocate amounts. If you want, you can offset the allocations with reversing transactions.

The system gathers source amounts into a source pool, and then allocates to the targets at the rate (basis) that you specify.

When you allocate amounts, you create expenditure items whose amounts are derived from one or more of the following:

- Existing summarized expenditure items in Oracle Projects
- A fixed amount
- Amounts in a General Ledger account balance

You can specify exactly how and where you want to allocate selected amounts. For example, you may want to:

- Allocate the actual cost of office supplies equitably among various projects

- Charge certain projects a larger percentage of costs
- Allocate overhead costs, charging them to projects that benefited from the overhead activities

Understanding the Difference Between Allocation and Burdening

Allocation uses existing project amounts to generate expenditure items, which you can then assign to specified projects.

Burdening estimates overhead by increasing expenditure item amounts by a set percentage.

Allocations and burdening are not mutually exclusive. Whether your company uses allocations, burdening, or both in a particular situation depends on how your company works and how you have implemented Oracle Projects.

Related Topics

Overview of Burdening, page 3- 1

Creating Allocations

Creating allocation transactions involves several stages. Each of these stages is described in the pages listed below:

1. Define one or more allocation rules. See: Defining Allocation Rules, page 4- 3 .
2. Create a draft allocation run by selecting a rule and generating allocation transactions. See: Allocating Costs, page 4- 4 .
3. Use the Review Allocation Runs window to review the results of the draft allocation run. Delete the run if it is unsatisfactory, then correct the rule and rerun the allocation. See: Viewing Allocation Runs, page 4- 6 .
4. Release the draft run. See: Releasing Allocation Runs, page 4- 6 .

You can also reverse runs that have been released. See: Reversing Allocation Runs, page 4-10.

Related Topics

Viewing Allocation Transactions, page 4- 9

Defining Allocation Rules

Allocation rules define how allocation transactions are to be generated, including:

- The source of the amounts you are allocating
- The targets—the projects and tasks to which you want to allocate amounts
- How much of the source pool you want to allocate, and if you want to include a fixed amount, GL balance, or client extension (or any combination of these)
- The time period during which the rule is valid

You can create as many rules as you want, and use them in as many allocation runs as you want.

You can leave the original expenditure amounts in the source project, or offset the amounts with reversing transactions. In most cases, the reversing transactions decrease the project balance by the amount of the allocation.

Allocations and Operating Units (Cross Charging)

Each allocation rule belongs to an operating unit and cannot be shared with other operating units.

Allocation rule source projects must be from the same operating unit unless cross charge is enabled. If cross-charge is enabled, you can allocate to target projects that are in different operating units from the source project operating unit. Offset projects must always be in the same operating unit as source projects. See: Implementation Options in Oracle Projects: Cross Charge: Allow Cross Charges to All Operating Units Within Legal Entity, *Oracle Projects Implementation Guide*.

Related Topics

Full and Incremental Allocations, page 4-10

Allocating Costs

Once you have created a rule for allocating costs, you can use the rule in an allocation run. Processing the rule generates allocation transactions and (if specified) offset transactions in a *draft*, a trial allocation run that you can review and evaluate. If the draft allocation fails or does not produce the results you expect, you can delete the draft, change the rule parameters, and then create another draft. When you are satisfied with the draft run and its status is *Draft Success*, you can release the allocation run.

Any source projects that you include in an allocation must not be closed. Any target or offset project that you include in an allocation run must have a status that allows the creation of transactions (as defined by your implementation team).

You can create, review, and delete draft runs until you are satisfied with the results. However, you cannot create a draft if another draft exists for the same rule.

Although you can run the *Generate Allocations Transactions* process at any time, it is a good practice to prepare for the allocation run by distributing costs and running all interfaces and summarization processes. Doing so ensures that the allocation run includes all relevant amounts.

Warning: If you use an allocation rule that is set up for full allocation more than once in a run period, you will generate duplicate transactions in your target projects. If this happens, you can reverse the run. See: *Reversing Allocation Runs*, page 4-10 and see: *Full and Incremental Allocations*, page 4-10.

Precedence

Excluded lines take precedence over included lines, and the allocation rule processes lower line numbers first. For more information about precedence, see: *Defining the Targets*, *Oracle Projects Implementation Guide*.

About the Run Status

The run status shows the progress and state of the allocation run. The following table describes the possible statuses for an allocation run. For information on the actions you can take for each status, see: *Viewing Allocation Runs*, page 4-6.

Note: You may have to wait a short time for the system to change the status.

Status	Description
In Process	The process is not yet complete.
Draft Success	The process has created draft transactions which are ready for release. Note: The system will not create the transactions in the target and (if specified) offset projects and tasks until you release the draft.
Draft Failure	The process encountered problems and could not create draft transactions.
Release Success	The system has written the transactions to the target and (if specified) offset projects and tasks.
Release Failure	The system has not written the transactions, perhaps because projects or tasks included in the draft run were deleted or closed after the process created the draft. Delete the run, fix the problem, and then run the rule again.

Viewing Process Results

The PRC: Generate Allocations Transactions process produces the Allocation Run Report. For more information on this process, see: *Generate Allocations Transactions, Oracle Projects Fundamentals*.

To create an allocations run:

1. Navigate to the Submit a New Request window.
2. Submit a request for the PRC: Generate Allocations Transactions process.
3. The following table shows the parameters you specify for each field in the Parameters window.

For this field...	Do this...
Rule Name	Enter the name of the allocation rule that you want to use in this allocation run.
Period Name	Select the period from which the process will accumulate the source amount.
Expenditure Item Date	Enter a date for the allocation transactions. The default is the system date.

Note: If the list of values in the Parameters window of the PRC: Generate Allocations Transactions process does not display an allocation rule that you are looking for, then the rule may not be currently in effect. Allocation rules are available only within a

certain time period, as defined by the Effective Dates fields in the Allocation Rule window. For more information, see: *Defining Allocation Rules, Oracle Projects Implementation Guide*.

(If a rule is in effect on the day you create a draft run for the rule, you can release the draft later, even if the rule is no longer in effect.)

Releasing Allocation Runs

After you create a successful draft run, the process has created the allocation transactions but not yet allocated each transaction to the targets you specified. To allocate the transactions to the targets, you *release* the run.

Note: You can release a draft run after the effective dates of the rule.

To release an allocation run:

1. Navigate to the Find Allocations Runs window and enter selection criteria. (To see all existing allocation runs, leave all the fields blank.)

The Review Allocation Runs window opens.

2. Select the allocation run you want to release (the status must be *Draft Success*), and then choose Release.

After you release the run, the status changes to *Release Success* or *Release Failure*. You may have to wait a short while for the status to change. For more information about the status see: *About the Run Status, page 4-4*.

Note: You can also use the Requests window to release the run.

Viewing Allocation Runs

Rule Name	Run Period	Run Status	Allocation Expnd Batch	Current Allocated Amount
AC.ALLOC01-01	DEC-98	Draft Failure		
AC.ALLOC01-01	JAN-00	Release Success	1389PJ3589	161.20
AC.ALLOC01-01	JAN-00	Reversed	1370PJ3569	161.20
AC.ALLOC01-01	JAN-00	Reversed	842PJ1985	161.20
AC.ALLOC01-01	JAN-99	Release Success	813PJ1974	100.00
AC.ALLOC01-01	FEB-98	Release Success	812PJ1973	100.00
AC.ALLOC01-01	JAN-98	Release Success	810PJ1970	100.00

You can view various aspects of an allocation run in the Review Allocation Runs window, including the run status.

You can also view allocation transactions by querying by batch name. See: Viewing Allocation Transactions, page 4-9.

To view allocation runs:

1. Navigate to the Find Allocations Runs window and enter selection criteria. (To see all existing allocation runs, leave all the fields blank.)

The Review Allocation Runs window opens.

2. Select the allocation run that you want to view and choose an action button. The following table describes the actions that you can perform when you are viewing allocation runs, depending on the run status. Also see: About the Run Status, page 4-4.

To...	With this status...	Do this...
Delete an allocation run	Draft Success Draft Failure Release Failure	Choose Delete, and then confirm the deletion.
View the exceptions for a failed allocation run	Draft Failure	Choose Exceptions. You see information about the draft failure in the Draft Exceptions window. (The Allocation Run Report also includes a list of the exceptions. See: Generate Allocations Transactions, <i>Oracle Projects Fundamentals</i>).
Reverse an allocation run	Release Success	Choose Reverse. See: Reversing Allocation Runs, page 4-10.
Release an allocation run	Draft Success Release Failure	Choose Release, and then confirm the release. See Releasing Allocation Runs, page 4-6.
See missing amounts for the second and subsequent runs of an incremental allocation	Draft Success Draft Failure Release Success Release Failure	Choose Missing Amounts. To limit the display in the Missing Amounts window, specify the type of amount you want to see, and then choose Find. To see the total missing amounts, choose Totals. See: About Previous Amounts and Missing Amounts in Allocation Runs, page 4-11.

To...	With this status...	Do this...
See the basis details for an allocation run that used a rule whose basis is prorated	Draft Success Draft Failure Release Success Release Failure	Choose Basis Details. The Basis Details window displays basis information about the target lines in the allocation run. To see the total basis amounts, choose Totals.
See the source detail lines for an allocation run	Draft Success Draft Failure Release Success Release Failure Reversed	Choose Source Details. The Source Details window displays information about the sources used in the allocation run. To see total pool amounts, choose Totals.
See the transactions created by an allocation run	Draft Success Draft Failure Release Success Release Failure Reversed	Choose Transactions. The Transactions window displays information about the transactions associated with the allocation run. To limit the number of transactions displayed, select a check box and then choose Find.

Note: When you choose to delete a draft allocation run, Oracle Projects submits the concurrent process *PRC: Delete Allocations Transactions*. Before submitting the request, Oracle Projects ensures that no other request for the same rule and allocation run combination is in a non-completed status.

You can customize the columns that are visible for several of the windows that are displayed when you select one of the viewing options shown in the table above. For more information on the fields you can choose, refer to the following table:

Window	Fields you can add using Folder Tools
Review Allocation Runs	Many fields, including Draft Request ID, Pool Amount, Transaction Currency, parameters for various aspects of allocation, basis, missing amounts, offsets, and sources, and others.
Missing Amounts	Project Amounts Release Request ID Task Name
Source Details	Client Extension Project Name Task Name
Transactions	Expnd Type Project Name Target Line Num Task Name

For more information about adding folder fields, see: Customizing the Presentation of Data in a Folder, *Oracle Applications User's Guide*.

Troubleshooting Allocation Runs

If the pool amount for an allocation run is different from what you anticipate, check for one or more of the following conditions:

- If you specify a percentage to allocate from a resource list (in the Resources window), the rule calculates the pool amount using both the percentage specified in the Allocation Pool % field (Sources window) and the percentage specified in the Resources window.
- The amount included in the source pool can change each time you run the allocation. To create a stable source pool, define each project and task individually, either by specifying the source project and tasks in the Project Sources region in the Sources window, or by using a fixed amount as the source.
- For any run period, the rule creates the allocation pool during the time period defined by the amount class and run period. The amount class is based on the allocation period type (Allocation Rule window) and the amount class (Sources window).

For more information, see: Defining Allocation Rules, *Oracle Projects Implementation Guide*.

Viewing Allocation Transactions

You can view individual the individual transaction (expenditure items) created by the PRC:Generate Allocations Transactions process.

To view individual allocation transactions:

1. Navigate to the Find Project Expenditure Items or Find Expenditure Items window.

2. Enter the Project Number and Transaction Source fields. You can also enter other fields to further limit your search.
3. Choose Find.

To query by batch name:

1. Navigate to the Find Expenditure Batches window.
2. In the Batch field, enter the name of the batch you want to see and then choose Find.

Reversing Allocation Runs

You can reverse any successful allocation run (that is, the status is *Release Success*). The reversal creates reversing expenditure items. If expenditure items have been transferred or split before reversal, then the rule reverses the transferred or split items. The reversal process creates reversal entries in the allocation history, so that the reversed amounts are considered for the next incremental allocation, if any.

Note: Reversing the allocation run reverses all of the transactions. You cannot reverse individual transactions. You cannot reverse an allocation run if any of the target projects in the run cannot accept new transactions.

To reverse an allocation run:

1. Navigate to the Review Allocation Runs window
2. Select an allocation run that has a status of Release Success, and then choose Reverse.
3. In the Reverse an Allocation Run window, enter the parameters:
 - For Reversed Exp Batch, enter a name for the reversing expenditure batch.
 - For Reversed Offset Exp Group, enter a name for the reversing offset batch, if any. (This field appears only for rules that specify an offset.)
 - Choose OK.

Full and Incremental Allocations

The *allocation method* is an attribute of every allocation rule and affects how the rule collects and allocates amounts. You choose whether you want a rule to use full or incremental allocation on the Allocation Rule window. For more information, see: Naming the Allocation Rule, *Oracle Projects Implementation Guide*.

Full allocations distribute all the amounts in the specified projects in the specified amount class. The full allocation method is generally suitable if you want to process an allocation rule only once in a run period.

Warning: Plan to run allocation rules that are set up for full allocation only once in a run period. If you generate allocation transactions using a full allocation rule more than once in a run period, you will create duplicate transactions in your target projects. If this happens, you can reverse the duplicates. See: Reversing Allocation Runs, page 4-10.

Incremental allocations create expenditure items based on the difference between the transactions processed in the previous and current run. This method is generally

suitable if you want to use the allocation rule in allocation runs several times in a given run period.

Note: Incremental allocations may slow system performance because of the need to calculate the amounts allocated in previous runs.

The system keeps track of the results of previous incremental allocation runs. Therefore, you can run an incremental allocation multiple times within the same run period without creating duplicate transactions for target projects. You can review and delete draft runs until you are satisfied with results.

Both full and incremental allocation distribute all the amounts accumulated during the run period.

About Previous Amounts and Missing Amounts in Allocation Runs

Previous amounts and missing amounts occur only during incremental allocation runs, and are significant only for the second and subsequent run in the same run period. Full allocation runs do not have or use previous or missing amounts.

Previous amounts are those amounts that have been allocated in a previous run. For the second and subsequent runs for the same time period, the rule allocates only differences from the previous run or additional expenditures.

Missing amounts occur when a source, target or offset project or task has been closed or has become inactive since the previous allocation run. During subsequent runs, the system tracks the *missing* amounts, so that the source, target or offset amounts will be accurate. Source amounts may be missing because:

- The task is closed, perhaps because the task has been completed
- The source line on which a task appears has been excluded (by selecting the Exclude check box for that line on the Sources window)
- An attribute, such as the service type or task organization, has changed

AutoAllocations

To generate allocations more efficiently, you can group allocations rules and then run them in a specified sequence (*step-down allocations*) or at the same time (*parallel allocations*).

Related Topics

Overview of Allocations, page 4- 1

Setting Up for AutoAllocations, *Oracle Projects Implementation Guide*

Creating AutoAllocations Sets

AutoAllocations is an Oracle General Ledger and Oracle Projects feature. In General Ledger, the allocation definition is called a *batch*. In Projects, the allocation definition is called a *rule*.

Step-down allocations use the results of each step in subsequent steps of the autoallocation set. Oracle Workflow controls the flow of the autoallocations set.

Parallel allocations carry out the specified rules all at once and do not depend on previous allocation runs.

As shown in the following tables, each rule or batch has a different effect when you run the autoallocation set, depending on the set type. The following table shows the processes submitted by set type for project allocation rules.

Set Type	Processes Submitted
Step Down	Generate Allocations Transactions Release Allocation Transactions Distribute Miscellaneous Costs and Usages Update Project Summary Amounts
Parallel	Generate Allocations Transactions Release Allocation Transactions (Note: The system submits this process only if Auto Release is selected on the Allocation Rule window.)

The following table shows the processes submitted by set type for mass allocation, mass budget, mass encumbrances, and recurring journal allocation batches:

Set Type	Processes Submitted
Step Down	Run MassAllocations Recurring Journal Entry Budget Formulas Posting
Parallel	Run MassAllocations Recurring Journal Entry Budget Formulas

What you can do with AutoAllocations depends on the responsibility you use when you log on to your database:

- From the Projects responsibility, you can:
 - Create autoallocation sets that contain Projects allocation rules. If Oracle Projects is integrated with General Ledger, you can also include GL allocation batches.
 - View autoallocation sets that were created using the Oracle Projects responsibility
- From the General Ledger responsibility, you can:
 - Create autoallocation sets that contain only General Ledger batches
 - View autoallocation sets that were created using the General Ledger responsibility

For more information about AutoAllocations in Oracle General Ledger, see: *AutoAllocations, Oracle General Ledger User Guide*.

Prerequisites

- If you want to allocate amounts from Oracle General Ledger, integrate Oracle General Ledger with Oracle Projects. See: Integrating with Oracle General Ledger, *Oracle Projects Fundamentals*. (You can use AutoAllocations in a standalone installation of Oracle Projects.)
- (*Step-down allocations only*) AutoAllocations uses Oracle Workflow processes to carry out step-down allocations. Although you can use the workflow without modification, you can customize some processes. See: Step-Down Allocations Workflow, *Oracle Projects Implementation Guide*.
- Set the directory for the debug log written by Oracle Workflow. You set the directory in two places, the PA: Debug Log Directory profile option (see: PA: Debug Log Directory, *Oracle Projects Implementation Guide*), and the init.ora file.

Submitting an AutoAllocation Set

The procedure below describes how to submit a request from the AutoAllocation Workbench.

To submit the process:

1. Using the Projects responsibility, navigate to the AutoAllocation Workbench window.
2. In the Allocation Set field, find the set that you want to submit. (You can choose Find, Find All, or one of the Query commands from the View menu.)
3. Choose Submit or Schedule.
The Parameters window opens.
4. Enter information for this autoallocation set. The fields displayed vary depending on whether the allocation set contains Oracle Projects rules, General Ledger batches, or both.

The following table lists fields for General Ledger batches and describes the information you can enter.

If the Parameters window displays...	Then do this...
Name	Nothing - field is for display only.
Period	Select or enter an accounting period for your GL batches.
Budget (<i>Optional</i>)	Select or enter a budget.
Journal Effective Date	Select a date. Note: You can specify any date if the profile option GL: Allow Non-Business Day Transactions is set to <i>Yes</i> . Otherwise, specify a business date.
Calculation Effective Date	Select a date in any open, future (that can be entered), closed, or permanently closed period. The default is the closest business day in the chosen period.
Usage	Select Standard Balances or Average Balances

Note: The system displays the Journal Effective Date, Calculation Effective Date, and Usage fields for General Ledger batches when General Ledger uses an *average balance* set of books.

The following table lists fields for Oracle Projects rules and describes the information you can enter.

If the Parameters window displays...	Then do this...
GL Period	Select a period.
PA Period	If the project rules belong only to the GL period type, enter only the GL Period field. Otherwise, enter both fields. If all project rules belong only to the PA period type, enter only the PA Period field.
Expenditure Item Date	Select or enter the expenditure item date for your allocations transactions.

5. Choose Submit or Schedule. If you are scheduling the process to run at a later time, select a date and time, and then choose Submit.

Troubleshooting AutoAllocations

If a step down autoallocation set appears to run, but stops before executing all steps and the process does not generate any exceptions, then check for one or both of the following conditions:

- The Auto Release setting for the allocation rule, timeout setting, and Oracle Workflow notification parameters may be interacting in a way that stops the autoallocation run.

If Auto Release is deselected on the Allocation Rule window, then Oracle Workflow processes the allocation rule. The workflow timeout attribute (set to a certain number of minutes) executes three times. If the person notified by the workflow does not respond in that amount of time, the step down autoallocation stops at that point in the autoallocation set. See: Processes for the PA Step Down Allocation Workflow, *Oracle Projects Implementation Guide*; and Timeout Attribute, *Oracle Projects Implementation Guide*.

- The directory used for the debug log written by Oracle Workflow is set incorrectly. Set the utl_file_dir parameter in the init.ora file to the same directory that is specified in the PA: Debug Log Directory profile option (see: PA: Debug Log Directory, *Oracle Projects Implementation Guide*). If the two do not match, the PA Step Down Allocation workflow will fail (return an exception).

Viewing the Status of AutoAllocation Sets

Request ID: 637165 Allocation Set Type: Step-Down
 Allocation Set: ADMIN ALLOCATION SET Submission Parameters...
 Description: Administrative Costs Allocations

Step	Type	Batch	Role	Allocation Method
1	Recurring Journals	Admin Recurring Costs	AMARLIN	N/A
2	Project Allocations	ADMIN INCR	AMARLIN	Incremental

Status: Step Terminated

Allocation Workbench Step Detail Monitor Workflow

To view the status of an autoallocation set:

1. Using the Projects responsibility, navigate to the View AutoAllocation Statuses window.
2. Select the set you want to view and then choose a Find or Query command from the View menu.

For more information about finding records, see: Using Query Find, *Oracle Applications User's Guide*.

3. To see the Allocation Workbench for this set, choose Allocation Workbench. As shown in the following table, you can see more information about a step by selecting the step, and then selecting an option:

To see more information about...	Choose...
A step	Step Detail
The workflow process for the step	Monitor Workflow

Asset Capitalization

This chapter describes how to create and maintain capital projects in Oracle Projects. It provides a brief overview of capital projects and explains how to create, place in service, adjust, and account for assets and retirement costs in Oracle Projects.

This chapter covers the following topics:

- Overview of Asset Capitalization
- Defining and Processing Assets
- Asset Summary and Detail Grouping Options
- Reviewing and Adjusting Asset Lines
- Capitalizing Interest

Overview of Asset Capitalization

Using capital projects, you can define capital assets and capture construction-in-process (*CIP*) and expense costs for assets you are creating. When you are ready to place assets in service, you can generate asset lines from the *CIP* costs and send the lines to Oracle Assets for posting as fixed assets.

You can also define retirement adjustment assets and capture cost of removal and proceeds of sale amounts (collectively referred to as *retirement costs*, *retirement work-in-process*, or *RWIP*) for assets you are retiring that are part of a group asset in Oracle Assets. When your retirement activities are complete, you can generate asset lines for the *RWIP* amounts and send the lines to Oracle Assets for posting as adjustments to the accumulated depreciation accounts for the group asset that corresponds to each asset.

About Capital Projects

You use capital projects to capture the costs of capital assets you are building, installing, or acquiring. You also use capital projects to create retirement adjustment assets that you associate with a group asset in Oracle Assets. You use a retirement adjustment asset to capture the costs of removing, abandoning, or disposing of assets you want to retire. You can set up capital projects to capture capital asset costs only, retirement costs only, or to capture both capital asset costs and retirement costs.

Using Capital Projects to Create Capital Assets

You define and build capital assets in capital projects using information specified in the project work breakdown structure (*WBS*). You define asset grouping levels and assign assets to the grouping levels to summarize the *CIP* costs for capitalization.

You can review and adjust capital project costs before and after capitalization. For example, you can allocate costs collected under common tasks to multiple CIP assets before you place them in service. You can also account for additional costs incurred after capitalization, since Oracle Projects allows you to place assets in service before completion of a project.

When a CIP asset is ready to be placed in service, you send the capital project amounts to Oracle Assets as asset lines. Oracle Assets places the asset lines in a holding area where your fixed assets department can post the capital costs in Oracle Assets as fixed assets. You can review detail transactions associated with the asset lines in Oracle Projects and Oracle Assets. If necessary, you can reverse capitalize an asset in a capital project.

Using Capital Projects to Process Retirement Costs

You capture retirement costs in a capital project by recording cost of removal and proceeds of sale amounts to a task that is designated as a retirement cost task. To distinguish cost of removal and proceeds of sale amounts, you must enter proceeds of sale amounts using expenditure types that you define to specifically classify these amounts. Oracle Projects automatically classifies amounts for all other expenditure types as cost of removal. For more information, see: *Defining Proceeds of Sale Expenditure Types, Oracle Projects Implementation Guide*.

To associate retirement costs with a group asset in Oracle Assets, you create a retirement adjustment asset in the capital project and identify it with a specific group asset. As with capital assets, you define asset grouping levels and assign retirement adjustment assets to the grouping levels to summarize the retirement cost amounts for posting to Oracle Assets. For more information, see: *Creating a Retirement Adjustment Asset, page 5-10*.

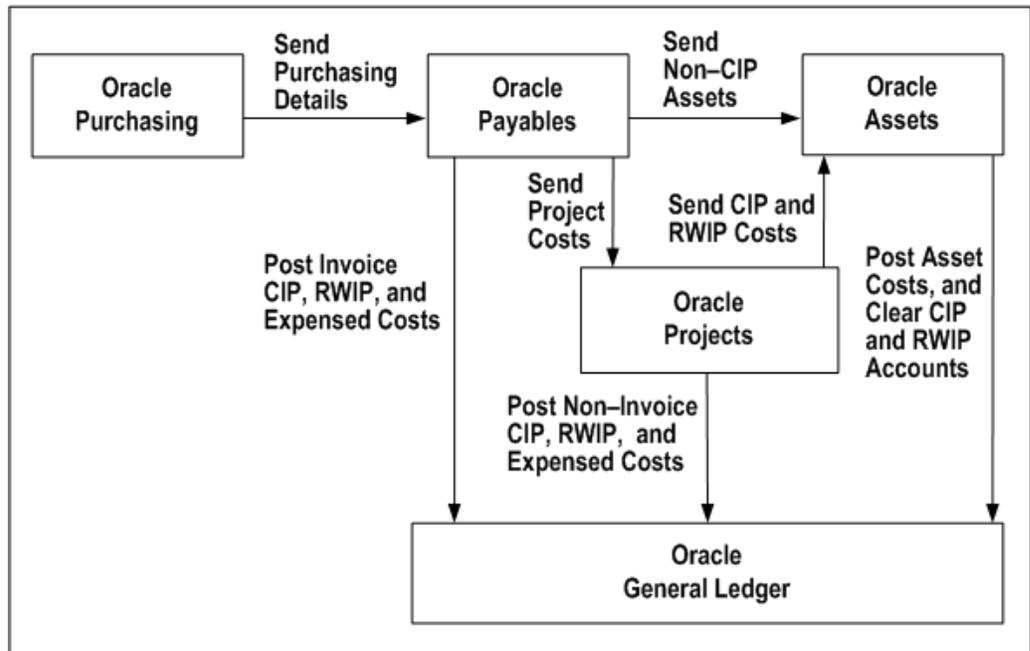
When retirement activities are complete, you generate asset lines for the retirement cost amounts and send the lines to Oracle Assets for posting as adjustments to the accumulated depreciation accounts for the group assets. To communicate notice of an asset retirement to Oracle Assets, you can optionally initiate retirement requests in Oracle Projects that are automatically passed to Oracle Assets.

Important: To use Oracle Projects retirement cost processing windows and features, the value of the site-level profile option *PA: Retirement Cost Processing Enabled* must be set to *Yes*. For more information, see: *Profile Options in Oracle Projects, Oracle Projects Implementation Guide*.

Capital Projects Processing Flow

The following illustration shows the processing flow for capital projects.

Capital Projects Processing Flow



You can enter expenditure items for CIP and RWIP amounts directly to capital projects from within Oracle Projects. You also can collect supplier invoice costs for your capital projects from Oracle Payables. When you are ready to place a CIP asset in service, you can send the associated CIP asset lines to Oracle Assets to become fixed assets. When you are ready to retire an asset in Oracle Assets, you can send the associated RWIP asset lines to Oracle Assets and post the lines as group depreciation reserve account adjustments. You use AutoAccounting in Oracle Projects to post entries to the appropriate accounts in Oracle General Ledger.

Related Topics

Integrating with Oracle Purchasing and Oracle Payables (Requisitions, Purchase Orders, and Supplier Invoices), *Oracle Projects Fundamentals*

Integrating with Oracle General Ledger, *Oracle Projects Fundamentals*

Integrating with Oracle Assets, page 7-31

Specifying a Retirement Date for Retirement Adjustment Assets, page 5-18

Creating and Preparing Asset Lines for Oracle Assets, page 5-19

Sending Asset Lines to Oracle Assets, page 5-26

Processing Pre-Approved Expenditures, page 2-10

Capitalizing Interest, page 5-37

Overview of AutoAccounting, *Oracle Projects Implementation Guide*

Placing an Asset in Service, page 5-18

Creating and Preparing Asset Lines for Oracle Assets, page 5-19

Creating Purchase Orders for Capital Projects

When you create a purchase order for a capital project in Oracle Purchasing, you can enter a project, task number, and expenditure type for each project-related distribution line. You match this purchase order to an invoice in Oracle Payables, and then send the appropriate lines to Oracle Projects.

You can use the asset category to assign an inventory item's cost on a purchase order to an asset on a capital project in Oracle Projects. You define default asset categories for inventory items in Oracle Purchasing. After you match the purchase order to an invoice, and interface the invoice from Oracle Payables, Oracle Projects assigns the inventory item's cost to an asset on the project that has the same asset category as the inventory item.

If you assign purchase order distribution lines to asset clearing accounts instead of projects, Oracle Payables matches the purchase order to an invoice and sends the lines to Oracle Assets using the Mass Additions Create process.

If both a project and an asset clearing account are used in the distribution line, the following occurs:

- If the project is a capital project:
 - Oracle Payables posts the costs to the asset clearing account and the costs remain there until you place the asset in service in Oracle Projects.
 - You can send the costs to Oracle Projects after you post the invoice to Oracle General Ledger.
 - You cannot send costs to Oracle Assets from Oracle Payables when you run the Mass Additions Create process.
- If the project is a contract or indirect project:
 - Oracle Payables posts the costs to the asset clearing account and, if you have sent the costs to Oracle Projects, Oracle Assets interfaces the costs to an asset cost account when you post the transaction from Oracle Assets to Oracle General Ledger.
 - You can send the costs to Oracle Projects after you post the invoice to Oracle General Ledger.
 - You can send costs to Oracle Assets from Oracle Payables when you run the Mass Additions Create process.

A distribution line can have both a project and an asset clearing account only if the Account Generator process is set up to create the asset clearing account as the account segment, or if you enter the distribution line manually.

Charging Supplier Invoice Lines to Projects

The procedure for sending supplier invoice lines to Oracle Assets depends on whether or not the lines are associated with a capital project.

If the Invoice is Associated with a Capital Project

CIP and RWIP Lines: You cannot send supplier invoice lines directly from Oracle Payables to Oracle Assets if the invoice lines are associated with a capital project and are CIP or RWIP lines. Instead, in Oracle Payables you must do the following:

- Create the distribution lines on a supplier invoice

- Post the distribution lines to Oracle General Ledger.

In Oracle General Ledger, your Account Generator setup determines to which accounts the invoices are posted. The usual practice is to charge capital projects to asset clearing accounts.

- Interface those lines to Oracle Projects

Then, in Oracle Projects, place your CIP assets in service, specify retirement dates for any retirement adjustment assets, and interface the costs to Oracle Assets.

Expense Lines: You can send distribution lines from Oracle Payables directly to Oracle Assets using the Mass Additions Create process. See: Mass Additions Create Program, *Oracle Payables User Guide*.

If the Invoice is Associated with a Contract or Indirect Project

You can send supplier invoice lines that are associated with contract or indirect projects directly from Oracle Payables to Oracle Assets. To do so, use the Mass Additions Create process. See: Mass Additions Create Program, *Oracle Payables User Guide*.

In Oracle General Ledger, your Account Generator setup determines to which accounts the invoices are posted. The usual practice is to charge contract and indirect projects to an asset account.

Charging Labor, Expense Reports, Usages, and Miscellaneous Transactions to Capital Projects

You can enter labor, expense reports, asset usage, and miscellaneous transactions for your capital projects in Oracle Projects. You can set up Oracle Projects to calculate and record capitalized interest for CIP assets that require an extended amount of time to prepare for their intended use. The Distribute Labor, Expense Report, and Usage and Miscellaneous Costs processes charge the capital project costs to a CIP or RWIP account in Oracle General Ledger. Your AutoAccounting setup determines these accounts. Oracle Projects is the subsidiary ledger for your CIP and RWIP accounts in Oracle General Ledger. You can review the details for your CIP and RWIP accounts by querying your capital projects in Oracle Projects.

Placing CIP Assets in Service

You enter a date placed in service for the CIP assets that are completed for a capital project. Then, you can run the Generate Asset Lines process, which uses the grouping method and levels you define to summarize all costs (supplier invoice, labor, expense reports, usages, and miscellaneous transactions) into asset lines. You associate these asset lines with one or more assets and send the lines to Oracle Assets to become fixed assets.

Creating Fixed Assets from Capital Projects

You run the Interface Assets process to send asset lines from Oracle Projects to Oracle Assets. This process merges the asset lines into one mass addition line for each asset. The mass addition line appears in the Prepare Mass Additions Summary window in Oracle Assets as a merged parent with a cost amount of zero and a status of MERGED. The line description is identical to the description of the supplier invoice expenditure item in Oracle Projects.

The following table shows an example of asset lines in Oracle Assets for an asset interfaced from Oracle Projects. When you submit the Post Mass Additions process, Oracle Assets assigns the same asset number to these lines. See: Group Supplier Invoices in Project Types: Capitalization Information, *Oracle Projects Implementation Guide*.

Queue	Description	Cost	Merge Parent	Category
POST	CELL RADIO	0.00	Yes	EQUIPMENT. TRANSMISSION
MERGED	COMPUTER SERVICES	3,442.00	No	EQUIPMENT. TRANSMISSION
MERGED	OTHER EX PENSES	1,150.00	No	EQUIPMENT. TRANSMISSION
MERGED	LABOR	22,332.00	No	EQUIPMENT. TRANSMISSION
MERGED	MATERIAL	19,251.00	No	EQUIPMENT. TRANSMISSION

If you completely defined the asset in Oracle Projects and it is ready for posting, then Oracle Assets places the mass addition in the POST queue. If the asset definition is not complete, then Oracle Assets places the mass addition in the NEW queue. To complete the asset definition, you must enter the additional information in the Prepare Mass Additions window. After the asset definition is complete, you can update the queue status to POST. You do not need to change the queue status for lines with a status of MERGED.

Use the Post Mass Additions process to create fixed assets from your mass addition lines. When you run the Create Journal Entries program, Oracle Assets creates journal entries to the appropriate CIP and asset cost accounts in Oracle General Ledger. For CIP assets, the CIP account comes from the asset lines generated in Oracle Projects and the asset account comes from the asset category associated with the asset.

Sending Retirement Costs to Oracle Assets

The process flow for sending retirement costs to Oracle Assets is similar to that for placing CIP assets in service and sending CIP asset lines to Oracle Assets. When retirement activities are complete and you are ready to interface the retirement cost amounts to Oracle Assets, you must specify a date retired and ensure that a valid Oracle Assets group asset number is specified for the retirement adjustment asset.

You submit the Generate Asset Lines process to create retirement cost lines for each retirement adjustment asset and expenditure type grouping (cost of removal and proceeds of sale). After you generate asset lines, you submit the Interface Assets process to post the retirement adjustment asset lines to the accumulated depreciation accounts for each group asset.

Accounting for Asset Costs in Oracle Projects and Oracle Assets

You use AutoAccounting to define the accounting for your project costs in Oracle Projects. For capital projects, you must define AutoAccounting to account for CIP, RWIP, and expensed costs.

When you use Oracle Projects to track your capital projects, Oracle Projects acts as a subsidiary ledger for CIP and RWIP costs, and Oracle Assets acts as a subsidiary ledger for the capitalized asset costs and the accumulated depreciation account adjustments.

As you charge costs to a capital project, you create journal entries and post the entries to Oracle General Ledger. As you send the costs to Oracle Assets, you create journal entries to account for these transactions and also post them to Oracle General Ledger.

Example of Accounting for Asset Costs

In this example, a company creates a capital project to capture the costs of building a new clean room and installing air quality monitors. As part of this project, several air quality monitors are being removed and retired from an existing clean room that is being designated for other uses.

Accounting for Capital Project Costs

The following table shows the supplier invoice and expenditure item amounts charged to the capital project.

Project Cost Details	Amounts
Supplier invoice for architectural drawings	2,000.00
Supplier invoice for building contractor	5,500.00
Supplier invoice for building permit penalty	200.00
Subtotal	7,700.00
Supplier invoice for new air quality monitors	2,500.00
Total supplier invoice costs	10,200.00
Employee labor for construction project management	1,400.00
Employee expense report for miscellaneous costs	250.00
Usage for use of company car	55.00
Total construction costs	11,905.00
Employee labor for removing old air quality monitors	500.00
Total project costs	12,405.00

Account for Supplier Invoice Transactions

You post supplier invoice transactions from Oracle Payables to Oracle General Ledger before sending them to Oracle Projects. Workflow determines the journal entry in the following table for the supplier invoice transactions sent to Oracle Projects.

Account	Debit	Credit
CIP - Clean Room	7,700.00	
CIP - Air Quality Monitors	2,500.00	
Accounts Payable Trade		10,200.00

Account for Expenditure Items Entered in Oracle Projects

You account for the employee labor, employee expense report, and usage transactions you enter in Oracle Projects with the journal entry shown in the following table:

Account	Debit	Credit
CIP - Clean Room	1,705.00	
RWIP - Air Quality Monitors - Cost of Removal	500.00	
Payroll Liability		1,900.00
Expense Report Liability		250.00
Usage Clearing		55.00

Account for a Capital Cost Adjustment

After reviewing the project costs, you determine that you cannot capitalize the building permit penalty that you recorded as part of the journal entry for the supplier invoice transactions. To correct this, you change the original transaction from capitalizable to non-capitalizable. Oracle Projects interfaces the supplier invoice transaction adjustment to Oracle Payables when you submit the Distribute Supplier Invoice Adjustment process. Oracle Payables then generates the adjustment entry shown in the following table and posts the entry to Oracle General Ledger.

Account	Debit	Credit
Building Permit Penalty Expense	200.00	
CIP - Clean Room		200.00

Note: After you post the adjustment transaction, the total amount in Oracle General Ledger for the CIP - Clean Room account is 9,205.00.

Accounting for Asset Costs

Each asset line created by the Generate Asset Lines process has an associated general ledger account. After you post the asset lines in Oracle Assets, you can run the Create Journal Entries process to create journal entries to transfer the cost amounts from either the CIP or RWIP account (as determined by the capital or retirement adjustment asset lines) to the corresponding fixed asset account or accumulated depreciation account (as determined by the asset category that is assigned to the capital or retirement adjustment asset).

Account for Capital Assets

After the clean room is complete and the new monitors are installed, you place the assets in service and interface the CIP asset lines to Oracle Assets. After you post the assets in Oracle Assets, you submit the Create Journal Entries process to record the entry shown in the following table:

Account	Debit	Credit
Assets - Clean Room	9,205.00	
Assets - Air Quality Monitors	2,500.00	
CIP - Clean Room		9,205.00
CIP - Air Quality Monitors		2,500.00

Account for Retirement Adjustment Assets

After the existing air quality monitors are removed, you specify a retirement date for the retirement adjustment asset and interface the RWIP asset lines to Oracle Assets. You submit the Create Journal Entries process to record the entry shown in the following table:

Account	Debit	Credit
Accumulated Depreciation - Air Quality Monitors - Cost of Removal	500.00	
RWIP - Air Quality Monitors - Cost of Removal		500.00

Note: As the final step in the process of accounting for the asset transactions illustrated in this example, you would initiate an asset retirement transaction in Oracle Assets for the air quality monitors that were removed from the clean room that is being taken out of service. You would then create journal entries to account for the retirement of the group asset cost associated with these monitors. For more information on processing retirement transactions, see: *Asset Retirements, Oracle Assets User Guide*.

Related Topics

Costing in Oracle Projects, page 1- 2

Overview of AutoAccounting, *Oracle Projects Implementation Guide*

Defining and Processing Assets

You can create capital assets and retirement adjustment assets using capital projects. When a capital asset is ready for use, you can place it in service in Oracle Projects and send the project asset information and asset cost amounts to Oracle Assets for posting as a fixed asset. When you retire an asset that is associated with a group asset in Oracle Assets, you can enter a retirement date for the retirement adjustment asset in Oracle Projects and send the retirement cost amounts to Oracle Assets for posting as an adjustment to the accumulated depreciation accounts for the group asset.

Creating Assets in Oracle Projects

After you create a capital project, you can create capital assets for assets you want to place in service as fixed assets. You can also create retirement adjustment assets to

collect retirement costs for assets you want to retire that are associated with a group asset in Oracle Assets.

You can define capital assets and retirement adjustment assets separately in different projects or together in the same project. You can define assets from either the Capital Projects window or from the Projects, Templates window. For more information, see: *Defining Assets*, page 5-13.

Creating a Capital Asset

You create capital assets and accumulate costs for fixed assets you are building, installing, or acquiring. You define an asset in Oracle Projects for each capital asset you want to place in service. To interface a capital asset to Oracle Assets, you must specify an in-service date for the asset in Oracle Projects. For a complete list of attributes you can define for assets, see: *Asset Attributes*, page 5-14.

Creating a Retirement Adjustment Asset

You create retirement adjustment assets to collect cost of removal and proceeds of sale amounts for assets associated with a group asset in Oracle Assets that you are retiring, removing, abandoning, or otherwise disposing.

When you define a retirement adjustment asset in Oracle Projects, you must specify a valid Oracle Assets group asset identifier as the target asset. You can create retirement adjustment assets and interface retirement costs to Oracle Assets only for fixed assets that are classified as group assets in Oracle Assets. To interface a retirement adjustment asset to Oracle Assets, you must specify a retirement date for the asset in Oracle Projects. For a complete list of attributes you can define for an asset, see: *Asset Attributes*, page 5-14.

Processing Retirement Requests

You can initiate a retirement request in Oracle Projects to identify one or more assets that you are retiring from service. Retirement requests serve as an advice that you can use to notify your fixed asset department about assets that need to be retired in Oracle Assets.

To process a retirement request:

1. Navigate to the Capital Projects window and choose the Requests button to open the Retirement Requests window.
2. Choose the Create New Request button to open the Mass Retirements window and specify any combination of asset attributes to find one or more assets you want to retire.
3. Save your work.

After a retirement request is processed in Oracle Assets, you can return to the Retirement Requests window in Oracle Projects to view the retirement information.

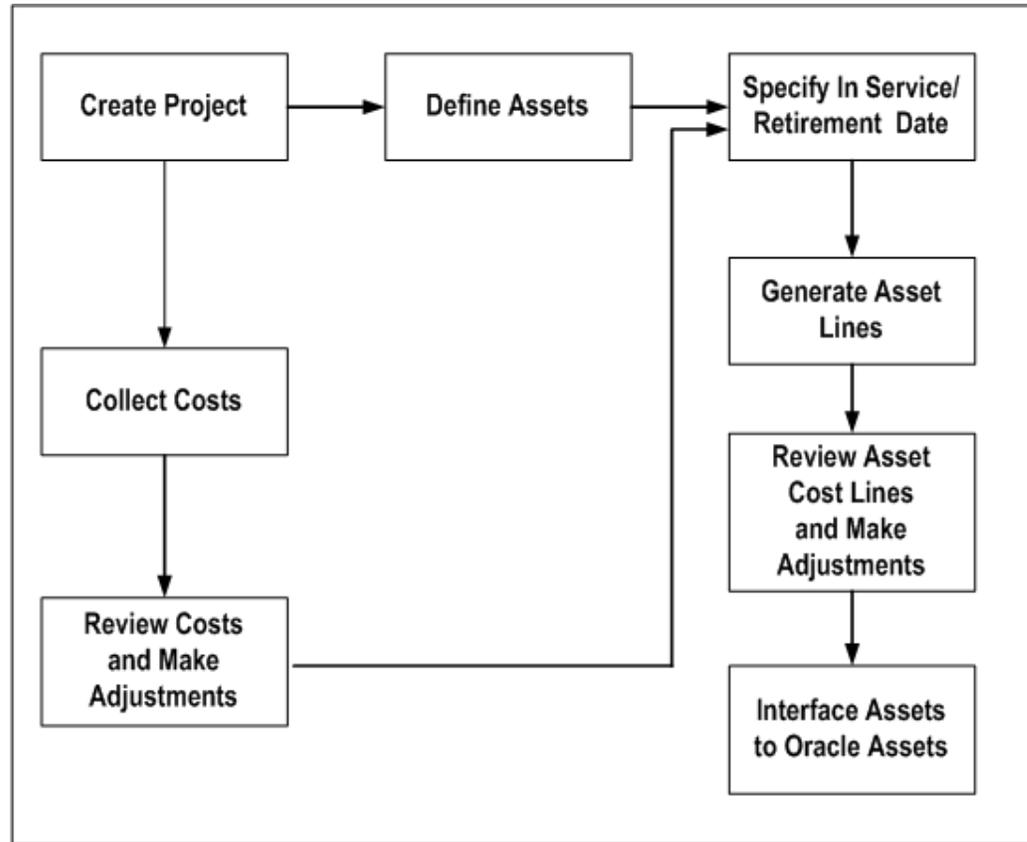
To view retirements:

1. Navigate to the Capital Projects window and choose the Requests button to open the Retirement Requests window.
2. Select a retirement transaction you want to view and choose View Retirements.

Capital Project Flow

The following illustration shows the capital projects flow in Oracle Projects before you send asset lines to Oracle Assets. The steps shown in this flow are described in the text that follows the diagram.

Capital Project Flow



To create an asset in Oracle Projects:

1. Create a new capital project and WBS using a project template whose project type is set up for a capital project. Update project and task details if necessary. See: *Creating a New Template, Oracle Projects Fundamentals*.

You can also create assets when you copy an existing capital project. Assets associated with the existing project are copied to the new project, along with asset assignments. See: *Creating a New Project from a Project Template or Existing Project, Oracle Projects Fundamentals*.

2. Update the Transaction Controls, as appropriate, including which transactions can be capitalized by employee, expenditure category, expenditure type, or non-labor resource. See: *Specifying Which Capital Asset Transactions to Capitalize, page 5-12*.
3. Collect CIP, RWIP, and expensed costs for your capital project and make adjustments if necessary.
4. Define CIP and retirement adjustment assets if necessary. See: *Defining Assets, page 5-13*. You can define assets manually or using project asset APIs. For more information see: *Oracle Projects APIs, Client Extensions, and Open Interfaces Reference*.

5. Specify asset grouping levels and grouping level types within the WBS. You can then associate assets with the various grouping levels. See: *Assigning Assets to Grouping Levels*, page 5-28.
6. Specify the date in service for completed CIP assets or the date retired for retirement adjustment assets. See: *Placing an Asset in Service*, page 5-18, and *Specifying a Retirement Date for Retirement Adjustment Assets*, page 5-18.
7. Optionally, define capital events to control how assets and costs are grouped, and placed in service or retired. See: *Creating Capital Events*, page 5-20.
8. Generate Asset Lines. Review asset cost lines and make any necessary adjustments. See: *Generating Summary Asset Lines*, page 5-21.
9. Run the Interface Assets process. See: *Sending Asset Lines to Oracle Assets*, page 5-26.

Specifying Which Capital Asset Transactions To Capitalize

For capital assets, you must specify whether to capitalize or expense each transaction charged to a capital project. The capitalizable classification is similar to the billable classification for transactions charged to a contract project. The task and transaction controls you define determine the default value for this classification.

Note: You cannot make an election on how to account for retirement costs you record to a retirement adjustment asset. Oracle Projects automatically classifies retirement costs as cost of removal or proceeds of sale amounts based on the expenditure type you use to record retirement transactions.

To specify the level at which a capital asset transaction is capitalized:

1. Decide at which level you want to specify if a transaction can be capitalized, then navigate to the appropriate window, as shown in the following table:

Control Level	Window
Entire Task	Task Details
Employee	Transaction Controls
Expenditure Category	Transaction Controls
Non-Labor Resource	Transaction Controls
Expenditure Item	Expenditure Items (Tools menu)

2. Select the Capitalizable check box for the task control level you want.
3. Save your work.

Related Topics

Controlling Expenditures, page 2-24

Transaction Controls, *Oracle Projects Fundamentals*

Copying Assets, page 5-13

Defining Assets

To define a CIP and retirement adjustment assets for a capital project, you enter asset information, such as the asset name, asset number, book, asset category, and date placed in service or date retired. For a complete list of attributes you can define for an asset, see: *Asset Attributes*, page 5-14.

When you create a capital project type, you can specify whether a complete asset definition is required in Oracle Projects before you can place the asset in service. See: *Project Types, Oracle Projects Implementation Guide*.

To define assets in the Capital Projects window:

1. Navigate to the Capital Projects window.
2. In the Find Capital Projects window, find the capital project for which you want to define assets.
3. In the Capital Projects window, choose Assets.
4. In the Assets window, select either the Capital Project Assets Workbench or the Retirement Adjustment Assets Workbench.
5. Select or enter asset information in each tab of the Assets window.

Tip: To view and enter all attributes for an asset in a single window, choose the Open button on the Assets window to open the Asset Details window.

To create an asset, you must enter at least the Asset Name and Description. To create a retirement adjustment asset, you must also enter a valid group asset identifier in the Target Asset field.

6. Save your work.

To define assets in the Projects window:

1. Navigate to the Projects window.
2. In the Find Projects window, find the capital project for which you want to define assets.
3. In the Projects, Templates Summary window, choose Open.
The Project, Templates window opens.
4. For Options, choose Asset Information, Assets.
5. Enter information for an asset. You can use the down arrow key or Edit, New Record from the menu if you want to enter more than one asset for this capital project.

To create an asset, you must enter at least the Asset Name and Description. To create a retirement adjustment asset, you must also enter a valid group asset identifier in the Target Asset field.

6. Save your work.

Copying Assets

To streamline the definition of multiple project assets that have similar attributes, you can use the Copy Asset option on the Assets and Asset Details windows to copy assets within a project. When you select an asset and choose the copy option, Oracle Projects copies the selected asset to a new row and opens the Copy To window. The Copy To

window prompts you to enter values for several key asset attributes that define a unique asset. Oracle Projects prompts you to enter the following attributes on the Copy To page:

- **Asset Name**
- **Asset Description**
- **Project Asset Type**

When you copy an asset, Oracle Projects copies the asset with the same project asset type. For estimated assets, you can optionally copy the asset as an as-built asset.

- **Asset Date**

The date you enter varies according to the project asset type you select. The date can be an estimated date placed in service (Estimated project asset type), actual date placed in service (As-Built project asset type), or a retirement date (Retirement Adjustment project asset type).

- **Units**

Similar to the asset date, the unit amount you enter varies according to the project asset type you select. The unit amount can be estimated units (Estimated project asset type), actual units (As-Built project asset type), or retirement units (Retirement Adjustment project asset type).

- **Asset Number**

When you enter attribute values in the Copy To window, you can also choose whether to copy the asset assignments. However, you cannot use the Copy Assets feature to copy asset lines or other asset information.

Asset Attributes

You must enter asset information when you define an asset in Oracle Projects. The Interface Assets process sends all asset information to Oracle Assets except for the asset name and estimated date in service. This section describes the attributes you can define for assets in Oracle Projects.

Asset Name

You must define a unique asset name for each asset within a project. You cannot change the asset name after you place the asset in service or specify a retirement date in Oracle Projects.

Asset Number

An asset number uniquely identifies each asset. You can enter a unique asset number, or use automatic asset numbering in Oracle Assets during the Mass Additions process. You cannot update this field after you send the asset to Oracle Assets.

If you enter an asset number, it must be unique and not in the range of numbers reserved for automatic asset numbering in Oracle Assets. You can enter any unique number that is less than the number in the Starting Asset Number field in the System Controls form, or you can enter any non-numeric value.

Description

Use this field to provide a description of the asset you are building. You cannot update this field after you send the asset to Oracle Assets.

Asset Category

The asset category determines the default asset cost account and depreciation rules for the asset after you send the asset to Oracle Assets. You cannot update this field after you send the asset to Oracle Assets.

Oracle Projects provides you with a list of asset category values defined in Oracle Assets and associated with the corporate book of the CIP asset. The asset category you choose here is not displayed in the Asset Lines window.

Asset Key

You can define an asset key to group assets or identify groups of assets independently of the asset category. This field does not have a financial impact.

Book

The Book field defines the corporate depreciation book of the asset. Oracle Assets determines default financial information from the asset category, book, and date placed in service for your asset after you send it to Oracle Assets.

By default, this field displays the asset book defined in Oracle Projects Implementation Options. You can override this value at the asset level. Oracle Projects provides you with a list of corporate book values defined in Oracle Assets which match the Oracle Projects set of books. You can have multiple corporate books associated with one set of books in Oracle Assets.

Location

The location identifies the expected physical location of the asset after it is placed in service. Oracle Projects provides you with a list of valid locations defined in Oracle Assets.

Project Asset Type

This field identifies whether an asset represents an Estimated or complete, As-Built capital asset, or a Retirement Adjustment asset.

Event Number

This field identifies the capital event, if any, associated with the asset.

Estimated In-Service Date

Enter the date you estimate placing an asset in service. Use the Estimated In-Service Date to query and review assets you expect to be in service.

Estimated Retirement Date

Enter the date you estimate retiring an asset from service. Use the Estimated Retirement Date to query and review assets you expect to be retired.

Actual In-Service Date

This date represents the actual date you place an asset in service and begin using it. The date can be in the current or a prior accounting period. You must specify an actual in-service date for a completed asset in order to interface the asset to Oracle Assets. You cannot change this date after you place the asset in service in Oracle Projects.

You may want to begin creating and reviewing asset lines prior to the period you intend to place the asset in service. You can enter a date in a future accounting period.

Note: The Interface Assets process automatically rejects an asset with a future date in service.

Retirement Date

Use this field to enter the date you retire an asset from service. You cannot change this date after you interface a retirement adjustment asset to Oracle Assets.

Estimated Units

Use this field to capture an estimate of the number of components that make up or are installed for an asset.

Actual Units

The actual number of components for an asset. For example, if you build two assembly machines, enter 2 units for the asset. You cannot update this field after you send the asset to Oracle Assets. Oracle Projects uses the value in this field to allocate unassigned and common costs to assets when you select an asset cost allocation method of Actual Units.

Parent Asset

You can use this field to identify a parent asset for assets that you separately track and manage as asset components.

Estimated Cost

You can use this field to specify an estimated cost for the asset. Oracle Projects uses the value in this field to allocate unassigned and common costs to assets when you select an asset cost allocation method of Estimated Cost.

Manufacturer

Use this field to identify the manufacturer of an asset.

Model Number

Use this field to identify the model number of an asset.

Serial Number

Use this field to capture the serial number of an asset. This number must be unique for the manufacturer in Oracle Assets.

Tag Number

Use this field to enter a user-defined tracking number for an asset. This number must be unique in Oracle Assets.

Product Source

This field identifies the external asset management asset system from which an asset is imported, if any.

Source Reference

The external asset management system identifier for an asset imported from an external asset management asset system, if any.

Employee Name

The name of the employee responsible for the asset when it is placed in service (not the project owner).

Employee Number

The employee number of the person responsible for the asset when it is placed in service.

Reverse

You can select this check box to identify an asset you want to reverse.

Capital Hold

You can select this check box to prevent any further costs from being charged to the asset.

Depreciate

Check the Depreciate check box if you want to depreciate the asset in Oracle Assets.

Amortize Adjustments

Check the Amortize Adjustments check box if you want to amortize the catchup depreciation on a cost adjustment over the remaining life of the asset. If you do not check Amortize Adjustments, Oracle Assets expenses the catchup depreciation expense for the adjustment in one period.

If you check this check box, you cannot deselect it once the asset has been interfaced to Oracle Assets.

Important: If you select this field and reverse capitalize the asset, Oracle Assets will amortize the catch up depreciation on the negative cost adjustment over the remaining life of the asset. Therefore, the depreciation expense per period on the original asset cost will not match the depreciation amount generated per period to account for the asset cost reversal in Oracle Assets.

Target Asset

This field is displayed only for assets with a project asset type of Retirement Adjustment. You must use this field to specify the group asset in Oracle Assets that corresponds to the retirement adjustment asset for which you want to capture retirement costs.

Depreciation Account

This field identifies the expense account to which you charge depreciation for a capital asset. You must specify a book before you can enter a depreciation expense account. In addition, you must specify a depreciation account for a capital asset before you can interface the asset to Oracle Assets. You can optionally set up the Depreciation Account Override Extension to automatically derive the depreciation expense account based on

the book and asset category that you define for the asset. You cannot update this field after you send the asset to Oracle Assets.

Related Topics

Asset Setup Information, *Oracle Assets User Guide*

Sending Asset Lines to Oracle Assets, page 5-26

Placing an Asset in Service

When a CIP asset is complete, you place it in service. If your project has more than one CIP asset, you can place each asset in service as it is completed. You do not have to complete the entire project to place an asset in service. You place an asset in service by entering the Actual In-Service Date for the asset. Although you can collect expensed costs for a capital project, you cannot capitalize these costs.

The Actual In-Service Date can be a past, current, or future date. After you enter the date, generate and interface the asset lines. Oracle Assets will calculate and record how much depreciation should have been taken for the asset.

To capitalize CIP asset costs:

1. Navigate to the Capital Projects window.
2. Find the capital project whose assets you want to place in service by entering search criteria, such as estimated in service date, project name or number, project type, organization, key member, or class code, in the Find Capital Projects window.

In the Capital Projects window, Oracle Projects displays the summarized expensed, CIP and interfaced project costs for each capital project. The Update Project Summary Amounts process updates expensed, CIP amounts; the Interface Assets process updates the interfaced amount.

3. Choose the capital project you want and choose the Assets button.
4. In the Assets window, select the Capital Project Assets Workbench option (if not already displayed), and enter the Actual In-Service Date for the asset you are placing in service.

Compare the Estimated In-Service Date to the Actual In-Service Date. If unreasonable discrepancies exist, verify that the Actual In-Service Date for the asset is correct.

Note: You cannot send assets to Oracle Assets whose actual date placed in service is later than the current Oracle Assets period date.

5. Enter a complete asset definition for the asset if you have set up Oracle Projects to only allow complete definitions to be sent to Oracle Assets.

For a list of the fields required for a complete asset definition, see: Asset Attributes, page 5-14.

6. Save your work.

Specifying a Retirement Date for Retirement Adjustment Assets

When the activities associated with retiring, removing, abandoning, or disposing of an asset are complete, you can specify a retirement date for the retirement adjustment asset to signify the retirement. Specifying a retirement date enables you to generate asset lines

for the retirement costs captured in Oracle Projects. You can then interface the retirement asset lines to Oracle Assets for posting to the accumulated depreciation accounts for the associated group asset. If your project has more than one retirement adjustment asset, you can retire each asset as retirement activities are completed.

To specify a retirement date for retirement adjustment assets:

1. Navigate to the Capital Projects window.
2. Find the capital project whose assets you want to retire by entering search criteria, such as project name or number, project type, organization, key member, or class code, in the Find Capital Projects window.

In the Capital Projects window, Oracle Projects displays the summarized expensed, CIP, RWIP, and interfaced project costs for each capital project. The Update Project Summary Amounts process updates expensed and CIP and RWIP amounts; the Interface Assets process updates the interfaced amount.

3. Choose the capital project you want and choose the Assets button.
4. In the Assets window, select the Retirement Adjustment Assets Workbench option and enter the Retirement Date for the asset you are retiring.

Compare the Estimated Retirement Date with the actual Retirement Date. If unreasonable discrepancies exist, verify that the Retirement Date for the asset is correct.

5. Save your work.

Creating and Preparing Asset Lines for Oracle Assets

After you place your capital assets in service and specify retirement dates for your retirement adjustment assets, you can create, prepare, and send asset lines for the cost amounts to Oracle Assets. First, you must run the Generate Asset Lines process to create summary asset lines from the CIP and RWIP expenditure items and any cost adjustments. Before you run the Interface Assets process, review and adjust your asset lines if necessary. You can perform the following adjustments on your asset lines:

- Associate assets with unassigned asset lines
 - Note:** You can set up your capital projects to automatically associate assets with unassigned asset lines by defining an asset cost allocation method. For more information, see: *Allocating Asset Costs*, page 5-25.
- Change which asset is associated with a line
- Split an asset line into multiple asset lines and associate the new lines with different assets
- Change the line description

Related Topics

Generate Asset Lines, Oracle Projects Fundamentals

Reviewing and Adjusting Asset Lines, page 5-32

Creating Capital Events

You can create periodic and manual capital events to control how capital project assets and costs are interfaced to Oracle Assets over time. You use capital events to group assets and costs before you generate asset lines for capitalization and retirement cost processing.

When you use periodic event processing, you submit a concurrent process that selects unprocessed assets and cost amounts for a project based on the in-service and expenditure item dates you specify in the process parameters. When you use manual event processing, you can specify the assets and costs that you want to include in the event, as well as the in-service and expenditure item dates.

When you submit the Generate Asset Lines process for a capital project that uses capital events, Oracle Projects automatically generates asset lines for all defined, unprocessed capital events.

You can specify a default event processing method for a capital project type and override it at the project level.

- For information on specifying an event processing method in the Capitalization Information tab of the Project Types window, see: *Project Types, Oracle Projects Implementation Guide*.
- To specify an event processing method for a project, select a processing method in the Capital Information window for the project. For information, see: *Capital Information, Oracle Projects Fundamentals*.

Creating Periodic Events

To create a periodic capital event, you must submit the PRC: Create Period Capital Events process. For information, see: *Create Periodic Capital Events, Oracle Projects Fundamentals*.

Creating Manual Events

You can create capital events from the Capital Projects window.

To create a capital event:

1. Navigate to the Capital Projects window.
2. Find the capital project for which you want to define a capital event in the Find Capital Projects window.
3. Choose the capital project you want and choose the Capital Events button.
4. In the Capital Events window, select either the Capital Project Assets Workbench or the Retirement Adjustment Assets Workbench.
5. Insert a new row to derive the (next) sequential event number, an event name, and optionally select a different asset allocation method.
6. Save your work.
7. To select assets for the event, choose the Assets button to open the Event Assets window and choose Attach New Assets.
8. In the Attach New Asset window, enter selection criteria to find one or more assets to attach to the event and choose OK to return to the Event Assets window.

Note: To detach an asset after it is selected, you can deselect the Include check box for the asset line. You can detach an asset from an

event if asset lines have not been generated for the event, or if all asset lines for the event are reversed.

9. Save your work and close the Event Assets window to return to the Capital Events window.
10. To select costs for the event, choose the Costs button to open the Event Costs window and choose Attach New Costs.
11. In the Attach New Costs window, enter selection criteria to find costs to attach to the event and choose OK to return to the Event Costs window.

Note: To detach a cost item after it is selected, you can deselect the Include check box for the cost line. You can detach a cost item from an event if it has not been generated and grouped into an asset line, or if all asset lines for the cost item are reversed.

12. Save your work and close the Event Costs window to return to the Capital Events window.
13. To generate asset lines for the event, choose Generate. For more information, see: *Generating Summary Asset Lines*, page 5-21.

You can view the status of the request in the Events window.

Note: You can optionally reverse all assets for the event by choosing the Reverse button.

Generating Summary Asset Lines

The Generate Asset Lines process creates summarized asset lines for capital assets and retirement adjustment assets.

- For capital assets, the process generates capital asset lines only from capitalizable expenditure items on tasks that are assigned to a capital asset with an actual date placed in service.
- For retirement adjustment assets, the process generates retirement adjustment asset lines only from expenditure items on tasks that are marked as Retirement Cost tasks, and are assigned to a retirement adjustment asset with a defined retirement date.

Oracle Projects creates asset lines based on the asset grouping level you choose within a project and the CIP grouping method you designate for the corresponding project type. The grouping level represents the WBS level at which you assign assets or group common costs.

You determine the grouping level by assigning assets to a WBS component (for example, the project, a top task, or a lowest task), or by designating a WBS component as a grouping level for common costs. For more information on grouping levels, see: *Asset Summary and Detail Grouping Options*, page 5-27.

The CIP grouping method determines how Oracle Projects summarizes asset costs within an asset grouping level. For example, you can choose to summarize asset costs by expenditure type or expenditure category. For more information on specifying a grouping method, see: *Project Types*, *Oracle Projects Implementation Guide*.

The AutoAccounting rules you define for CIP and RWIP costs also influence the amount of summarization. Oracle Projects creates asset lines by summarizing by grouping level, grouping method, and CIP/RWIP account.

When more than one asset is assigned to a grouping level or common costs are entered for a project, you must define an asset allocation method if you want Oracle Projects to automatically assign all asset costs to assets. Otherwise, you must manually assign any unassigned or common costs. For information on defining an asset allocation method, see *Allocating Asset Costs*, page 5-25.

The following table describes how Oracle Projects maps costs to assets:

Number of assets assigned to a grouping level	Expected results after running Generate Asset Lines process
One asset assigned to a grouping level	All detail costs charged to that level are automatically mapped to that asset.
More than one asset assigned to a grouping level, only one asset is placed in service	If the asset allocation method specified for the project has a value of None, then Oracle Projects generates asset lines for all costs, but does not assign an asset to the asset lines. If the asset allocation method is other than None, then Oracle Projects generates asset lines for the grouping level. However, costs are allocated and assigned only to the assets being placed in service.
The cost distribution is for purchased goods from a purchase order which has an inventory item with a default asset category	Costs are mapped to the single asset that matches the default asset category for that grouping level.
More than one asset has the same asset category as the default asset category for a purchased item	When the asset allocation method specified for the project has a value other than None, Oracle Projects creates asset lines, and allocates costs and assigns assets having the same default asset category to the asset lines. When the asset allocation method has a value of None, the assets are not assigned automatically.

Example of Mapping Costs to Assets

For example, assume you assign one asset to a capital project at the project grouping level. As shown in the following table, you charge the following expenditure items to the project, all of which are capitalizable and charged to the same CIP account:

Expenditure Type	Expenditure Category	Amount
Supplies	Operating	5,000.00
Supplies	Operating	20,000.00
Professional	Labor	5,800.00
Clerical	Labor	1,500.00
Computer	Service Center	14,000.00
Meals	Travel	300.00
Lodging	Travel	500.00
Air Travel	Travel	900.00
Miscellaneous	Operating	5,000.00
Total Costs		53,000.00

If you use a grouping method of *Expenditure Category*, Oracle Projects creates the asset lines shown in the following table:

Asset Lines	Amount
Labor	7,300.00
Operating	30,000.00
Service Center	14,000.00
Travel	1,700.00

If you use a grouping method of *Expenditure Type*, Oracle Projects creates the asset lines shown in the following table:

Asset Lines	Amount
Air Travel	900.00
Clerical	1,500.00
Computer	14,000.00
Lodging	500.00
Meals	300.00
Miscellaneous	5,000.00
Professional	5,800.00
Supplies	25,000.00

If you use a grouping method of *All*, Oracle Projects creates a single asset line for the total cost amount of 53,000.00.

Prerequisites:

Before you run the Generate Asset Lines process, cost the transactions by running the following processes:

- Distribute Labor Costs
- Distribute Expense Report Costs
- Distribute Usage and Miscellaneous Costs
- Distribute Supplier Invoice Adjustments
- Interface Supplier Invoices to Oracle Projects
- Distribute Total Burdened Costs (required if you are capitalizing burdened costs). You do not need to interface these costs to Oracle General Ledger before you create asset lines.
- Run the Update Project Summary Amounts process so you can see the total expensed, CIP, and RWIP amounts in the Capital Projects window.

You can generate asset lines for a single project or capital event, and for a range of projects.

To generate summary asset lines for a single project or capital event

1. Navigate to the Capital Projects or Capital Events window.
For capital events, select either the Capital Project Events Workbench or the Retirement Cost Events Workbench to continue.
2. Find and select a capital project or capital event for which you want to generate asset lines.
3. Choose the Generate button.
4. Enter the Asset Date Through. Oracle Projects creates asset lines from assets with an actual date placed in service/retirement date before and including this date only.

- For PA Through Date, enter the last day of the PA period through which you want the costs to be considered for capitalization.

If you enter a date that falls within the PA period, the process uses the period ending date of the *preceding* period. If the date you enter is the end date of a period, the process uses the end date of that period, as shown in the example in the following table:

Period	Start Date	End Date	You enter...	The process uses...
P1	07-Jun-99	13-Jun-99	19-Jun-99	13-Jun-99
P2	14-Jun-99	20-Jun-99	20-Jun-99	20-Jun-99

- Choose Include Common Tasks, if you want to create asset lines from costs assigned to a grouping level type of Common Cost.
- Choose OK to submit the Generate Asset Lines process. Oracle Projects creates asset lines for your project or event and runs the Generate Asset Lines Report.
- Review the Generate Asset Lines Report. See: Generate Asset Lines Report, *Oracle Projects Fundamentals*.

You can also generate asset lines for a single project or capital event by submitting the PRC: Generate Asset Lines for a Single Project process from the Submit Request window.

To generate summary asset lines for a range of projects:

Choose the PRC: Generate Asset Lines for a Range of Projects process in the Submit Request window. In the Parameters window, enter a project or range of projects, date placed in service/retirement date through, and PA through date. Also indicate if you want to include common tasks. Choose Submit to generate asset lines and run the Generate Asset Lines Report. Review the report to verify the creation of asset lines.

Allocating Asset Costs

You can specify an asset allocation method to enable Oracle Projects to automatically allocate unassigned asset lines and common costs across multiple assets. Unassigned asset lines typically occur when more than one asset is assigned to an asset grouping level.

You can specify a default asset allocation method for a capital project type and override it at the project level.

- For information on specifying an asset allocation method in the Capitalization Information tab of the Project Types window, see: Project Types, *Oracle Projects Implementation Guide*.
- To specify an asset allocation method for a project, select an allocation method in the Capital Information window for the project. For information, see: Capital Information, *Oracle Projects Fundamentals*.

You can select one of the following asset allocation methods:

- Actual Units:** Costs are allocated based on the number of actual units specified for each asset in the Assets window. See: Asset Attributes, page 5-14.

- **Client Extension:** Costs are allocated based on the Asset Allocation Basis extension. For information, see: *Asset Allocation Basis Extension, Oracle Projects APIs, Client Extensions, and Open Interfaces Reference*.
- **Current Cost:** Costs are allocated based on the grouped CIP cost of each asset.
- **Estimated Cost:** Costs are allocated based on the estimated cost specified for each asset in the Assets window. See: *Asset Attributes*, page 5-14.
- **Standard Unit Cost:** Costs are allocated based on a standard unit cost defined for the asset book and category in the Project Assets Standard Unit Cost window. See: *Define Standard Unit Costs for Asset Cost Allocations, Oracle Projects Implementation Guide*.
- **Spread Evenly:** Costs are allocated evenly based on the number of assets being capitalized for the project or the event.

Sending Asset Lines to Oracle Assets

Run the Interface Assets process to send valid capital asset and retirement adjustment asset lines to Oracle Assets. Then, in Oracle Assets, you can review the mass addition lines created from the project asset lines in the Prepare Mass Additions window. For Oracle Projects to send asset lines to Oracle Assets, the asset line must meet these specific conditions:

- The actual date in service or retirement date must fall in the current or a prior Oracle Assets accounting period
- The CIP or RWIP costs for summarized asset lines must be interfaced to Oracle General Ledger
- The CIP or RWIP costs for supplier invoice adjustments must be interfaced to Oracle Payables
- A capital asset or retirement adjustment asset must be associated with the asset line

The process creates one mass addition line in Oracle Assets for each asset line in Oracle Projects, assigning the asset information you entered for the asset in Oracle Projects to the mass addition line in Oracle Assets. You use the Mass Additions process in Oracle Assets to prepare and post these mass additions. If you did not enter all required asset information in Oracle Projects, you must enter it for the line in the Prepare Mass Additions window before you can post it.

In Oracle Assets you can query and review assets posted to Oracle Assets by project number and task number in the Financial Inquiry window.

Prerequisites:

- Interface your capital project costs from Oracle Projects to Oracle General Ledger.
- Interface costs for your supplier invoice adjustments to Oracle Payables
- If you are sending cost adjustments for an asset from Oracle Projects to Oracle Assets, ensure that the original mass addition was posted to Oracle Assets. If the mass addition has not become an asset, the Interface process will reject the adjustment line.

To send asset lines for a range of projects:

Choose PRC: Interface Assets process in the Submit Request window and enter the project or range of projects, and the date placed in service/retirement date up to which

you want to process capitalized costs. Choose Submit to start the process and run the Interface Assets Report.

Related Topics

Interface Assets, *Oracle Projects Fundamentals*

Overview of the Mass Additions Process, *Oracle Assets User Guide*

About the Mass Additions Interface, *Oracle Assets User Guide*

Mass Additions Reports, *Oracle Assets User Guide*

Asset Summary and Detail Grouping Options

This section describes how Oracle Projects summarizes expenditures items into asset lines, how to group asset lines, and how to assign asset lines to assets.

Asset Grouping Levels

Grouping levels control how Oracle Projects summarizes expenditure items into asset lines. You can group by project, top task, or lowest level task. For example, if you group at the project level, Oracle Projects summarizes all capitalizable costs or retirement costs at all task levels into asset lines at the project level. If you group at a top task level, Oracle Projects summarizes all tasks below that top task into asset lines for that top task. See: Assigning Assets to Grouping Levels, page 5-28.

If you have summarized the top task in the WBS branch, you cannot also summarize at the lowest level. For example, if Top Task 1 is a grouping level, you cannot also group at Task 1.1.1. If Task 2.2.1 is a grouping level, you cannot group at Top Task 2. If you group at the project level, you cannot group at any top or lowest level task.

Note: You also use the grouping method assigned to your project type to summarize expenditure items.

Grouping level types determine whether you can associate assets with the grouping level.

For examples of grouping levels and grouping level types, see: Examples of Asset Grouping Levels, page 5-29 and Example of Asset Grouping Level Types, page 5-28.

Specifying Grouping Level Types

You can change the grouping level type at any time. If you change a grouping level type from *Specific Assets* to *Common Costs*, Oracle Projects deletes existing asset assignments from the grouping level. Changing the grouping level after you have interfaced assets does not affect the asset lines previously sent to Oracle Assets.

To specify grouping level types:

1. Navigate to the Find Projects window and enter selection criteria for a capital project.
2. Select a project and choose Open.
The Projects, Templates Summary window opens.
3. To group by project, select Asset Information (in the Options area), select Asset Assignments, and then choose Detail.

4. To group by task, choose Tasks (in the Options area). In the Find Tasks window, enter selection criteria. In the Tasks window, select a task and then choose Options.
5. For the project or each task, choose a grouping level type:
6. **Specific Assets:** Select this option to associate assets with the project or task. The Generate Asset Lines process generates asset lines from the specific assets and costs you associate with this grouping level.
7. **Common Costs:** Select this option to group projects or tasks that capture costs you want to allocate to multiple assets. You cannot associate assets with this grouping level type. If you specify an asset allocation method for the project with a value other than None, then the Generate Asset Lines process can allocate these costs across all project assets. If you specify an asset allocation method of None, then the Generate Asset Lines process creates unassigned asset lines for your common cost grouping levels, and you must manually allocate these common costs across assets.
8. Save your work.

Assigning Assets to Grouping Levels

To associate an asset with project costs, assign the asset to a grouping level.

Oracle Projects associates with the specified asset all the asset lines created from the capital or retirement cost expenditure items for a grouping level. If you associate multiple assets with the same grouping level, then you must specify an asset allocation method (other than None) for the project to enable Oracle Projects to assign or allocate the asset lines to the various assets. Otherwise, you must perform this task manually.

To assign assets to grouping levels:

1. Navigate to the Find Projects window, find your capital project, and then choose Open.
The Projects, Templates window opens.
2. Select a project and choose Open.
The Projects, Templates Summary window opens.
3. To group by project, select Asset Information (in the Options area), select Asset Assignments, and then choose Detail.
4. To group by task, choose Tasks (in the Options area). In the Find Tasks window, enter selection criteria. In the Tasks window, select a task and then choose Options. Assign a specific asset for each task that is in a Specific Asset grouping level. In the Task Options window, select Asset Assignment.

Note: You can assign assets only to grouping levels with a type of Specific Assets.
5. Choose the assets you want to assign to the grouping level.
6. Save your work.

Example of Asset Grouping Level Types

You set up a construction management or an administrative task to capture project management activities. These costs do not apply to any specific asset. When the project is complete, you use a standard procedure to split the costs over all the assets. You

associate these tasks with a grouping level so you can create asset lines from them, but you use a grouping level type of Common Costs so you can use the Split Asset Lines window to assign the costs to various assets manually.

Examples of Asset Grouping Levels

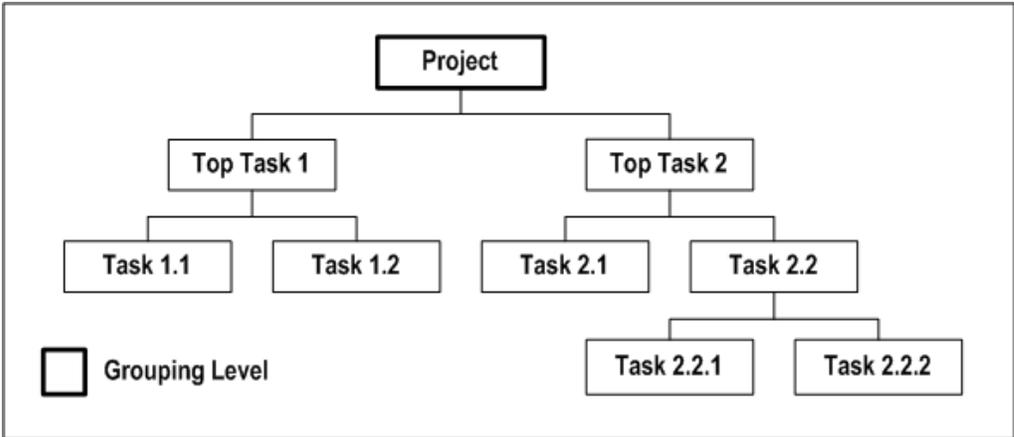
The following four illustrations show four possible variations of asset grouping levels for the same project.

Each illustration shows that the project has two top tasks, Task 1 and Task 2.

- Task 1 has two subtasks, 1.1 and 1.2. These are the lowest tasks for Task 1.
- Task 2 has two subtasks, 2.1 and 2.2. Task 2.1 is a lowest task, and Task 2.2 has two subtasks, 2.2.1 and 2.2.2.

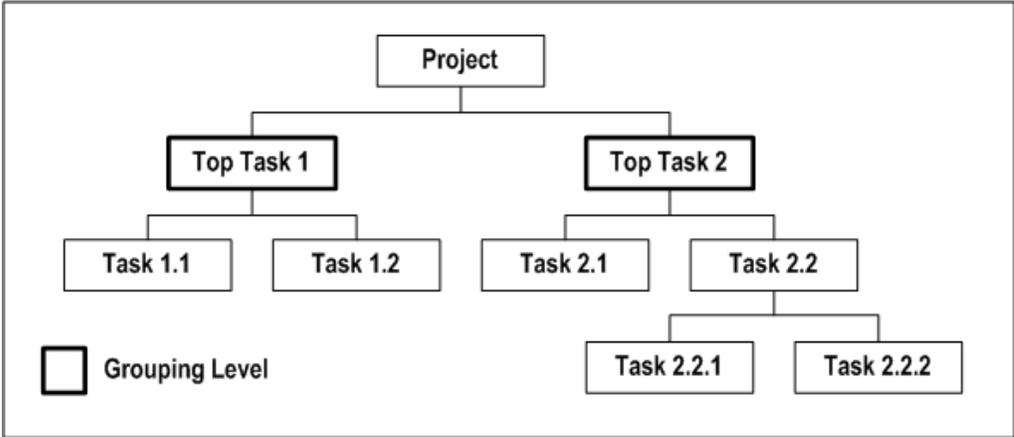
The following illustration shows grouping at the *project* level.

Group at the Project level



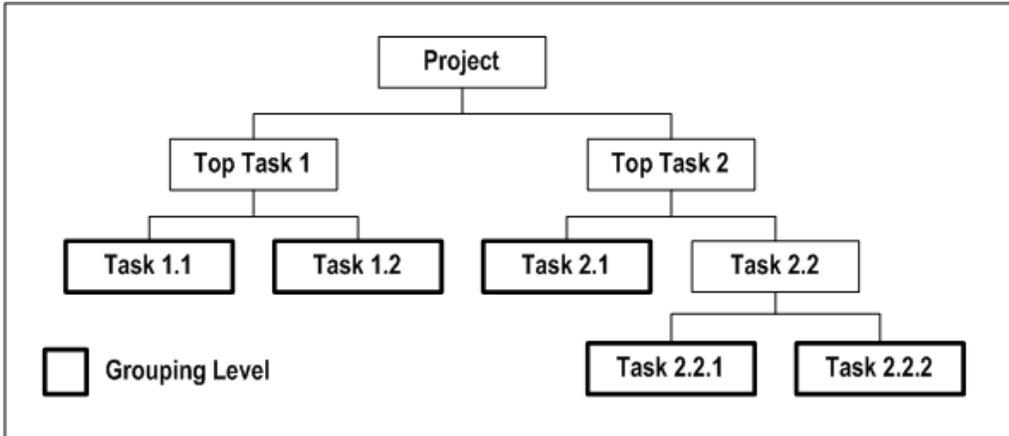
The following illustration shows grouping at the *top task* level (Task 1 and Task 2).

Group at Top Task level



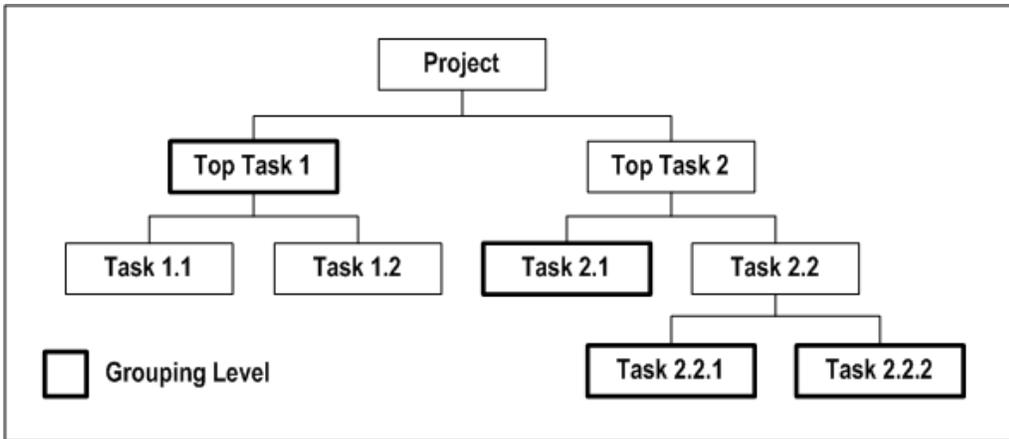
The following illustration shows grouping at the *lowest task* level (tasks 1.1, 1.2, 2.1, 2.2.1, and 2.2.2).

Group at lowest level Tasks



The following illustration shows grouping at the *top task* level for the Task 1 branch (at Task 1) and at the *lowest task* level for the Task 2 branch (at Task 2.1, Task 2.2.1, and Task 2.2.2).

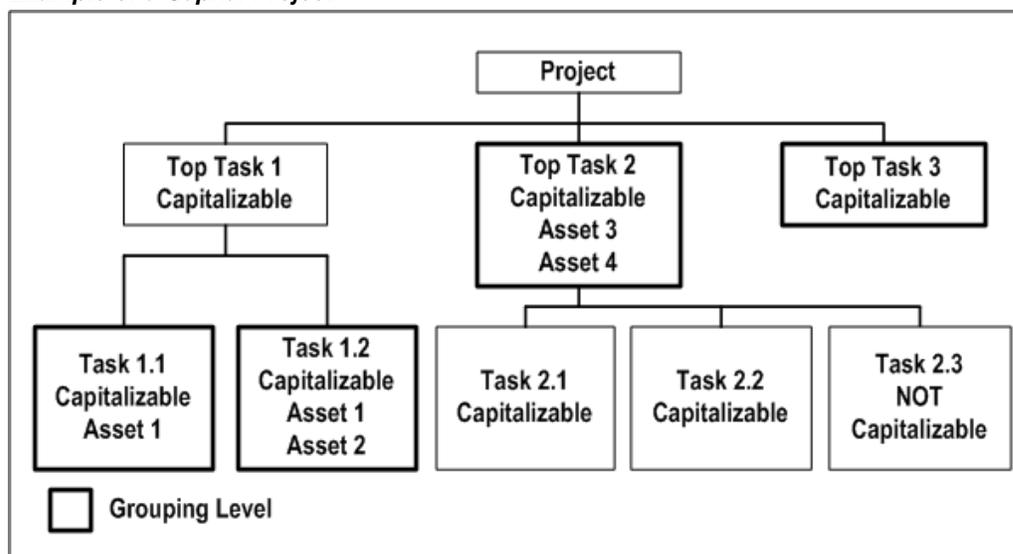
Group at different levels in each WBS



Example of Asset Grouping and Assignment

The following illustration shows an example of a capital project.

Example of a Capital Project



The illustration *Example of a Capital Project*, page 5-31 shows an example of a capital project with the following breakdown structure:

- The project has three top tasks, Task 1, Task 2, and Task 3.
- Task 1 has two subtasks, 1.1 and 1.2. These are the lowest tasks for Task 1.
- Task 2 has three subtasks, Task 2.1, 2.2, and 2.3. These are the lowest tasks for Task 2.
- Task 3 has no subtasks.

All transactions on all tasks, except for Task 2.3, are capitalizable. The following grouping and assignment actions are applicable:

- **Grouping levels:**
 - You create asset lines for Task 1.1, Task 1.2, Top Task 2, and Top Task 3 grouping levels
 - You charge expenditure items to Tasks 2.1 and 2.2, and they are grouped together into asset lines for Top Task 2
 - You can charge expensed transactions only to Task 2.3, because Task 2.3 is not capitalizable
- **Grouping level types:**
 - Task 1.1, Task 1.2, and Top Task 2 grouping levels are assigned the grouping level type Specific Assets
 - Top Task 3 has a Common Costs grouping level type. Asset lines are created, but specific assets cannot be assigned to this grouping level
 - You have to manually assign assets to the asset lines created for Top Task 3
- **Asset assignments:**
 - You associate Asset 1 with Task 1.1 and Task 1.2 (Single Asset associated with multiple grouping levels)

- You associate Asset 1 and Asset 2 with Task 1.2, and Asset 3 and Asset 4 to Top Task 2 (Multiple assets associated with a single grouping level)

Related Topics

Creating a Capital Asset in Oracle Projects, page 5- 9

CIP Grouping Client Extension, *Oracle Projects APIs, Client Extensions, and Open Interfaces Reference*

Reviewing and Adjusting Asset Lines

This section describes how you can adjust asset lines created by the Generate Asset Lines process.

Assigning an Asset to Unassigned Asset Lines

When the Generate Asset Lines process creates asset lines without an asset assignment, you need to manually assign an asset to the line before you can send it to Oracle Assets.

If you choose the Include Common Tasks check box when you generate asset lines, Oracle Projects creates asset lines from common task grouping levels as well as from specific assets grouping levels. Use the Common Costs grouping level type to group together tasks that capture costs you want to allocate to multiple assets.

For more information on generating asset lines and how Oracle Projects maps costs to assets, see: *Generating Summary Asset Lines*, page 5-21. For information on how to define an asset cost allocation method for a project to automatically allocate common costs across multiple assets, see: *Allocating Asset Costs*, page 5-25.

You can assign an asset to unassigned asset lines for a project or a capital event from the Asset Lines window.

Note: If unassigned asset lines are associated with an event, you can only assign the lines to an asset that is included in the event.

To assign an asset to unassigned lines:

1. Navigate to the Capital Projects window, choose the project you want, and choose the Lines button.
2. Choose Find from the toolbar to open the Find Asset Lines window.
3. Select No from the Assigned poplist within the Line region, and choose the Find button to find all unassigned asset lines for the project
4. *(Optional)* Choose Details to view detail information for an asset line so you can identify the asset to assign.
5. Assign an asset to the lines by entering the asset Name.
6. Save your work.

Note: The Asset Line Details window is a folder. You can create folders to display additional fields. See: .

Changing the Asset Assigned to an Asset Line

You can change the asset or description for an asset line in the Asset Lines window. However, you cannot change asset lines you have already sent to Oracle Assets.

Splitting an Asset Line

You can split an asset line and assign the split costs to multiple assets by using percentages or amounts. You can split lines with and without asset assignments. You can split an asset line for a project or a capital event from the Asset Lines window.

To split an asset line for a project or a capital event:

1. Navigate to the Asset Lines window for a project or capital event.
2. To open the Asset Lines window for a *project*, navigate to the Capital Projects window, select a project, and choose the Lines button.
3. To open the Asset Lines window for a *capital event*, perform the following steps in the order listed:
 - Navigate to the Capital Projects window, select a project, and choose the Capital Events button.
 - In the Capital Events window, select a workbench option, if any, to display capital events or retirement cost events. Select an event and choose the Assets button.
 - In the Event Assets window, select an asset and choose the Asset Lines button.
 - Choose the asset line you want to split.
 - Choose the Split Line button to open the Split Asset Line window.
 - Enter the Asset Name and the Amount or Percentage you want to split. The Unassigned fields indicate the amount and percent of the asset line's cost you have not yet assigned to an asset.
 - Choose OK when you finish splitting the line.
 - Save your work.

Related Topics

Generate Asset Lines Report, *Oracle Projects Fundamentals*

Adjusting Assets After Interface

You can adjust assets after they have been interfaced to Oracle Assets.

You can adjust expenditure items whose costs are sent to Oracle Assets, and collect new expenditure items for an asset in Oracle Projects after you capitalize or retire an asset, and send the summarized asset lines to Oracle Assets. You process these cost adjustments in Oracle Projects and send them to Oracle Assets as adjusting asset lines.

Your cost adjustments can be either positive or negative. For example, you receive a credit memo from a supplier for a capitalized asset you sent and posted to Oracle Assets. When you send this credit memo to Oracle Projects, you create new negative asset lines, which you can send to Oracle Assets as a negative cost adjustment to the original asset.

Oracle Projects includes the information you enter for the asset on the adjusting asset line you send to Oracle Assets. Thus, if you specify to amortize depreciation adjustments for a capital asset in Oracle Projects, Oracle Assets amortizes any catchup depreciation amount for the adjustment over the remaining life of the asset. Otherwise, it expenses the catchup depreciation for the adjustment in the current period.

Note: You cannot send cost adjustments to Oracle Assets until you have posted the original mass addition line (imported asset line) to Oracle Assets using the Post Mass Additions process.

Adjusting Capital Project Costs

You can adjust capital project expenditure items associated with an asset you placed in service or sent to Oracle Assets. You can generate new asset lines for these adjusted expenditure items and interface them to Oracle Assets to adjust the original asset cost.

To adjust capital project costs:

1. Navigate to the Expenditure Items window.
2. In the Find Expenditure Items window, enter your search criteria. To query by capitalizability or grouping level for your capital project, choose Yes in the Capitalizable poplist for the CIP/RWIP Status option.
3. Choose the expenditure item you want to adjust.
4. Use the Tools menu to choose the type of adjustment you want to make. You can choose from the following options:

Capitalizable or *Non-Capitalizable* to change the capitalizability of a capital asset expenditure item.

Split to split the cost of the expenditure item. You must specify how you want to split the item in the Split Expenditure Item window.

Transfer to transfer the expenditure item to another project or task. You must specify the destination project or task for this transfer in the Transfer Expenditure Item window.

5. Save your work.
6. Generate Asset Lines. See: Generating Summary Asset Lines, page 5-21.

Reversing Capitalization of Assets in Oracle Projects

If you placed an asset in service in error or sent inappropriate asset costs to Oracle Assets, you can reverse capitalization of the asset in Oracle Projects, and send the reversing line to Oracle Assets as an adjustment.

When you reverse a capitalized asset in Oracle Projects, Oracle Projects creates reversing (negative) asset lines to offset the asset lines previously interfaced to Oracle Assets. The asset remains in Oracle Assets with a value of zero. Oracle Projects does not delete or dispose of the asset in Oracle Assets. You can use functionality within Oracle Assets to retire the asset if you do not ever plan to re-capitalize the reversed asset.

Notes:

- If you reverse capitalize an asset in Oracle Assets that was created from Oracle Projects, this transaction is recorded in Oracle Assets only, and not in Oracle

Projects. If this happens, you cannot manually update the corresponding asset in Oracle Projects.

- You cannot send a reversing line to Oracle Assets until you have posted the original asset using the Post Mass Additions process. You cannot make a negative cost adjustment (reversal) to a mass addition not yet posted to Oracle Assets.
- When you choose the action to reverse capitalize an asset, Oracle Projects checks Oracle Assets to determine if the asset was retired previously. If yes, then Oracle Projects issues a warning message and you can either continue processing or cancel the reversal action.

Related Topics

Asset Retirements, *Oracle Assets User Guide*

Depreciation, *Oracle Assets User Guide*

Overview of Asset Capitalization, page 5- 1

Reversing Capitalization of Assets in Oracle Projects

Oracle Assets processes reversal transactions from Oracle Projects as negative cost adjustments to the original asset. If you have begun depreciating this asset, Oracle Assets must reverse the depreciation expense in the period you reverse capitalize the asset.

Important: Before you reverse an asset, ensure that the Amortize Adjustment check box is unchecked for the asset. If you reverse capitalize an asset for which you specify to amortize adjustments, the monthly depreciation on the original cost will not equal the monthly depreciation generated to account for the asset cost reversal in Oracle Assets. Oracle Assets will amortize the catch up depreciation on the negative cost adjustment over the remaining life of the asset.

Reversing Capitalization of an Asset or Event

You can reverse capitalize an asset on a project from the Assets window. If the asset is associated with a capital event, then you must reverse the entire event. You can reverse a capital event from the Capital Events window.

To reverse capitalization of an asset:

1. Navigate to the Capital Projects window.
2. Find the project you want and choose Assets to open the Assets window.
3. Choose the asset you want to reverse capitalize.

Ensure that you do not amortize depreciation adjustments for a capital asset you want to reverse capitalize or recapitalize. You can specify whether to amortize adjustments in the asset definition. See: *Defining Assets*, page 5-13.

4. Choose the Reverse button.

Oracle Projects **automatically enables the Reverse check box for the asset you want to reverse capitalize.**

If you reversed the wrong asset, or you want to unreverse an asset before you run the Generate Asset Lines process, choose the asset and the Reverse button again to deselect the asset for reversal.

5. Save your work.
6. Run the Generate Asset Lines process to create reversing entries you can send to Oracle Assets. See: *Generating Summary Asset Lines*, page 5-21.
7. Review the Generate Asset Lines Report to verify creation of the reversing lines. See: *Generate Asset Lines Process, Oracle Projects Fundamentals*.

To reverse capitalization of a capital event:

1. Navigate to the Capital Projects window.
2. Find the project you want and choose the Capital Events button.
3. In the Capital Events window, select a workbench option, if any, to display capital events or retirement cost events.
4. Select an event and choose the Reverse button.
5. Save your work.
6. Run the Generate Asset Lines process to remove the Actual Date In Service or Retirement Date from the assets and create reversing entries you can send to Oracle Assets. See: *Generating Summary Asset Lines*, page 5-21.
7. Review the Generate Asset Lines Report to verify creation of the reversing lines. See: *Generate Asset Lines Process, Oracle Projects Fundamentals*.

Recapitalization of Reverse Capitalized Assets

If you need to recapitalize an asset, put the new Date Placed in Service in the Assets form in Oracle Projects so new asset lines will be created.

Important: You must also manually change the Date Placed in Service for the asset in the Asset Workbench in Oracle Assets, as the Date Placed in Service cannot be updated through the Mass Additions process.

To recapitalize a reverse capitalized asset:

1. Navigate to the Capital Projects window.
2. Find the project you want and choose Assets to open the Assets window.
3. Enter the Actual Date In Service or Retirement Date for the reverse capitalized asset.
4. Save your work.
5. In Oracle Assets, change the date placed in service or retirement date to match the date in Oracle Projects. See: *Changing Asset Details, Oracle Assets User Guide*.
6. Generate asset lines to create new lines for the asset. See: *Generating Summary Asset Lines*, page 5-21.

Abandoning a Capital Asset in Oracle Projects

You can abandon a capital asset at any time.

Before Interfacing to Oracle Assets

You can abandon a capital project prior to interfacing to Oracle Assets by changing all transactions from capitalizable to non-capitalizable.

To change transactions from capitalizable to non-capitalizable:

1. Navigate to the Expenditure Inquiry window.
2. Select all expenditures for the project where the Capitalizable column is checked.
3. From the Tools menu, choose *Non-Capitalizable*. If cost distribution has been run on the expenditures, the Cost Distributed column check box will change to unchecked.
4. Run the distribute labor, expense, and usage costs processes and the PRC: Distribute Supplier Invoice Adjustment Costs process. If you are using burdening, run the PRC: Distribute Total Burdened Costs process.
5. Interface the costs to GL and AP. When you post the costs to Oracle General Ledger, the system will create entries that transfer these costs from the CIP account to the Expense account. The AutoAccounting rules you set up determine these accounts.

After Interfacing to Oracle Assets

If you have already interfaced the asset you want to abandon, you must reverse capitalize the asset in the Assets window in Oracle Projects. You also need to send the reversing lines to Oracle Assets to account for the abandoned CIP asset.

The Generate Asset Lines process creates reversal lines and the Interface Assets process interfaces them to Oracle Assets.

Related Topics

Specifying Which Capital Asset Transactions to Capitalize, page 5-12

Reversing Capitalization of Assets in Oracle Projects, page 5-34

Capitalizing Interest

This section describes how to calculate and record capitalized interest for capital projects.

Overview of Capitalized Interest

Capitalized interest (also referred to as *Allowance for Funds Used During Construction*) is an estimate of the interest cost that enterprises incur when they invest in long-term capital projects. Subject to accounting rules and regulatory guidelines, enterprises can capitalize interest as part of the total cost of acquiring and constructing assets that require an extended amount of time to prepare for their intended use.

To accommodate this business requirement, Oracle Projects enables you to calculate and record capitalized interest for capital projects. To meet the requirements of regulated businesses such as those in the utilities industry that can recognize multiple types of capital interest, you can set up Oracle Projects to separately calculate capitalized interest for multiple interest types such as debt and equity.

Oracle Projects calculates capitalized Interest on *open* CIP amounts. You can spread the cost for one expenditure item across multiple assets. If you have previously capitalized any of the assets to which the cost is allocated, then Oracle Projects excludes the total item cost from the interest calculation.

The process for generating and recording capitalized interest transactions includes the following tasks:

- **Defining rate names and rate schedules:** You define capitalized interest rate names to represent the interest types you want to capitalize. After you define rate names, you can create and maintain capitalized interest rate schedules to assign rates to each organization. For more information, see: *Defining Capitalized Interest Rate Names and Rate Schedules*, page 5-38.
- **Setting up capital projects for capitalized interest:** To correctly calculate capitalized interest for all eligible capital projects, you must ensure that the capital information options for each project are defined. You must also assign each project a status that allows capitalized interest. For more information, see: *Setting Up Capital Projects for Capitalized Interest*, page 5-39.
- **Generating capitalized interest expenditure batches:** To generate interest expenditures, you periodically submit the Generate Capitalized Interest Transactions process. See: *Generating Capitalized Interest Expenditure Batches*, page 5-39.
- **Reviewing capitalized interest expenditure batches:** After you generate capitalized interest expenditure batches, you can review the transactions for accuracy. If necessary, you can delete or reverse a batch to allow regeneration. See *Reviewing Capitalized Interest Expenditure Batches*, page 5-40.

Defining Capitalized Interest Rate Names and Rate Schedules

To calculate capitalized interest, you must define a rate name for each type of interest you want to capitalize and define rate schedules to assign interest rates to organizations.

Defining Capitalized Interest Rate Names

You define a unique rate name for each type of interest you want to capitalize. For example, you can define a rate name to maintain interest rates for debt and another to maintain interest rates for equity.

For each rate name, you can define thresholds that determine when the calculation of interest begins for eligible projects. You can select interest calculation basis attributes that determine how interest amounts are calculated. For example, you can select an interest method to specify whether interest is calculated on a simple or compound basis. You can also specify a period rate convention to determine whether interest amounts are spread evenly across accounting periods or are derived based on the number of days in each accounting period.

You can control the CIP balance on which interest is calculated by specifying a current period convention and expenditure type exclusions. The current period convention specifies how much of the current period CIP costs are included in the CIP balance. Expenditure type exclusions enable you to specify types of costs that you want to exclude from the CIP balance.

For more information, see: *Capitalized Interest Rate Names, Oracle Projects Implementation Guide*.

Defining Capitalized Interest Rate Schedules

You define interest rate schedules to create and maintain rates for interest calculation. You maintain rates by organization and rate name. You can specify an interest rate schedule for each project type. The rate schedule you define for a project type is the default rate schedule for all projects you create for the project type. You can optionally allow override of the default rate schedule at the project level.

For more information, see: Capitalized Interest Rate Schedules, *Oracle Projects Implementation Guide*.

Setting Up Capital Projects for Capitalized Interest

To correctly calculate capitalized interest for all eligible capital projects, you must ensure that the capital information options for each project are defined appropriately, and assign each project a status that allows capitalized interest.

Defining Capital Information Options

The following fields in the Capital Information options window control the calculation of capitalized interest for a capital project:

- **Allow Capital Interest:** This field defines whether a project is eligible for capitalized interest. By default, Oracle Projects enables this option for all capital projects. You can deselect or select this option at any time.
- **Capital Interest Schedule:** This field displays the default capitalized interest rate schedule specified for the project type, if any. If the *Allow Schedule Override* option is enabled for the project type, then you can override the default interest rate schedule value at the project level.
- **Capital Interest Stop Date:** You can optionally specify a date beyond which a project is not eligible for capitalized interest. To calculate interest, this field must either be blank or contain a date that is later than the end date of the GL period for which you want to calculate interest.

Note: The *Allow Capital Interest* and *Capital Interest Stop Date* fields are also available at the task level. You can use these fields to control the calculation of capitalized interest for individual tasks.

For additional information on defining capital information options for projects and tasks, see: Capital Information, *Oracle Projects Fundamentals*.

For information on assigning capitalized interest rate schedules to project types, see: Specifying Capitalized Interest Rate Schedules for Project Types, *Oracle Projects Implementation Guide*.

Assigning a Project Status

In addition to defining capital information options to enable the calculation of capitalized interest, you must assign each eligible project a status that allows capitalized interest. For more information, see: Setting Project Status Controls for Capitalized Interest, *Oracle Projects Implementation Guide*.

Generating Capitalized Interest Expenditure Batches

To generate and record capitalized interest expenditures, you must submit the PRC: Generate Capitalized Interest Transactions process. This process calculates capitalized interest and generates transactions for eligible projects and tasks. For information on submitting this process and the processing parameters that you can select, see: Generate Capitalized Interest Transactions, *Oracle Projects Fundamentals*.

When you submit the Generate Capitalized Interest Transactions process, you can specify whether expenditure batches are released automatically. If the expenditure

batches are not released automatically, then you must release them manually in the Review Capitalized Interest Runs window. For more information, see: Reviewing Capitalized Interest Expenditure Batches, page 5-40.

The generate process charges interest expenditures to the same tasks as the expenditure items on which interest was calculated. The expenditure organization and expenditure type values for the interest transactions are derived based on the expenditure organization source and expenditure type attributes defined for the interest rate name. For more information, see: Capitalized Interest Rate Names, *Oracle Projects Implementation Guide*.

Reviewing Capitalized Interest Expenditure Batches

After you submit the PRC: Generate Capitalized Interest Transactions process, you can check the status of each run and review the process results in the Review Capitalized Interest Runs window. From this window you can view capitalized interest expenditure batches, transactions, and exceptions.

You can generate, review, and delete draft expenditure batches until you are satisfied with the results. To view transactions that generated successfully, select a batch and choose the Transactions button. If a batch generated with warnings or errors, then you can select the draft and choose the Exceptions button to view the exception details. To record the transactions in an expenditure batch, you must release the batch. You can reverse an expenditure batch after it is released successfully.

Note: You cannot generate a draft expenditure batch if a draft already exists for the same projects and GL period.

The following table describes the possible run statuses displayed in the Review Capitalized Interest Runs window.

Run Status	Description
In Process	The process is not complete.
Draft Success	The process created draft transactions that are ready for release.
Draft Failure	The process encountered warnings or errors. Draft transactions may be incomplete. Review the exceptions. If exceptions exist for one or more projects, then you can release the batch to release the successfully generated transactions. After you resolve the exceptions, you can create a new run to process the exception project or projects.
Release Success	Transactions are released.
Release Failure	The release process failed. After you resolve the release issues, you can release the batch again.

Releasing, Reversing, and Deleting Capitalized Interest Expenditure Batches

The rules for releasing, reversing, and deleting capitalized interest expenditure batches are as follows:

- **Releasing expenditure batches:** You can release batches with the status *Draft Success* or *Release Failure*.
- **Reversing expenditure batches:** You can reverse expenditure batches with the status *Release Success*.
- **Deleting expenditure batches:** You can delete expenditure batches with the status *Draft Success*, *Draft Failure*, and *Release Failure*. You cannot delete batches with the status *In Process*. In addition, you cannot delete batches after they are reversed or released successfully.

Cross Charge

This chapter describes accounting within and between operating units and legal entities.

This chapter covers the following topics:

- Overview of Cross Charge
- Processing Flow for Cross Charge
- Processing Borrowed and Lent Accounting
- Processing Intercompany Billing Accounting
- Interfacing Cross Charge Distributions to General Ledger
- Adjusting Cross Charge Transactions

Overview of Cross Charge

Enterprises face complex accounting and operational project issues that result from centralized project management through sharing of resources across organizations.

Oracle Projects provides the following *cross charge* features to address these issues:

- **Borrowed and Lent Accounting:** This feature creates accounting entries to pass costs and revenue across organizations without generating internal invoices.
- **Intercompany Billing Accounting:** This feature creates internal invoices *and* accounting entries to pass costs and share revenue across organizations.

In addition to these two features that enable you to charge costs across organizations, Oracle Projects *inter-project billing* features enable you to charge costs between projects. For detailed information on this feature, see *Inter-Project Billing, Oracle Project Billing User Guide*.

Cross charge features depend on multiple organization support in Oracle Projects and other Oracle Applications. In addition, these features support multinational projects, which also call for other currency exchange management functionality. For more information, see: *Providing Data Access Across Business Groups, Oracle Project Fundamentals*.

Note: To use the intercompany billing feature (for cross charge) you must implement both *Oracle Project Costing* and *Oracle Project Billing*.

Related Topics

Setting Up for Cross Charge Processing: Borrowed and Lent, *Oracle Projects Implementation Guide*

Setting Up for Cross Charge Processing: Intercompany Billing, *Oracle Projects Implementation Guide*

Cross Charge Business Needs and Example

When projects share resources within an enterprise, it is common to see those resources shared across organization and country boundaries. Further, project managers may also divide the work into multiple projects for easier execution and management. The legal, statutory, or managerial accounting requirements of such projects often present complex operational control, billing, and accounting challenges.

Oracle Projects enables companies to meet these challenges by providing timely information for effective project management. Project managers can easily view the current total costs of the project, while customers receive bills as costs are incurred, regardless of who performs the work or where it is performed.

Project Structures Example

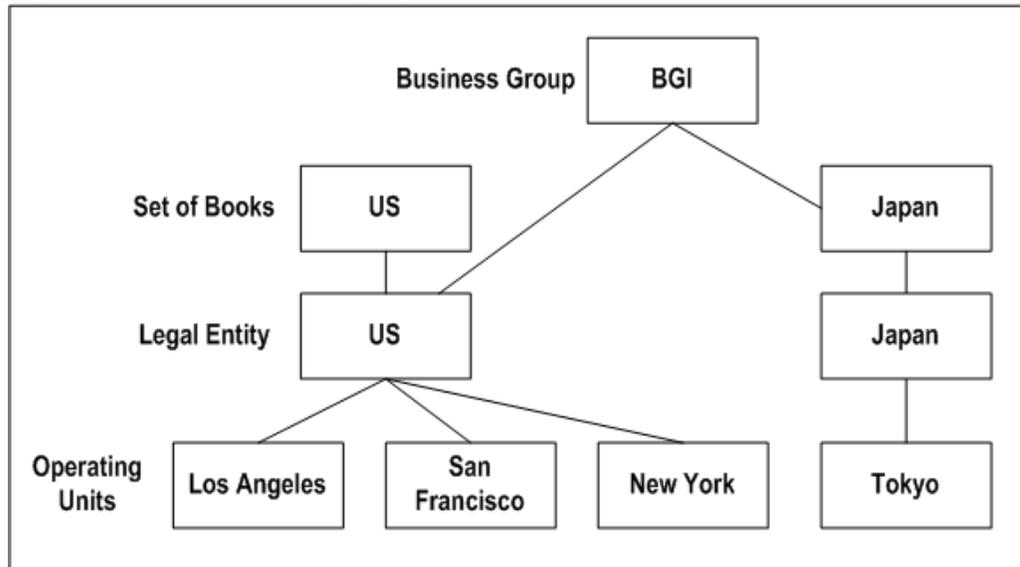
To provide a better understanding of cross charge concepts and the difference between cross charge and inter-project billing options, the scenarios shown in the following example illustrate how projects can be structured.

Note: The project in this example is a contract project and is used for illustrative purposes only. You can apply most of the features described in this document to other types of projects.

The following illustration shows Company ABC, an advertising company with the following organization structure:

- Company ABC has two sets of books: US and Japan.
- The legal entity US is assigned to the US set of books and the legal entity Japan is assigned to the Japanese set of books.
- The legal entity US is comprised of three operating units: Los Angeles, San Francisco and New York
- The legal entity Japan is comprised of the Tokyo operating unit.
- The legal entity US and the Japanese set of books belong to the business group BGI.

Organization Structure of Company ABC



The Los Angeles operating unit, ABC’s headquarters, receives a contract from a customer in the United Kingdom (UK). The customer wants ABC to produce and air live shows in San Francisco, New York, and Tokyo to launch its new line of high-end women’s apparel. The customer wants to be billed in British Pounds (GBP). ABC calls this project *Project X* and will track it using Oracle Projects. ABC will plan and design the show using resources from the Los Angeles operating unit. Employee EMPJP from its Japan subsidiary will act as an internal consultant to add special features to suit the Japanese market. The San Francisco, New York, and Tokyo operating units are each responsible for the successful execution of these live shows with their local resources.

Based on this scenario, each operating unit can incur costs against Project X. Consider the following labor transaction, which is summarized in the table that follows.

- Employee EMPJP of Japan worked 10 hours meeting with the customer in Japan to learn about the new product.
- Employee EMPJP’s cost rate is 5,000 JPY per hour.
- Employee EMPJP’s standard bill rate is USD 400 per hour.
- Employee EMPJP’s internal bill rate, if applicable, is USD 200 per hour, or 50% of the standard bill rate.

Note: Currency conversion rates: 1 USD = 100 JPY; 1 USD = .75 GBP

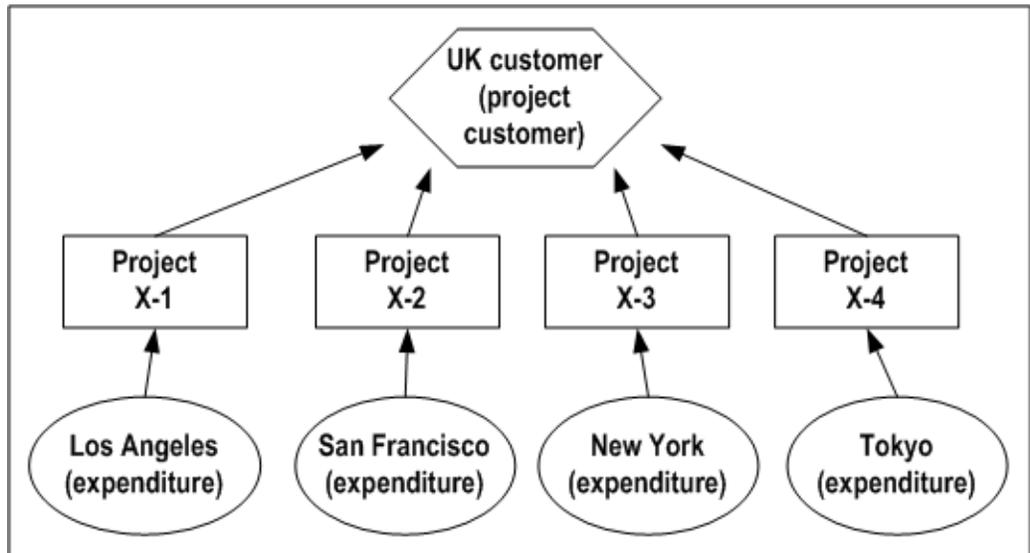
Sample Transaction (10 hours of labor)	Transaction Currency Amounts	Functional Currency Amounts	Project Currency Amounts
Cost	50,000 JPY	50,000 JPY	500 USD
Revenue	4,000 USD	4,000 USD	4,000 USD
Invoice	3,000 GBP	4,000 USD	4,000 USD
Internal Billing Revenue	2,000 USD	200,000 JPY	

Project Structure: Distinct Projects by Provider Organization

The illustration *Distinct Projects By Provider Organization*, page 6- 4 shows the following structure:

- Company ABC divides Project X into four distinct contract projects: Project X-1, Project X-2, Project X-3 and Project X-4.
- Each operating unit owns its respective project (Los Angeles owns X-1, San Francisco owns X-2, New York owns X-3, and Tokyo owns X-4) and bills the project customer directly.

Distinct Projects by Provider Organization



Requirements:

- Oracle Project Costing
- Oracle Project Billing

Advantages: Simplicity, since the operating units create and process their projects independently.

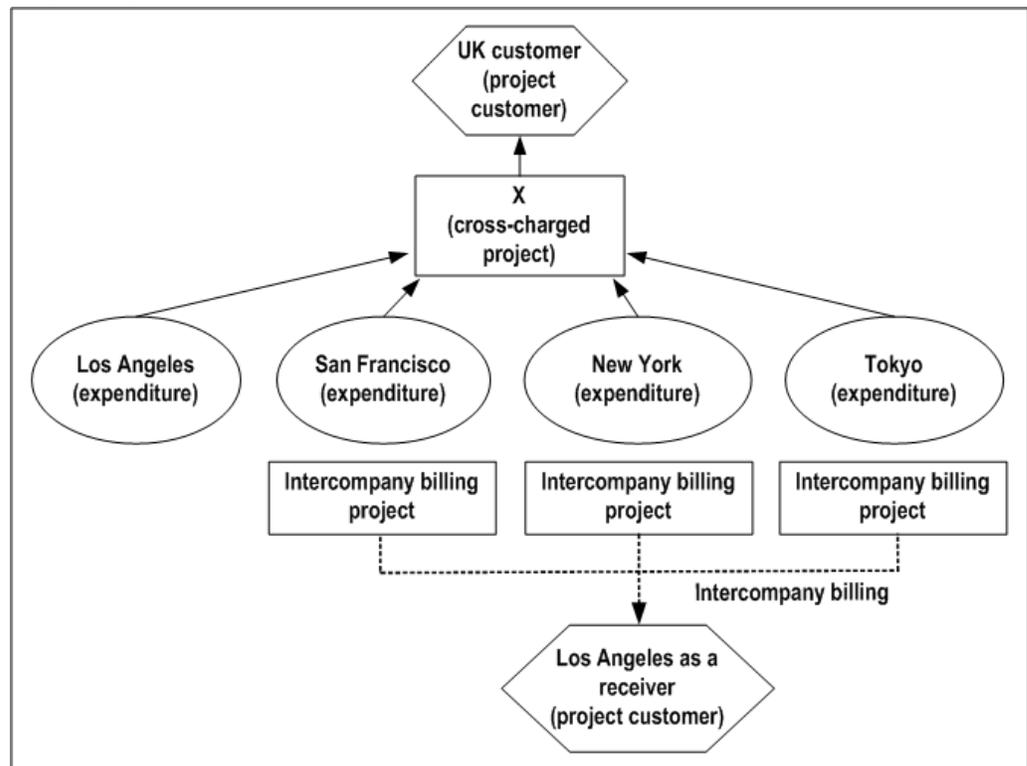
Disadvantages: The company must divide the project work properly, and each resulting project requires an agreement, funding, and a budget to generate customer invoices. In

addition, the customer may not want to receive separate invoices from different organizations in your enterprise. Communication and control across the projects for collective status can be difficult.

Project Structure: Single Project

The following illustration shows a structure where the Los Angeles operating unit (the project owner, or receiver organization) centrally manages Project X. All four operating units (the provider organizations) incur project costs and charge them directly to Project X.

Single Project



Requirements:

- Oracle Project Costing
- Oracle Project Billing
- Implementation of the *cross charge* feature
- Depending on the method you choose to process cross charge transactions (*borrowed and lent accounting* or *intercompany billing accounting*), this solution may also require intercompany billing for the automatic creation of internal invoices.

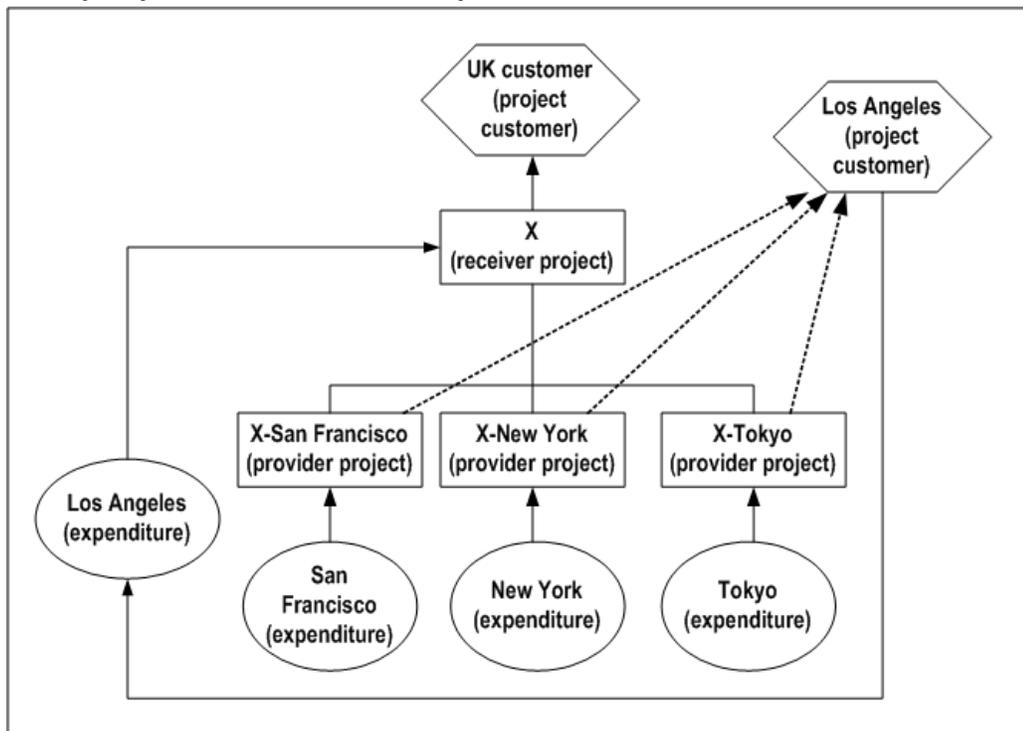
Advantages: Simple project creation and maintenance, since this solution requires a single project. All of the expenditures against ProjectX, cross charged or not, are available for external customer billing and project tracking via Project Status Inquiry. The customer receives timely, consolidated invoices from Los Angeles for all the work performed regardless of which operating unit provides the resources.

Disadvantages: Requires additional initial overhead for implementing the cross charge feature and creating intercompany billing projects to collect cross charge transactions within each provider organization.

Project Structure: Primary Project with Subcontracted Projects

The following illustration shows how Company ABC divides Project X into several related contract projects. The Los Angeles operating unit owns the primary customer project, or receiver project, and bills the external customer. The related projects, or provider projects, are subcontracted to their respective internal organizations and internally bill the Los Angeles organization to recoup their project costs.

Primary Project with Subcontracted Projects



Requirements:

- Oracle Project Costing
- Oracle Project Billing
- Implementation of *inter-project* billing features

Advantages: Flexibility in managing the provider projects. Each provider project is treated and processed the same way as any external customer contract project.

Disadvantages: As with the distinct project structure, this solution requires additional overhead in creating and managing three additional provider projects. The receiver project's status and external customer invoicing depend upon timely completion of the internal billing from all provider projects.

Cross Charge Types

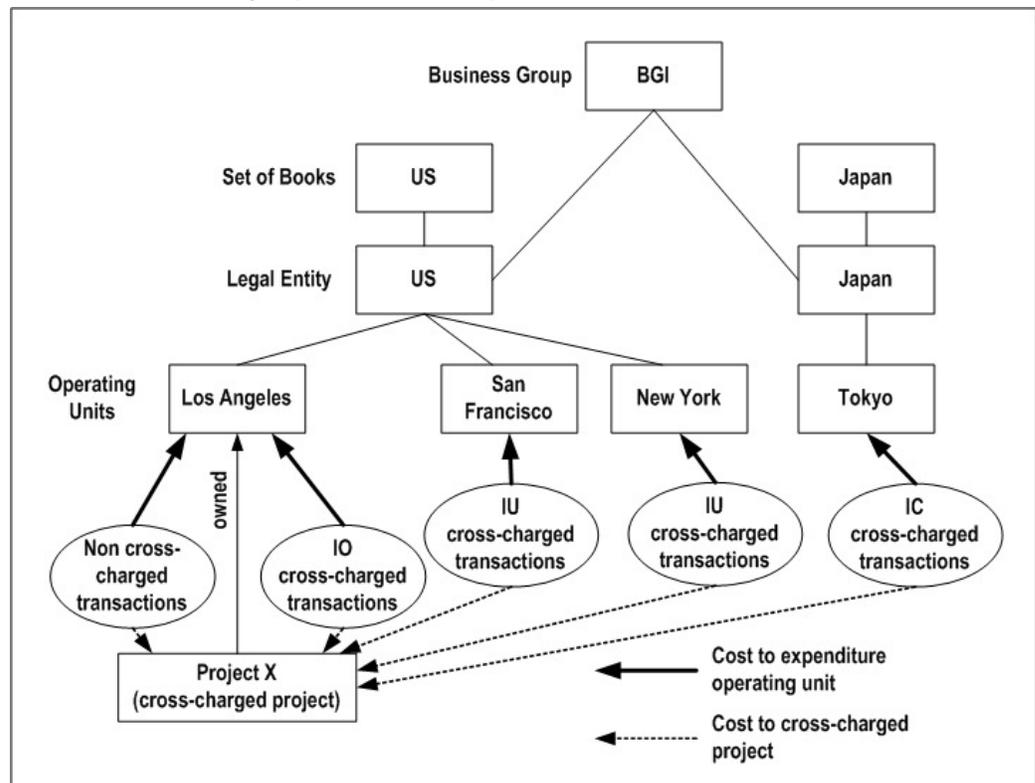
Oracle Projects provides three types of cross charge transactions as shown in the following table. A transaction's cross charge type depends on whether the *provider* operating unit, organization, and legal entity are different from those of the *receiver*.

Cross Charge Type	Conditions
Intercompany	Operating units and legal entities are different
Inter-operating unit	Operating units are different, but legal entities are the same
Intra-operating unit	Operating units and legal entities are the same, but the organizations are different

Note: You cannot change the provider or receiver operating unit, but you can use the Provider and Receiver Organizations Override client extension to override the default provider organization and receiver organization. For more information on this client extension, see: *Oracle Projects APIs, Client Extensions, and Open Interfaces Reference*.

The following illustration shows the potential cross charge type relationships for the four organizations shown in the illustration *Organization Structure of Company ABC*, page 6- 3 when they charge costs to Project X in the Los Angeles operating unit.

Potential Cross Charge Types for Company ABC



The following table summarizes the characteristics of the potential cross charge type relationships shown in the illustration *Potential Cross Charge Types for Company ABC*, page 6-7 .

Cost Transactions from the following Provider Operating Units	Expenditure Organization Equals Project Organization	Same Legal Entity	Same Business Group	Cross-Charge Type Relationship
Los Angeles	Yes	Yes	Yes	Non Cross-Charged Transactions
Los Angeles	No	Yes	Yes	Intra-Operating Unit Transactions
San Francisco	No	Yes	Yes	Inter-Operating Unit Transactions
New York	No	Yes	Yes	Inter-Operating Unit Transactions
Tokyo	No	No	Yes	Inter-Company Transactions

Cross Charge Processing Methods and Controls

This section describes cross charge processing methods and processing control options.

Cross Charge Processing Methods

You can choose one of the following processing methods for cross charge transactions:

- **Borrowed and Lent Accounting** (inter-operating unit and intra-operating unit cross charges)
- **Intercompany Billing Accounting** (intercompany and inter-operating unit cross charges)
- **No Cross Charge Process** (intercompany, inter-operating unit, and intra-operating unit cross charges)

Borrowed and Lent Accounting

When you use this method, Oracle Projects creates accounting entries to pass costs and revenue across organizations without generating internal invoices. Oracle Projects determines the appropriate cost or revenue amounts based on the transfer price rules of the provider and receiver organizations.

Borrowed and lent accounting entries provide a financial view of an organization's performance. This processing method is generally used to measure organizational financial performance for management reporting purposes. For more information, see: Processing Borrowed and Lent Accounting, page 6-18.

Intercompany Billing Accounting

Companies choose the intercompany billing method largely due to legal and statutory requirements. When you use this method, Oracle Projects generates physical invoices and corresponding accounting entries at legal transfer prices between the internal seller (provider) and buyer (receiver) organizations when they cross a legal entity boundary or operating units. For more information, see: Processing Intercompany Billing Accounting, page 6-21.

No Cross Charge Process

Companies generally process cross charges in Oracle Projects using the borrowed and lent or intercompany billing method. However, companies may not need to process cross charge transactions, if, for example, intercompany billing has been performed manually in General Ledger or automatically by an external system. You can use cross charge controls to identify which cross charge transactions will undergo cross charge processing. See: Cross Charge Controls, page 6-9.

Cross Charge Controls

Cross charge controls specify:

- Which projects and tasks in which operating units can receive transactions from a provider operating unit
- How Oracle Projects processes these cross charged transactions

Cross-charge controls affect all cross charge transactions, regardless of how you enter them. For maximum control, you can use a combination of cross charge and transaction controls to ensure that only valid cross charges are charged to a specific project and task.

Cross charge controls are defined at the operating unit, project, and task levels. Oracle Projects applies these controls based on a transaction's cross charge type and cross charge processing method.

Intra-Operating Unit Cross Charge Controls

You can charge intra-operating unit cross charges (that is, charges within an operating unit) to any project and task owned by your expenditure operating unit. You can modify the transaction control extension to restrict intra-operating unit cross charge transactions.

Inter-Operating Unit Cross Charge Controls

Oracle Projects provides controls to identify:

- Which projects and tasks in a receiver operating unit can receive inter-operating unit cross charges from a provider operating unit
- Which cross charge processing method to apply to these transactions.

Steps performed by the *provider* operating unit:

- **Define cross charge implementation options:** Specify whether to allow cross charge and select a default processing method.
- **Define internal billing implementation options:** Specify whether the operating unit is a provider for internal billing.
- **Define provider controls:** Select a processing method and specify the name of the intercompany billing project.

Steps performed by the *receiver* operating unit:

- **Define internal billing implementation options:** Specify whether the operating unit is a receiver for internal billing.
- **Define receiver controls:** Specify the name of each provider operating unit that can charge transactions to the specified receiver operating unit.
- **Enable cross charge for projects:** In the Projects window (Cross Charge option), select *Allow Charges from other Operating Units*.

Intercompany Cross Charge Controls

Oracle Projects provides flexible controls to identify:

- Which projects and tasks in a receiver operating unit can receive intercompany cross charges from a provider operating unit
- Which cross charge processing method to apply to these transactions.

Steps performed by the *provider* operating unit

- **Define internal billing implementation options:** Specify whether the operating unit is a provider for internal billing.
- **Define provider controls:** Specify the name of each receiver operating unit that can receive transactions from the specified provider operating unit. Also, select a processing method and specify the name of the intercompany billing project.

Steps performed by the *receiver* operating unit

- **Define internal billing implementation options:** Specify whether the operating unit is a receiver for internal billing.
- **Define receiver controls:** Specify the name of each provider operating unit that can charge transactions to the specified receiver operating unit.
- **Enable cross charge for projects:** In the Projects window (Cross Charge option), select *Allow Charges from other Operating Units*.

Note: If Cross Business Group Access is enabled, the provider and receiver operating units can be in different business groups. See *Security, Customizing, Reporting, and System Administration in Oracle HRMS*.

Cross Charge Processing Controls

Cross charge processing controls determine which cross charge method and transfer price rule should be applied to the cross charged transaction. This section describes the cross charge process controls.

Implementation Options

For each provider operating unit or receiver operating unit involved in the cross charge, the Implementation Options window *Cross Charge* and *Internal Billing* tabs specify:

- The default transfer price conversion attributes
- The default cross charge methods for intra-operating unit and inter-operating unit cross charges
- Attributes required as the provider of internal billing
- Attributes required as the receiver of internal billing

See: Define Cross Charge Implementation Options, and Defining Internal Billing Options in the *Oracle Projects Implementation Guide*.

Provider and Receiver Controls Setup

For each provider operating unit or receiver operating unit involved in the cross charge, the Provider/Receiver Controls window *Provider Controls* and *Receiver Controls* tabs specify:

- The cross charge method to use to process intercompany cross charges and to override default cross charge method for inter-operating unit cross charges.
- Attributes required for the provider operating unit to process intercompany billing to each receiver operating unit. This includes the Intercompany Billing Project and Invoice Group.
- Attributes required for the receiver operating unit to process intercompany billing from each provider operating unit. This includes the supplier site, expenditure type and expenditure organization.

See: Defining Provider and Receiver Controls, *Oracle Projects Implementation Guide*.

Transfer Price Rules and Schedule Setup

Transfer price rules control the calculation of transfer prices for labor and non-labor cross charged transactions. To drive transfer price calculation for cross charge transactions between the provider and receiver, use the Transfer Price Schedule window to assign labor or non-labor (or both) transfer price rules to the provider and receiver pair on a schedule line. See: Transfer Pricing, page 6-13.

Multiple lines in a transfer price schedule could potentially apply to a cross charged transaction. Oracle Projects identifies the appropriate schedule line based on the following hierarchy (in ascending order):

- Organization
- Parent Organization
- Operating unit
- Legal entity
- Business group

The following steps are performed to identify the appropriate schedule line:

1. If a schedule line exists for the transaction expenditure organization (provider) and the project/task owning organization (receiver), then the corresponding rule is used to calculate the transfer price.
2. If a schedule line is not located, Oracle Projects checks for a line with the provider organization and (in order) a receiver parent organization, the receiver operating unit, the receiver legal entity, or the receiver business group.
3. When searching for receiver organization parents, the Project/Task Owing Organization Hierarchy defined in the Implementation Options of the receiver operating unit is used.
4. If the receiver organization has multiple intermediate parents and schedule lines are defined for more than one of the parents, the schedule line defined for the lowest level parent takes precedence over schedule lines defined for parents higher in the organization hierarchy.

5. If a schedule line is not located, Oracle Projects checks for a line with a provider parent organization and (in order) the receiver organization, receiver parent organization, receiver operating unit, receiver legal entity, or business group.
6. When searching for provider organization parents, the Expenditure/Event Organization Hierarchy defined in the Implementation Options of the provider operating unit is used.
7. If the provider organization has multiple intermediate parents and schedule lines are defined for more than one of the parents, the schedule line defined for the lowest level parent takes precedence over schedule lines defined for parents higher in the organization hierarchy.
8. If a schedule line is not located, Oracle Projects checks for a line with the Provider Operating unit and (in order) the receiver organization, receiver parent organization, receiver operating unit, receiver legal entity, or business group.
9. If a schedule line is not located, Oracle Projects checks for a line with the provider legal entity and (in order) the receiver organization, receiver parent organization, receiver operating unit, receiver legal entity, or business group.
10. If a schedule line is not located, Oracle Projects checks for a line with the provider business group and (in order) the receiver organization, receiver parent organization, receiver operating unit, receiver legal entity, or business group.

Project and Task Setup

For each project or task, you can decide whether to process labor and non-labor cross charge transactions, and which transfer price schedules are used for transfer price calculation. See: *Cross Charge, Oracle Projects Fundamentals*.

Transaction Source Setup

To cause the cross charge processes to skip a transaction source, deselect the *Process Cross Charge* option in the Transaction Sources window. See: *Transaction Sources, Oracle Projects Implementation Guide*.

Expenditure Item Adjustments

You can mark an expenditure item to be skipped by the cross charge processes by choosing *Mark for No Cross Charge Processing* from the Tools menu on the Expenditure Items window.

Client Extensions

Oracle Projects provides following client extensions that you can use to implement your business rules to control cross charge processing:

- Provider and Receiver Organizations Override Extension
- Cross Charge Processing Method Override Extension
- Transfer Price Determination Extension
- Transfer Price Override Extension
- Transfer Price Currency Conversion Override Extension

For more information, see: *Oracle Projects APIs, Client Extensions, and Open Interfaces Reference*.

Transfer Pricing

Legal transfer price refers to the legally accepted billing prices for internal sales. In Oracle Projects, *transfer price* refers to the billing price that two organizations agree upon for cross charge purposes.

Transfer Price Rules

You can define transfer price rules that determine the transfer price amount of cross charge transactions that require borrowed and lent or intercompany billing processing. Oracle Projects provides flexible transfer pricing rules for transfer price calculations. The calculations are based on the:

- **Transfer price basis.** Base your transfer price on a cross charged transaction's raw cost, burdened cost, or revenue.
- **Cross-charge calculation method.** You can optionally perform an additional calculation and apply a markup or discount to the amount determined by the transfer price basis. For the additional calculations, you can apply any burden schedule or standard bill rate schedule in your business group.

Note: Using a standard bill rate schedule allows you to define the schedule in a single operating unit and enforce it across all operating units in your business group.

Oracle Projects automatically converts transfer price amounts to the functional currency of the provider operating unit using the transfer price currency conversion attributes defined in that operating unit. You can use the Transfer Price Currency Conversion Override Extension to adjust these conversion attributes. For more information, see: *Oracle Projects APIs, Client Extensions, and Open Interfaces Reference*.

Transfer Price Schedules

Once you define your transfer price rules, you create a transfer price schedule to associate these rules to pairs of provider and receiver organizations. In the simplest transfer price schedule, an enterprise would have a single transfer price rule that every organization follows. Oracle Projects supports more complex schedules so your organizations can negotiate their own transfer price rules. You can also define a schedule with one rule that applies to cross charges to a particular organization and another rule for cross charges to all other organizations. You can define one transfer price schedule consisting of different rules for different organization pairs or multiple schedules consisting of different rules for the same pair of organizations.

You can assign different transfer price schedules at the project and task levels to drive transfer price calculations, similar to the way that you can assign standard bill rate schedules at the project and task level to drive project billing for external customers. At the project and task level, you can use separate transfer price schedules for labor and non-labor cross charge transactions.

Related Topics

Cross Charge, *Oracle Projects Fundamentals*

Defining Transfer Price Rules, *Oracle Projects Implementation Guide*

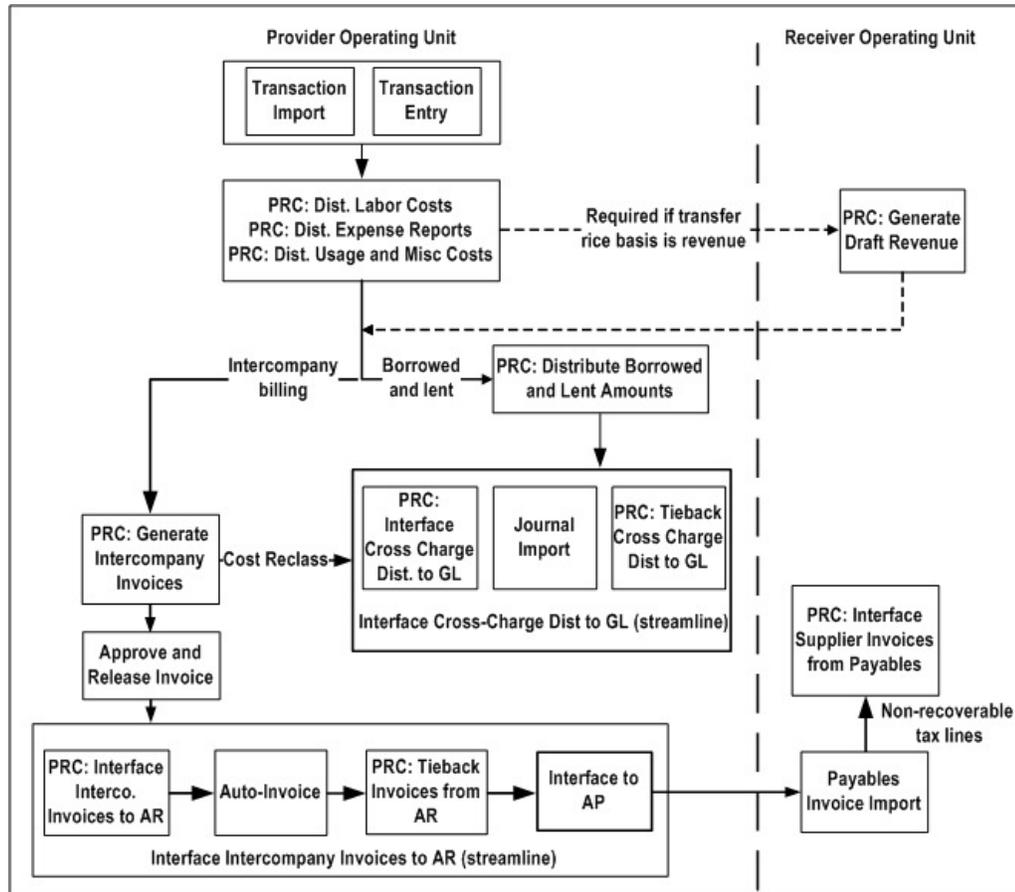
Defining Transfer Price Schedules, *Oracle Projects Implementation Guide*

Processing Flow for Cross Charge

This section describes the processing flow for cross charge transactions.

The following illustration shows the processing flows for cross charge transactions that require either borrowed and lent or intercompany billing processing. For a description of these flows, see: Borrowed and Lent Processing Flow, page 6-14, and Intercompany Billing Processing Flow, page 6-15.

Overview of Cross Charge Processing Flow



Related Topics

Creating Cross Charge Transactions, page 6-16

Borrowed and Lent Processing Flow

Borrowed and lent processing requires the following steps:

1. The provider operating unit enters or imports cross charge transactions.
2. The provider operating unit distributes the costs of the cross charges, which are identified as cross charge transactions by the cost distribution processes. The cross charge distribution process is independent of revenue generation. The process distributes the costs even if revenue has not been generated.

3. The provider operating unit runs PRC: Distribute Borrowed and Lent Amounts to determine the transfer price amount and generate the borrowed and lent accounting entries.
4. The provider operating unit runs PRC: Interface Cross Charge Distributions to GL to interface the borrowed and lent accounting entries to Oracle General Ledger.
5. *(Optional)* You may require the receiver operating unit to run additional customized processes and interface additional accounting entries to Oracle General Ledger. For example, your implementation team may develop customized processes to handle organizational profit elimination to satisfy your company's accounting practices.
6. *(Optional)* The provider operating unit may adjust cross charge transactions or perform steps resulting in the reprocessing of borrowed and lent transactions. See: Adjusting Cross Charge Transactions, page 6-32.

Intercompany Billing Processing Flow

Intercompany billing processing requires the following steps:

1. The provider operating unit enters or imports cross charge transactions.
2. The provider operating unit distributes costs of the cross charges, which are identified as cross charge transactions by the cost distribution processes. The distribution of the costs is independent of revenue generation and are distributed even if revenue has not been generated.
3. The provider operating unit runs PRC: Generate Intercompany Invoice to generate draft intercompany invoices with the associated intercompany receivable and revenue accounts and transfer price.
4. The provider operating unit reviews, approves, and releases the intercompany invoices.
5. The provider operating unit interfaces the approved intercompany invoices to Oracle Receivables. You can include the following activities in this process:
6. Accounting for invoice rounding
7. Creation of the receivable invoices including sales tax
8. PRC: Tieback Invoices from Receivables, which automatically creates corresponding intercompany invoice supplier invoices ready to be interfaced to the receiver operating unit's Oracle Payables.

Use Oracle Receivables to print the invoice as well as to interface the accounting entries to the provider operating unit's General Ledger.
9. The receiver operating unit imports the intercompany supplier invoices to Oracle Payables. This import process calculates recoverable and non-recoverable tax amounts. Upon review and approval in Oracle Payables, the receiver operating unit interfaces the accounting entries to Oracle General Ledger.
10. The receiver operating unit interfaces the supplier invoice to Oracle Projects, which pulls in the non-recoverable tax amounts as additional project costs.
11. The provider operating unit interfaces any cost reclassification entries to Oracle General Ledger.
12. *(Optional)* The receiver operating unit runs additional customized processes and interfaces additional accounting entries to Oracle General Ledger. For example, your

implementation team may develop customized processes to handle organizational profit elimination to meet your company's accounting practices.

13. (Optional) The provider operating unit adjusts cross charge transactions or performs the steps resulting in the reprocessing of intercompany transactions. See Adjusting Cross Charge Transactions, page 6-32.

Creating Cross Charge Transactions

To create cross charge transactions, you enter expenditures, distribute costs, and then generate revenue.

Enter Expenditures

Enter or import the cross charge transactions as you would for any project transactions. Oracle Projects enforces cross charge controls and transaction controls to ensure that only valid transactions are charged to a project or task. See Cross Charge Controls, page 6-9.

Distributing Costs

In addition to determining the raw and burden cost amounts and the accounting information for project transactions, the cost distribution processes also determine the following information for cross charge transactions:

- Provider and receiver operating units and organizations
- Cross-charge type, which indicates whether a transaction is an intra-operating unit, inter-operating unit, or intercompany cross charged transaction or not a cross charged transaction
- Cross-charge processing method, which indicates whether a transaction is subject to cross charge processing and which processing method to use

Determining the cross charge type

Oracle Projects determines a transaction's cross charge type as follows:

- Provider organization defaults to the expenditure or non-labor resource organization
- Receiver organization defaults to the task organization
- Call the Provider and Receiver Organizations Override extension to determine whether to override these values
- Cross charge type is based on the values above and the logic indicated in the following table:

Cross Charge Type	Conditions
Intra-operating unit	Provider operating unit equals receiver operating unit Provider organization does not equal receiver organization
Inter-operating unit	Provider operating unit does not equal receiver operating unit Provider legal entity equals receiver legal entity
Intercompany	Provider legal entity does not equal receiver legal entity

Determining the cross charge processing method

A transaction can have one of the following cross charge processing methods:

- Borrowed and lent accounting
- Intercompany billing
- No cross charge processing

Oracle Projects determines the cross charge processing method for a transaction, based on how you have implemented the following items:

- **Transaction source options.** If you enable the option *Process Cross Charge* for the transactions source, Oracle Projects performs cross charge processing for transactions originating from that transaction source.
- **Project attributes for processing labor and non-labor cross charge transactions.** If you do not enable cross charge processing for cross charge labor transactions at the project level, no labor transactions for that project will be subject to cross charge processing. The same applies to non-labor transactions.
- **Cross-charge options for provider operating unit**
 - Intra-operating unit transactions. Implementation options determine processing method.
 - Inter-operating unit transactions. If you have enabled users to charge to all operating units within the legal entity, the implementation options determine the default processing method.
- **Provider and receiver controls**
- **Cross Charge Processing Method Override extension**

Generating Revenue

If you use revenue as your transfer price basis, you must run PRC: Generate Revenue to determine your cross charged transactions' revenue amount before running the cross charge processes.

Note: You can use revenue as a transfer price basis only for contract projects (Oracle Projects generates revenue only for contract projects).

Processing Borrowed and Lent Accounting

The borrowed and lent processing method creates accounting entries to pass costs or share revenue (cost and revenue amounts are determined by the transfer price amount) between the provider and receiver organizations within a legal entity.

If costs are being passed from the provider to the receiver, this processing method:

- Debits the cost from the *receiver (or lent)* organization
- Credits the cost account of the *provider (or borrowed)* organization

Similarly, if revenue is being shared, this method:

- Debits the revenue from the receiver organization
- Credits the revenue to the provider organization

You can view these accounting entries in the corresponding reporting sets of books.

Oracle Projects provides AutoAccounting functions for borrowed and lent processing. See: AutoAccounting Functions, *Oracle Projects Implementation Guide*.

Determining Accounts for Borrowed and Lent Transactions

An *inter-operating unit* cross charge transaction against a *contract* project results in the borrowed and lent accounting entries shown in the following two tables.

The following table show the entries generated for the *provider* operating unit.

Process	Accounting	Debit (Dr) Credit (Cr)	Transaction Currency	Functional Currency
Cost	Labor Expense	Dr	500 USD	500 USD
	Labor Clearing	Cr	500 USD	500 USD
Borrowed and Lent	Lent	Dr	2,000 USD	2,000 USD
	Borrowed	Cr	2,000 USD	2,000 USD

The following table show the entries generated for the *receiver* operating unit

Process	Accounting	Debit (Dr) Credit (Cr)	Transaction Currency	Functional Currency
Client Revenue	UBR/UER	Dr	4,000 USD	4,000 USD
	Revenue	Cr	4,000 USD	4,000 USD
Client Invoice	Accounts Receivable	Dr	3,000 GBP	4,000 USD
	UBR/UER	Cr	3,000 GBP	4,000 USD

An *intra-operating unit* cross charge transaction against a *contract* project results in the borrowed and lent accounting entries shown in the following table for the receiver operating unit.

Process	Accounting	Debit (Dr) Credit (Cr)	Transaction Currency	Functional Currency
Cost	Labor Expense	Dr	500 USD	500 USD
	Labor Clearing	Cr	500 USD	500 USD
Borrowed and Lent	Lent	Dr	2,000 USD	2,000 USD
	Borrowed	Cr	2,000 USD	2,000 USD
Client Revenue	UBR/UER	Dr	4,000 USD	4,000 USD
	Revenue	Cr	4,000 USD	4,000 USD
Client Invoice	Accounts Receivable	Dr	3,000 GBP	4,000 USD
	UBR/UER	Cr	3,000 GBP	4,000 USD

Note: The automatic intercompany balancing feature in Oracle General Ledger can be used to create additional entries as necessary if the borrowed and lent entries are posted to different balancing segments.

Generating Accounting Transactions for Borrowed and Lent Accounting

Running the standard cost distribution processes in the provider operating unit identifies which transactions require borrowed and lent processing. Oracle Projects provides a separate process, PRC: Distribute Borrowed and Lent Amounts, to compute the transfer price of these transactions and determine the GL accounts for borrowed and lent accounting entries.

The provider operating unit runs this process to perform the following steps on cross charge transactions identified for borrowed and lent processing:

1. Calculate the transfer price amount, page 6-19
2. Run AutoAccounting, page 6-21
3. Create cross charge distribution lines, page 6-21

Calculate the Transfer Price Amount

Distribute Borrowed and Lent Amounts calculates the transfer price amount of a given cross charge transaction, as follows:

Note: If the process cannot determine a transfer price for the cross charge transaction, Oracle Projects flags the transaction with an error and proceeds to the next item. The transfer price is stored in the transaction and functional currencies.

1. Call the Transfer Price Determination extension.

Oracle Projects calls the Transfer Price Determination extension at the beginning of the process in case you want to bypass the standard transfer price calculation for certain borrowed and lent transactions. If you implement this extension, Oracle Projects calculates the transfer price amount based on the extension logic and generates borrowed and lent accounting entries based on this amount. See: *Transfer Price Determination Extension, Oracle Projects APIs, Client Extensions, and Open Interfaces Reference*.

2. Identify the applicable transfer price schedule.

Oracle Projects identifies the labor or non-labor transfer price schedule specified for the task to which the transaction is charged.

Note: If Project Resource Management is installed, transfer price overrides can be defined at the assignment level. For more details refer to the *Oracle Project Resource Management User Guide*.

3. Identify the applicable transfer price schedule line.

If the transfer price schedule identified by the Distribute Borrowed and Lent Amounts process contains more than one line, Oracle Projects must determine which line to apply. Oracle Projects first selects all schedule lines whose effective dates contain the Expenditure Item Date of the cross charge transaction. Oracle Projects then selects the appropriate line based on the provider and receiver organization, operating unit, legal entity, or business group.

4. Calculate the transfer price amount.

The process then calculates the transfer price amount by applying the transfer price rule and any additional percentage you have specified in the schedule line.

The actual transfer price calculation is carried out like this:

- Determine the transfer price basis (raw cost, burdened cost, or revenue) identified in the transfer price rule.

Note: If you use revenue or cost amounts as your transfer price basis, Oracle Projects verifies that you have performed the appropriate revenue generation or cost distribution processes. If you have not run the prerequisite processes, Oracle Projects marks the transaction with an error.

- Apply a burden schedule or standard bill rate schedule to the basis, as indicated in the transfer price rule. If the process identifies a rate in the specified bill rate schedule, it applies the rate to the quantity of the transaction.
- Apply any additional percentage specified in the rule.
- Apply any additional percentage specified for labor or non-labor transactions in the schedule line.

5. Call the Transfer Price Override extension.

You can use this extension to override the transfer price amount calculated by the Distribute Borrowed and Lent Amounts process. See: *Transfer Price Override Extension, Oracle Projects APIs, Client Extensions, and Open Interfaces Reference*.

6. Perform required currency conversions.

If the functional currency is different from the transfer price base currency, the process performs the required currency conversion to generate functional currency amounts using the currency conversion attributes defined in the provider operating unit's cross charge implementation options. You can override these attributes using the Transfer Price Currency Conversion Override extension.

7. Call the Transfer Price Currency Conversion Override extension.

You can use this extension to override the default transfer price currency conversion attributes defined in the cross charge implementation options. See: *Transfer Price Currency Conversion Override Extension, Oracle Projects APIs, Client Extensions, and Open Interfaces Reference*.

Run AutoAccounting

After the Distribute Borrowed and Lent Amounts process calculates the transfer price amounts for each selected borrowed and lent transaction, it runs AutoAccounting to determine the account code for each distribution line that it will create. Oracle Projects provides the functions *Borrowed Account* and *Lent Account* for borrowed and lent transactions.

Create Cross Charge Distribution Lines

After the Distribute Borrowed and Lent Amounts process runs AutoAccounting, it creates cross charge distribution lines.

The PA date for the distribution lines is determined based on the ending date of the earliest open PA period on or after the expenditure item date.

You can use the View Accounting window to view cross charge distributions for a specific item. (To do so, query an invoice transaction in the Expenditure Items window and choose View Accounting from the Tools menu. See: *Viewing Accounting Lines*, page 2-40.) The following transaction attributes support cross charge distributions:

- Provider organization and operating unit
- Receiver organization and operating unit
- Cross charge processing method and type

Processing Intercompany Billing Accounting

This section covers the following topics:

- Determining Accounts for Intercompany Billing Accounting, page 6-22
- Generating Intercompany Invoices, page 6-26
- Approving and Releasing Intercompany Invoices, page 6-28
- Interfacing Intercompany Invoices to Receivables, page 6-28
- Interfacing Intercompany Invoices to Oracle Payables, page 6-30
- Interface Tax Lines from Payables to Oracle Projects, page 6-31

Determining Accounts for Intercompany Billing Accounting

Intercompany billing accounting entries are based on documents generated by the provider and receiver organizations. The provider and receiver organizations may be in the same set of books or in different sets of books with different charts of accounts. If Cross Business Group Access is enabled, the provider and receiver organizations can also be in different business groups. You can view intercompany billing accounting entries in the corresponding reporting sets of books. As this processing method may require input from multiple organizations and employees in your organization, you should establish clear user procedures to ensure the successful completion of the entire process flow. Failure to follow these procedures can result in out of balance intercompany accounts.

Determining Accounts for Intercompany Receivables Invoices

Oracle Projects provides two AutoAccounting functions to determine the revenue and invoice accounts of a provider operating unit's intercompany Receivables invoice. See: AutoAccounting Functions, *Oracle Projects Implementation Guide*.

- **Intercompany Revenue.** This function determines which account receives the credit entry of an intercompany billing Receivables invoice.
- **Intercompany Invoice Accounts.** This function includes the function transactions *Intercompany Receivables* and *Intercompany Rounding*.
 - *Intercompany Receivables* determines which account receives the debit entry of an intercompany billing Receivables invoice.
 - *Intercompany Rounding* determines the accounts for the pair of debit and credit entries due to intercompany billing invoice currency rounding.

Determining Accounts for Intercompany Payables Invoices

You can modify the Supplier Invoice Charge Account Workflow process to determine and post the accounting entries for a receiver operating unit's intercompany Payables invoice. The process usually debits an internal cost or construction-in-process account and credits the intercompany payables account in the receiver operating unit. See Workflow: Project Supplier Invoice Account Generation, *Oracle Projects Implementation Guide*.

Intercompany Billing Accounting Examples

An *intercompany* cross charge transaction against an *indirect* project results in the intercompany billing accounting entries shown in the following two tables.

The following table shows entries for the *provider* operating unit.

Process	Accounting	Debit (Dr) Credit (Cr)	Transaction Currency	Functional Currency
Cost	Labor Expense	Dr	50,000 JPY	50,000 JPY
	Labor Clearing	Cr	50,000 JPY	50,000 JPY
Intercompany Accounts Receivable - Invoice	Intercompany Accounts Receivable	Dr	200,000 JPY	200,000 JPY
	Intercompany Revenue	Cr	200,000 JPY	200,000 JPY

The following table shows entries for the *receiver* operating unit.

Process	Accounting	Debit (Dr) Credit (Cr)	Transaction Currency	Functional Currency
Intercompany Accounts Payable -Invoice	Intercompany Cost	Dr	200,000 JPY	2,000 USD
	Intercompany Accounts Payable	Cr	200,000 JPY	2,000 USD

An *intercompany* cross charge transaction against a *contract* project results in the intercompany billing accounting entries shown in the following two tables.

The following table shows entries for the *provider* operating unit.

Process	Accounting	Debit (Dr) Credit (Cr)	Transaction Currency	Functional Currency
Cost	Labor Expense	Dr	50,000 JPY	50,000 JPY
	Labor Clearing	Cr	50,000 JPY	50,000 JPY
Intercompany Accounts Receivable - Invoice	Intercompany Accounts Receivable	Dr	200,000 JPY	200,000 JPY
	Intercompany Revenue	Cr	200,000 JPY	200,000 JPY

The following table shows entries for the *receiver* operating unit

Process	Accounting	Debit (Dr) Credit (Cr)	Transaction Currency	Functional Currency
Intercompany Accounts Payable -Invoice	Intercompany Cost	Dr	200,000 JPY	2,000 USD
	Intercompany Accounts Payable	Cr	200,000 JPY	2,000 USD
Client Revenue	UBR/UER	Dr	4,000 USD	4,000 USD
	Revenue	Cr	4,000 USD	4,000 USD
Client Invoice	Accounts Receivable	Dr	4,000 USD	4,000 USD
	UBR/UER	Cr	4,000 USD	4,000 USD

Determining Accounts for Provider Cost Reclassification

Oracle Projects provides a pair of debit and credit AutoAccounting functions to support the reclassification of cost in the provider operating unit upon generating intercompany invoices. For example, a provider operating unit may need to reclassify project construction-in-process costs against a contract project using cost accrual as intercompany costs upon billing the receiver operating unit. Oracle Projects provides the following AutoAccounting functions for this purpose:

- **Provider Cost Reclass Dr.** This function determines which account receives the debit entry of the cost reclassification.
- **Provider Cost Reclass Cr.** This function determines which account the credit entry of the cost reclassification.

A *provider cost reclassification* results in the *intercompany* billing accounting entries shown in the following two tables.

The following table shows entries for the *provider* operating unit.

Process	Accounting	Debit (Dr) Credit (Cr)	Transaction Currency	Functional Currency
Cost	Construction - In - Process	Dr	50,000 JPY	50,000 JPY
	Labor Clearing	Cr	50,000 JPY	50,000 JPY
Provider Cost Reclassification	Labor Expense	Dr	50,000 JPY	50,000 JPY
	Construction - In - Process	Cr	50,000 JPY	50,000 JPY
Intercompany Accounts Receivable - Invoice	Intercompany Accounts Receivable	Dr	200,000 JPY	200,000 JPY
	Intercompany Revenue	Cr	200,000 JPY	200,000 JPY

The following table shows entries for the *receiver* operating unit.

Process	Accounting	Debit (Dr) Credit (Cr)	Transaction Currency	Functional Currency
Intercompany Accounts Payable - Invoice	Intercompany Construction - In - Process	Dr	200,000 JPY	2,000 USD
	Intercompany Accounts Payable	Cr	200,000 JPY	2,000 USD
Client Revenue	UBR/UER	Dr	4,000 USD	4,000 USD
	Revenue	Cr	4,000 USD	4,000 USD
Cost Accrual	Cost Accrual	Dr	500 USD	500 USD
	Construction - In - Process Contra	Cr	500 USD	500 USD
Client Invoice	Accounts Receivable	Dr	3,000 GBP	4,000 USD
	UBR/UER	Cr	3,000 GBP	4,000 USD
Close Project	Cost Accrual	Dr/Cr (see note)	1,500 USD	1,500 USD
	Intercompany Construction - In - Process	Cr	1,500 USD	1,500 USD

Note: The examples in the previous two tables show that the provider operating unit originally posted a cross charge transaction to a construction-in-process account during the cost distribution process. The intercompany billing process then transfers the construction-in-process amount with a markup to the receiver operating unit and generates the provider cost reclassification accounting entries. The consolidated expenditure is always booked as construction-in-process after costing and intercompany billing.

Generating Intercompany Invoices

Running the standard cost distribution processes in the provider operating unit identifies which transactions require intercompany billing processing. Oracle Projects provides separate processes to compute the transfer price of the intercompany billing transactions and generate draft intercompany invoices and (optionally) provider cost reclassification entries.

To use the intercompany billing processing method, you must perform several setup steps, including creating an intercompany billing project. See: *Setting Up for Cross Charge Processing: Intercompany Billing, Oracle Projects Implementation Guide*.

The Generate Intercompany Invoice processes (The PRC: Generate Intercompany Invoices for a Single Project and PRC: Generate Intercompany Invoices for a Range of Projects) carry out the following steps:

1. Create invoice details, page 6-26
2. Create invoices and invoice lines, page 6-27
3. (Optional) Generate provider cost reclassification entries, page 6-28

See: *Generate Intercompany Invoices, Oracle Projects Fundamentals*.

Calculate the Transfer Price Amount

The Generate Intercompany Invoices processes calculate the transfer price amount using the same steps as described for the Distribute Borrowed and Lent Amounts process.

Run AutoAccounting

After the process calculates the transfer price amounts for each selected intercompany billing transaction, it runs AutoAccounting to determine the intercompany revenue account for each cross charged transaction, using the *Intercompany Revenue* function.

Determine Tax Codes

The Oracle Receivables tax code is defaulted for each transaction based on the tax defaulting hierarchy defined in your implementation options. The process also determines the intercompany tax receiving task for the transaction.

Create Intercompany Invoice Details

The process then creates intercompany invoice details for each transaction with the transfer price amount, intercompany revenue account, and tax code.

Create Invoices and Invoice Lines

The Generate Intercompany Invoice process groups the invoice details of cross charged transactions into invoices and invoice lines.

The Generate Intercompany Invoice process:

- Verifies intercompany billing projects
- Creates invoice
- Creates invoice lines
- Generates provider cost reclassification entries

Verify intercompany billing projects

The process verifies that each specified intercompany billing project meets the following criteria before generating an invoice and invoice lines:

- *(Mass generation only)* Billing cycle criteria have been met.
- Invoice details exist that have not yet been included in an invoice.
- The project customer, and customer bill and ship to sites must all be active. Otherwise, Oracle Projects creates an invoice marked with generation error.
- The project customer must not be on credit hold. Otherwise, Oracle Projects creates an invoice marked with generation error.
- The status of the intercompany billing project must not be Closed.

Create invoice

Depending on how the provider operating unit has implemented the provider controls, this step creates:

- A consolidated intercompany invoice for all cross charged projects of a receiver operating unit. In other words, one draft invoice for each intercompany billing project.
- One intercompany invoice for each cross charged project. In other words, multiple invoices for an intercompany billing project when multiple cross charged projects exist for a receiver operating unit. Oracle Projects orders such invoices by generating status (invoices with errors appear last) and the project number of the cross charged project.

The process uses the date of the invoice as the GL date.

Create invoice lines

The process uses the following criteria to group invoice details to generate invoice lines:

- Cross-charged project
- Tax attributes
- Intercompany revenue account
- Invoice format components

Invoice lines are then created for the invoices based on the grouped invoice details.

Note: If an invoice line amount is zero due to offsetting invoice details, the process does not create the invoice line and includes the invoice details for that line in an exception report.

Generate Provider Cost Reclassification Entries

Depending on how the provider operating unit has set up the internal billing implementation options, this process optionally creates the cost reclassification accounting entries using the following AutoAccounting functions:

- **Provider Cost Reclass Dr**
- **Provider Cost Reclass Cr**

You can review the entries from the View Accounting window. See *Create Cross Charge Distribution Lines*, page 6-21 for more information on using the View Accounting window.

You can interface these entries to Oracle General Ledger using the Interface Cross Charge Distributions to GL process only after you have interfaced the related intercompany invoices to Oracle Receivables.

Approving and Releasing Intercompany Invoices

Approving and releasing intercompany invoices consists of the following actions:

1. Review intercompany invoices in the Invoice Review window.
From this window, you can drill down from a draft intercompany invoice to draft intercompany invoice lines to the underlying cross charged transactions.
2. Approve intercompany invoices as you would a customer invoice.
3. Release intercompany invoices as you would a customer invoice.
Note: Oracle Projects generates the invoice number for intercompany invoices and customer invoices from different sequences because different batch sources are used to interface these invoices to Oracle Receivables.
4. (Optional) Delete unapproved intercompany invoices as you would a customer invoice.

Interfacing Intercompany Invoices to Receivables

The PRC: Interface Intercompany Invoices to Receivables process interfaces released intercompany invoices to Oracle Receivables. You can run this process separately or as a streamline process (choose the XIC: Interface Intercompany Invoices to AR parameter). The streamline process includes the following processes:

1. Interface Intercompany Invoices to Receivables, page 6-29
2. AutoInvoice, page 6-29
3. Tieback Invoices from Receivables, page 6-29

Interface Intercompany Invoices to Receivables

This process interfaces intercompany invoices with active *Bill To* and *Ship To* address to the Oracle Receivables interface table. It identifies the following debit accounts for intercompany invoices:

- Intercompany Receivables
- Intercompany Rounding

Oracle Projects provides the AutoAccounting function *Intercompany Invoice Accounts* to determine the receivables and rounding accounts. The intercompany revenue account is already available on the invoice lines for intercompany invoices.

Once in Oracle Receivables, intercompany invoices are identified with a batch source of PA Internal Invoices and a transaction type of either Internal Invoice or Internal Credit Memo. You can query receivables information by project-related query data. Project information in Oracle Receivables is located in the Transaction Flexfield and Reference field. The fields in Oracle Receivables which hold project-related data for intercompany invoices (reference field of the PA Internal Invoices batch source) are shown in the following table:

Oracle Receivables Field Name	Oracle Projects Data
Transaction Flexfield Value 1	Project number of the intercompany billing project
Transaction Flexfield Value 2	Draft invoice number from Oracle Projects
Transaction Flexfield Value 3	Receiving operating unit
Transaction Flexfield Value 4	Project manager
Transaction Flexfield Value 5	Project number of the cross charged project
Transaction Flexfield Value 6	Line number of the invoice line
Transaction Flexfield Value 7	Invoice type of the invoice

Line grouping rule and line ordering rule in Oracle Receivables for intercompany invoices are as follows:

- Line grouping. Uses Transaction Flexfield Values 1 through 4.
- Line ordering. Uses Transaction Flexfield Values 5 through 7.

Decentralized invoice collections are not enabled for intercompany invoices.

AutoInvoice

The Oracle Receivables Invoice Import process pulls invoices from the Oracle Receivables interface tables. See: *Oracle Receivables User Guide*.

Tieback Invoices from Receivables

The Tieback Invoices from Receivables process verifies the successful interface of intercompany invoices to Oracle Receivables. Intercompany invoices successfully interfaced to Oracle Receivables are also automatically interfaced to the Oracle Payables

system of the receiver operating unit. See: Tieback Invoices from Receivables, *Oracle Projects Fundamentals*.

Interfacing Intercompany Invoices to Oracle Payables

Interfacing intercompany invoices to the invoice tables in Oracle Payables consists of the following steps:

1. Interfacing intercompany invoices to the Payables interface table, page 6-30
2. Running the Open Interface Import process in Payables, page 6-31

Interface intercompany invoices to the Payables interface table

When the provider operating unit runs the Tieback Invoices from Receivables process, the intercompany invoices are automatically copied into the interface table of the receiver operating unit's Payables. Intercompany invoices interfaced to Payables are identified with the following attributes:

- **Source.** All intercompany invoices have a source of Oracle Projects Intercompany.
- **Supplier.** The supplier is identified by the provider operating unit's internal billing implementation options.
- **Supplier Site.** The supplier site is based on how the provider operating unit defines the receiver controls for the receiver operating unit.
- **Invoice Amount.** The Payables invoice amount is the amount of the related Receivables invoice, including taxes.

The interface process populates the project-related attributes for intercompany Payables invoice distributions, as indicated below:

- **Project Number.** The number of the cross charged project indicated in the invoice line.
- **Task Number.** The number of the task specified in the Intercompany Tax Receiving Task field on the cross charged project.
- **Expenditure Item Date.** The invoice date of the intercompany Receivables invoice.
- **Expenditure Type.** The expenditure type specified by the receiver operating unit in the Receiver Controls tab.
- **Expenditure Organization.** The expenditure organization specified by the receiver operating unit in the Receiver Controls tab.

In addition, the interface process matches the tax code from each invoice line of the Receivables invoice to the appropriate Oracle Payables tax code. This process indicates that the Payables invoice distributions do not include tax amounts, so that the Payables Open Interface process creates the invoice distributions for the entire invoice by grouping the tax lines based on the following attributes:

- **Tax code**
- **Project information** (project, task, expenditure item date, expenditure type, expenditure organization)

Note: Tax group support in Oracle Payables is provided only by the Canadian or other localizations.

Run the Open Interface Import process in Payables

The receiver operating unit runs the Open Interface Import process in Payables to create intercompany Payables invoices. Payables Open Interface Import performs the following steps:

- Convert amounts from the transaction currency to the functional currency of the receiver operating unit based on the default conversion attributes defined in the receiver operating unit's Payables system options. (The Receivables invoice amounts are copied as the transaction currency amounts on the Payables invoice.)

You can customize the Payables Open Interface workflow process to override the default currency conversion attributes for the invoice and distribution amounts.

- Derive the intercompany Payables account from supplier information. You can either associate supplier types for internal suppliers with intercompany cost accounts or otherwise modify the Workflow-based account generation process to determine the appropriate intercompany cost account. Payables Invoice Import generates the following sample accounting entries:

DR Intercompany Cost

CR Intercompany Payables

- Generate recoverable and non-recoverable tax lines (if you have specified a percentage for recoverable tax amounts), based on the tax codes matched from Oracle Receivables.

Oracle Payables uses the rounding accounts specified in the Oracle Payables system options to account for discrepancies due to rounding tax amounts.

Interface Tax Lines from Payables to Oracle Projects

After the Payables Invoice Import process generates non-recoverable tax lines for the intercompany invoice, you must run the Interface Supplier Costs process to interface these non-recoverable tax lines to Oracle Projects as project costs.

Tax lines interfaced from Oracle Payables are not subject to any cross charge processing and are not adjustable in Oracle Projects.

Related Topics

Interfacing Supplier Costs, page 7-20

Interface Supplier Costs, *Oracle Projects Fundamentals*

Interfacing Cross Charge Distributions to General Ledger

If you use borrowed and lent accounting or intercompany billing with cost reclassification enabled, you must interface the resulting accounting entries from Oracle Projects to Oracle General Ledger. Interfacing cross charge distributions to Oracle General Ledger consists of the following steps:

1. Run the Interface Cross Charge Distributions process to General Ledger process, page 6-32.
2. Run Journal Import. See: *Oracle General Ledger User Guide*.
3. Run the Tieback Cross Charge Distributions from General Ledger process (see: Tieback Cross Charge Distributions from GL, *Oracle Projects*)

Fundamentals), which determines whether the Journal Import process rejected any cross charge distributions.

You can run these processes individually or as part of a streamline process. To run the streamline process, choose the parameter XC: Interface Cross Charge Distributions to GL.

Run the Interface Cross Charge Distributions to General Ledger process

The provider operating unit runs the PRC: Interface Cross Charge Distributions to General Ledger process.

This process does not interface accounting entries of the intercompany invoices. Instead, the provider operating unit interfaces intercompany invoice revenue and receivables to Oracle General Ledger using the standard functionality of Oracle Receivables. The receiver operating unit posts intercompany Payables invoice distributions using the Payables Transfer to Oracle General Ledger process.

PRC: Interface Cross Charge Distributions to General Ledger performs the following actions:

- Identify cross-distributions that have not yet been interfaced to Oracle General Ledger
 - Note:** You cannot interface cross charge distributions for provider cost reclassification entries until you have interfaced the associated intercompany invoices to Receivables.
- Determine the GL date for all distributions eligible for interfacing based on the earliest open or future GL period ending on or after the distribution's PA date
- Generate a batch name by concatenating the credit account and GL date and store this information on each distribution
- Summarize distributions by debit account and line type
- Summarize distributions by credit account and line type
- Create journal entries in the Oracle General Ledger interface tables

Adjusting Cross Charge Transactions

This section provides an overview and a description of the processing flow for adjustments to cross charge transactions.

Overview of Cross Charge Adjustments, page 6-32

Processing Flow for Cross Charge Adjustments, page 6-35

Overview of Cross Charge Adjustments

Due to data entry errors or changes in your organization or business rules, you may need to adjust certain attributes of cross charged transactions. Doing so causes Oracle Projects to reprocess the transactions or to skip the cross charge processes completely. You can adjust a cross charged transaction by:

1. Marking transactions for cross charge reprocessing, page 6-33
2. Marking transactions to skip cross charge processing, page 6-34

3. Changing transfer price conversion attributes, page 6-34
4. Making the following miscellaneous adjustments, page 6-34
5. Changing transfer price base amounts
6. Changing the provider or receiver organization using the mass update feature
7. Recompiling burden schedules
8. Performing splits and transfers
9. Performing adjustments on the Receivables or Payables invoices

Marking transactions for cross charge reprocessing

You can mark one or more transactions for cross charge reprocessing in the Expenditure Items window. For example, if you have changed cross charge setup data and want this new information reflected in the affected transfer price amounts and accounting entries, select the Reprocess Cross Charge option in the Reports menu of the Expenditure Items window.

Marking a transaction for cross charge reprocessing:

- Resets the cross charge type to Null
- Resets the cross charge processing method to Pending
- Resets the cross charge processing status to Never Processed
- Resets the transfer price amount in all currencies to Null
- Redetermines the cross charge type and processing method

The next time you run the cross charge processes, they will process these transactions as new cross charged transactions.

You should mark affected transactions for cross charge reprocessing if you have changed any of the following information:

- **Provider or receiver organization.** Modifying the Provider and Receiver Organizations Override extension or changes in your organizational structure can result in changes to the provider or receiver organization of a cross charged transaction, which could affect the cross charge type, the processing method, or the transfer price rules.
- **Transfer price setup data.** Any change to your transfer price rules could result in a new transfer price amount determined for cross charged transactions that have already been processed.
- **Cross-charge setup data.** Any change to your cross charge or internal billing implementation options, provider and receiver controls, or cross charge project and task information can affect how Oracle Projects processes cross charged transactions.
- **Account codes.** Changes to the provider reclassification accounting options can result in changes to the provider cost reclassification accounts. Any changes to the AutoAccounting setup for cross charge functions can also affect existing cross charge accounting entries.
- **Billable flag.** For cross charged transactions processed by intercompany billing with the provider cost reclassification feature enabled, changes to the Billable flag of a transaction on a contract project can result in new provider cost reclassification accounting entries.

- **Tax codes.** The Generate Intercompany Invoice processes determine the appropriate tax code for each invoice line. If you modify the logic used to derive the tax codes and have already released invoices, you must mark the affected transactions for cross charge reprocessing. Oracle Projects automatically creates a credit memo for the original invoice and a new invoice with the new tax codes.

Marking transactions to skip cross charge processing

You can mark one or more transactions so that the cross charge processes skip the specified transactions. To do this, choose Mark For No Cross Charge Processing in the Reports menu of the Expenditure Items window.

Marking a transaction as not requiring cross charge processing resets the cross charge processing method to No Cross Charge Processing and the cross charge processing status to Never Processed.

Changing transfer price conversion attributes

You can reconvert transfer price amounts from the transaction currency if you change the transfer price exchange rate date type and exchange rate type, which govern how Oracle Projects converts the transfer price amount from the transaction currency to the functional currency. To do this, you choose the Change Transfer Price Currency Attributes option from the Reports menu in the Expenditure Items window. A change in these conversion attributes may result in a change to the transfer price amount in the functional currency.

Both provider and receiver operating units can change the transfer price conversion attributes.

Changing your transfer price currency conversion attributes:

- Replaces conversion attributes for the functional currency
- Resets existing transfer price amounts in the functional currency to Null
- Resets the cross charge processing status to Never processed

Making miscellaneous cross charge adjustments

You can perform the following adjustments to cross charged transactions. These adjustments automatically mark the transaction for cross charge reprocessing.

- **Changing transfer price base amounts.** If you recalculate raw or burdened cost or revenue amounts, the amount of the transfer price basis (and the final transfer price amount) of a cross charged transaction may also change. The respective cost distribution and revenue generation processes determine whether such recalculations affect the transfer price amount of any cross charged transactions and automatically mark the transactions for cross charge reprocessing.

The cost distribution and revenue generation processes automatically resets the cross charge processing status to Never Processed and blanks out the transaction's transfer price amount.

- **Changing the provider or receiver organization using the mass update feature.** If you use the mass update feature to change the organization that owns a project or task, Oracle Projects marks all transactions (with an expenditure date after the effective date of the organization change) for cross charge reprocessing. A different project (or receiver) organization could result in a change to the transaction's cross charge processing method.

Oracle Projects **automatically marks the affected items for cross charge processing.**

- **Recompiling burden schedules.** If the user changes and recompiles a burden schedule that has been used for determining the transfer price of some items, the recompile process will mark these items for cross charge reprocessing by resetting the cross charge type to Null, the cross charge processing method to Pending, and the cross charge processing status to Never Processed.
- **Performing transfers and splits.** Transferring or splitting a cross charged transaction does not affect the cross charge processing method of the existing transactions. The reversing and new transactions will undergo the cross charge processes as usual.

The Generate Intercompany Invoice processes group the invoice details for all adjusting transactions by the invoice number and line number of the original transactions for credit memo processing.

- **Performing adjustments on the Receivables or Payables invoices.** You can adjust invoice level accounting information for Receivables and Payables invoices, as described below:
 - Intercompany Receivables account (for Receivables invoices). The Interface Intercompany Invoices to Receivables process determines the intercompany receivables account for each invoice. If you change the rules used to determine this account, you must manually cancel the invoice from the Invoice Review window. Oracle Projects automatically creates a credit memo with details reversing each line in the original invoice. All items on the cancelled invoice are eligible for intercompany rebilling. Once rebilled, the Interface Intercompany Invoices to Receivables process will determine the account for the new invoice using the modified rules.

You cannot cancel an invoice if payments have been applied against it in Oracle Receivables or if an invoice has credit memos applied against it. You can cancel an invoice only if it is released and has no payments, adjustments, or crediting invoices applied against it. Once the cancellation is completed, you cannot delete the credit memo created by the cancellation action. That is, you cannot reverse an invoice cancellation.

- Intercompany cost account (for Payables invoices). In Oracle Payables, reverse the invoice distribution with the incorrect intercompany cost account and create a new line with the correct account information.

Processing Flow for Cross Charge Adjustments

After you mark an adjustment to a cross charged transaction for reprocessing, Oracle Projects processes these adjustments similarly to the original transactions. The processing flow for adjustments is described in further detail on the following pages.

The cross charge processes perform the following common steps on adjustments marked for cross charge reprocessing, regardless of whether the transactions require borrowed and lent or intercompany billing processing:

- Recalculate the transfer price if no transfer price amount exists in the transaction currency
- Reconvert the transfer price amount from the transaction currency to the functional currency if an amount exists in the transaction currency but not the functional currency

Processing Borrowed and Lent Adjustments

After the PRC: Distribute Borrowed and Lent Amounts process completes the common processing steps for cross charge adjustments, it performs the steps for borrowed and lent adjustments, as described below.

- **Regenerate accounting entries.** If any of the accounts have changed from entries already interfaced to Oracle General Ledger, the Distribute Borrowed and Lent Amounts process reverses the original cross charge distributions and creates new ones. The process also determines the PA dates for the reversing and new distributions. If the original accounting entries have not yet been transferred to Oracle General Ledger and the accounts or amounts have changed, the process replaces them with the new entries.
- **Reverse existing distributions if processing method has changed.** If the cross charge processing method for the transaction changes from borrowed and lent to intercompany billing or no cross charge processing, the process reverses existing entries that have been interfaced to Oracle General Ledger.

Processing Intercompany Billing Accounting Adjustments

After the Generate Intercompany Invoice process completes the common processing steps for cross charge adjustments, it performs the following steps:

1. Redetermine the intercompany revenue account and tax code.

The revenue account and tax code is redetermined for the adjusted transactions. If intercompany invoice details already exist for the transaction, the Generate Intercompany Invoice process compares the recalculated transfer price amount to the existing transfer price amount. If they are different, you must reverse the existing invoice detail line and create a new one. Similarly, if the process detects a difference in the new intercompany revenue account or tax code and the existing values, reversing and new invoice details are created.

2. Create a credit memo.

The Generate Intercompany Invoice process creates a credit memo, in which reversing invoice details are grouped together by the invoice number and invoice line number on which the original invoice details are billed.

3. Create new invoices.

New invoice details reflecting changed values for the transfer price, revenue account, and tax code are grouped into new invoices.

4. *(Optional)* Regenerate provider cost reclassification accounting entries.

If any of the accounts have changed from entries already interfaced to Oracle General Ledger, the Generate Intercompany Invoice process reverses the original distributions and creates new ones. The process also determines the PA date for both the reversing and new distributions. If the original accounting entries have not yet been transferred to Oracle General Ledger and the accounts or amounts have changed, the process replaces them with the new entries.

Integration with Other Oracle Applications

This chapter describes integrating Oracle Projects with other Oracle Applications to perform project costing.

This chapter covers the following topics:

- Overview of Oracle Project Costing Integration
- Integrating Expense Reports with Oracle Payables and Oracle Internet Expenses
- Integrating with Oracle Purchasing and Oracle Payables (Requisitions, Purchase Orders, and Supplier Invoices)
- Integrating with Oracle Assets
- Integrating with Oracle Project Manufacturing
- Integrating with Oracle Inventory

Overview of Oracle Project Costing Integration

This chapter describes Oracle Projects integration with other Oracle Applications to perform project costing and includes the following topics:

- Integrating Expense Reports with Oracle Payables and Oracle Internet Expenses, page 7- 1
- Integrating with Oracle Purchasing and Oracle Payables (Requisitions, Purchase Orders and Supplier Invoices), page 7-16
- Integrating with Oracle Assets, page 7-31
- Integrating with Oracle Project Manufacturing, page 7-35
- Integrating with Oracle Inventory, page 7-36

For information on overall Oracle Projects integration and detail information on integration with applications such as General Ledger, and Oracle Human Resources, see the Integrating with Other Oracle Applications chapter in *Oracle Projects Fundamentals*.

Integrating Expense Reports with Oracle Payables and Oracle Internet Expenses

You can enter expense reports containing project and task information in Oracle Projects, Oracle Internet Expenses, or Oracle Payables. Additionally, you can import

project-related expense reports in Oracle Projects from third-party systems through Transaction Import.

This section describes how to ensure that transactions resulting from project-related expense reports are properly accounted.

Related Topics

Transaction Import, *Oracle Projects APIs, Client Extensions, and Open Interfaces Reference*

Overview of Expense Report Integration

Project-related expense reports can be entered directly into Oracle Projects through batch entry. Additionally, external expense report data can be imported directly into Oracle Projects via Transaction Import. Oracle Projects processes these expense reports and sends them to Oracle Payables.

You can also create project-related expense reports through Oracle Internet Expenses. Additionally, you can enter project-related expense reports directly into the Oracle Payables invoice entry screens. Payables creates invoices from the expense reports, maintains and tracks payments, and then sends the accounting transactions to Oracle General Ledger. After these tasks are accomplished, the expense reports can be sent to Oracle Projects.

All accounting entries from project-related expense reports are interfaced to General Ledger from Oracle Payables.

Expense Reports Entered in Oracle Projects

When expense reports are created in Oracle Projects, they are entered through preapproved expenditure entry. An expense report must first be cost distributed, then sent to Oracle Payables (for invoice creation and payment) and finally, tied back to Oracle Projects. For more information see: Processing Expense Reports Created in Oracle Projects, page 7-4.

Expense Reports Imported into Oracle Projects

Expense reports imported directly into Oracle Projects from an external source, such as a third-party application, are processed in the same way as expense reports entered via preapproved expenditure entry. After the transactions are imported, they must be costed (if necessary), then sent to Payables (for invoice creation and payment), and finally tied back to Oracle Projects.

Expense Reports Entered in Oracle Internet Expenses

Employees can include project and task information in an expense report created in Oracle Internet Expenses. (Click the Enter Receipts tab to display the window containing the Project Number and Task Number fields. The window displays these fields if you select an expense type that is associated with an Oracle Projects expenditure type.)

Expense reports entered in Oracle Internet Expenses must be sent to Payables and then to Oracle Projects. These expense reports have an expenditure type class of Expense Report and do not need to be tied back to Oracle Projects. For more information, see: Processing Expense Reports Created in Oracle Internet Expenses, page 7-10.

Expense Reports Entered in Payables

You can enter project and task information on expense reports in the Invoices window in Payables (enter Expense Report in the Type field). Expense reports entered in the Invoices window are assigned an expenditure type class of Expense Report and are processed in Oracle Projects similarly to expense reports entered in Oracle Internet Expenses. The Expense Report window in Payables does not record project information for expense report lines. Use the Invoices window instead. For information, see *Oracle Payables User Guide*.

For All Expense Reports

You can use standard reports to track your expense reports as the expense report information moves from one application to another.

You can also use Payables features to create advances (prepayments) and adjustments, and then apply them against Oracle Projects expense reports and invoices in Payables. See: *Advances and Prepayments*, page 7-13 and *Adjusting Expense Reports*, page 7-13.

Setting Up in Payables and Oracle Projects

Before you can interface project-related expense reports between Oracle Projects, Payables, and Oracle Internet Expenses, you must carry out certain tasks.

- In Payables:
 - Define employees as suppliers
 - Accept or override the employee address
 - Determine the expense report cost account
- *(Optional)* In the System Administrator responsibility, set profile options

Define Employees as Suppliers

Before Payables can create invoices for an employee's expense reports, the employee must be defined as a supplier. You can either enable Payables to create a supplier automatically for employees lacking a supplier record or enter the employee manually as a supplier in the Suppliers window.

If an employee is not a supplier, Payables does not create an invoice and lists the expense report as an exception.

To define employees as suppliers:

1. In Payables, navigate to the Payables Options window.
2. Choose the Expense Report tab.
3. Enable Automatically Create Employee as Supplier.

Accept or Override the Employee Address

Payables sends the reimbursement to the employee's default address (Home or Office), which is set for the employee in HR. You can override the Home or Office setting in the Expense Reports window in Payables.

Payables uses the same value when creating supplier sites for the supplier record.

Determine the Expense Report Cost Account

For expense reports entered in Oracle Projects and adjustments made to those expense reports, Oracle Projects uses AutoAccounting (not the employee's default expense account) to determine the expense report cost account.

For expense reports entered in Oracle Internet Expenses and the Invoices window, an account generator (the Project Expense Report Account Generator, a process in Oracle Workflow) determines the expense account for each transaction that includes project and task information. The Default Account Generator for Expense Reports process used the CCID (code combination identifier) entered for the employee in Human Resources.

For more information, see: *Using the Account Generator in Oracle Projects*, and *AutoAccounting and the Account Generator, Oracle Projects Implementation Guide*.

(Optional) Set Profile Options

Using the System Administrator responsibility, open the System Profile Values window and set the following profile options:

- *PA: Summarize Expense Report Lines* specifies whether lines in expense reports created in Oracle Projects are summarized by code combination ID when you interface the expense reports to Payables. See: *Profile Option-Summarize Expense Report Line, Oracle Projects Implementation Guide*.
- *PA: Allow Project Time and Expense Entry* specifies whether a user can enter project-related transactions in Oracle Internet Expenses. See: *Profile Option-PA: Allow Project Time and Expense Entry, Oracle Projects Implementation Guide*.
- *PA: Expense Report Invoices Per Set* specifies the number of Payables invoices to process each time the Interface Expense Reports from Payables (a Payables process) is run. See *Profile Option-PA: Expense Report Invoices Per Set, Oracle Projects Implementation Guide*.
- *PA: Allow Override of PA Distributions in AP/PO* indicates whether a user is allowed to update the accounting flexfield combination that is generated by FlexBuilder for Oracle Projects distributions in Oracle Payables and Oracle Purchasing. See *Profile Option-PA: Allow Override of PA Distributions in AP/PO, Oracle Projects Implementation Guide*.

Related Topics

Integrating with Oracle Payables, page 7-18

Implementing Oracle Payables for Projects Integration, *Oracle Projects Implementation Guide*

Profile Options for Integration with Other Products, *Oracle Projects Implementation Guide*

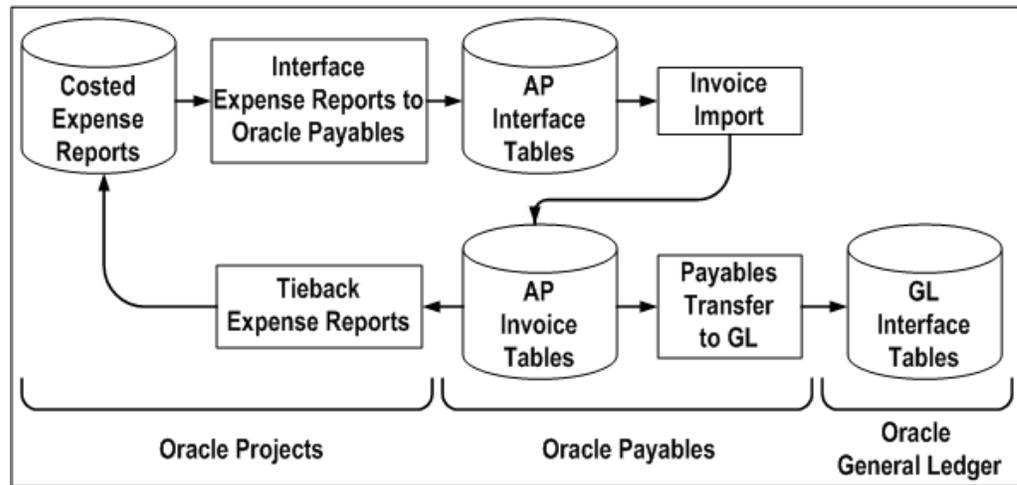
Resource Definition, *Oracle Projects Implementation Guide*

Processing Expense Reports Created in Oracle Projects

To prepare for interfacing expense reports created in Oracle Projects, you must first distribute the expense report costs. Then, you can send the costed expense reports to Payables whenever you are ready and as many times during an accounting period as you wish.

The following illustration shows the processing flow when expense reports are created in Oracle Projects.

Processing Expense Reports Created in Oracle Projects



The illustration *Processing Expense Reports Created in Oracle Projects*, page 7-5 shows the following steps:

1. Costed expense reports are interfaced into the Payables interface table from Projects.
2. The Expense Report Import process imports the data into Payables invoice tables and creates expense report invoices.
3. The Projects Tieback process verifies that the project-related expense reports were successfully imported into Oracle Payables.
4. Payables interfaces the accounting for the invoices to General Ledger.

Distributing Expense Report Costs

You must run the Distribute Expense Report Costs process before you interface expense reports with Payables. This process groups expenditure items into batches of expense reports and determines the expense account held in the cost distribution line.

Interfacing Expense Reports to Payables

Note: Two processes have very similar names. The process described here sends expense report information *to* Payables.

The Interface Expense Reports to Payables process collects eligible costed expense reports in Oracle Projects and sends them to the Payables Invoice interface tables. Once loaded onto these interface tables, the expense reports await further processing by the Expense Report Import program.

When you send invoices to Payables, Oracle Projects sets the purgeable flag for each expense report in Payables to *No*.

This process also sends costed adjustments to Oracle Internet Expenses expense reports that you interfaced from Payables. Payables loads these adjustments into the

Payables invoice tables automatically, so you do not need to run the Expense Report Import program.

Before you interface expense reports to Payables, run the PRC: Distribute Expense Report Costs process to distribute costs for any adjustments you have made.

Note: If expense reports from any source fail to post to Payables, you may need to redistribute costs (using the PRC: Distribute Expense Report Costs process) before you send the expense reports to Payables again.

For more information, see: *Interface Expense Reports to Payables, Oracle Projects Fundamentals*.

Determining the Accounting Period

The GL Date of the expense report cost determines the accounting period in which a transaction is posted to a general ledger account. In Oracle Projects, the GL Date for costs is the end date of the earliest open or future GL Period that is on or after the latest PA Date of the cost distribution lines included in an expense report. All cost distribution lines for an expense report are sent together to Payables and use the same GL Date. This GL Date becomes the GL Date of the invoice in Payables. See: *Date Processing in Oracle Projects, Oracle Projects Fundamentals*.

Determining the Liability Account

The Interface Expense Reports to Payables process uses AutoAccounting to determine the liability account when the expense reports costs are distributed. (Oracle Projects does not use the employee's default expense account.) The process sends the accounting information for expense reports to the Payables interface tables.

Reports

Oracle Projects generates a report that lists the interfaced and rejected expense reports. Correct the rejected expense reports and resubmit them to Payables.

Importing Expense Reports in Payables

Expense Report Import is a Payables program. See: *Expense Report Import Program, Oracle Payables User Guide*.

The Expense Report Import program creates invoices and invoice distribution lines from Oracle Projects expense report information that you load into Payables interface tables. Payables imports the expense report data into Payables invoice tables.

Note: Expense Report Import does not call Workflow. If you manually populate the invoice import tables, you must supply the accounting flexfield information.

Oracle Payables identifies invoices you create from Oracle Projects expense reports with a source of *Oracle Projects*.

If you submit the program from Payables, you must specify a source of *Oracle Projects*. Leave the batch name and GL date blank. You can also use one of the Oracle Projects streamline options to submit the Expense Report Import program from Payables.

Adjustments are a special case. You do not need to run Expense Report Import for adjustments to expense reports already interfaced or tied back from Payables.

Prerequisites:

- Enter expense reports in Oracle Projects.
- Run the Oracle Projects PRC: Distribute Expense Report Costs process to calculate the amount and generate accounts.
- Submit Oracle Projects PRC: Interface Expense Reports to Payables process to transfer expense reports to the Payables Invoice Interface Tables.
- If the Automatically Create Employee As Supplier option is not enabled in Payables, enter the employee as a supplier in the Suppliers window.

To import invoices from Oracle Projects:

In the Submit Request window, choose the Request Type and select Expense Report Import.

- Enter the report parameters.

Do not enter a batch name or a GL date field. Select Oracle Projects for the source.

If you want to purge expense reports from the Invoice Import Interface Tables, enter the date criteria you want Payables to use. Payables will delete all Oracle Projects expense reports that were entered before this date and have already been imported and tied back to the original expense report in Oracle Projects.

- Choose OK.

When the program is complete, you can query the new invoices in the Invoices window. The new invoices are ready for approval and payment.

Payables creates invoices with the attributes shown in the following table:

Attribute	Description
Type	Expense Report
Supplier Name	Employee name
Invoice Date	Week ending date
Invoice Number	The expenditure batch name from Oracle Projects appended to a unique identifier for the expense report
Invoice Distributions	Based on cost distribution of expense report items. Each invoice distribution in Oracle Projects includes expenditure item information, such as project information, amount, and account coding.
Invoice Liability Account	Based on AutoAccounting rules in Oracle Projects
Scheduled Payments	Defaults from supplier site
Payment Method	Defaults from supplier site
Income Tax Type	For federally reportable 1099 suppliers, Payables provides the income tax type for each invoice distribution

Payables automatically produces the following reports so you can review the invoices that Expense Report Import successfully created, and the invoices that Expense Report Import was unable to import:

- Expense Report Import Report
- Expense Report Import Exceptions Report
- Expense Report Import Prepayments Applied Report
- In Oracle Projects, run the PRC: Tieback Expense Reports from Payables process.

Reports

Oracle Projects generates a report that lists the interfaced and rejected expense reports. Correct the rejected expense reports and resubmit them to Payables.

Tying Back Expense Reports from Payables

The Tieback Expense Reports from Payables process links the expense report in Oracle Projects to the invoice in Payables, but does not tie back the invoice details. (To view details, drill down in the Expenditures Inquiry window. You can also query the invoice in the Invoices window in Payables.)

The tieback process identifies expense reports rejected by Expense Report Import. Correct the rejected expense reports and send them to Payables again.

Tying back the invoices causes Oracle Projects to update the purgeable flag for each expense report in the Payables interface tables from *No* to *Yes*.

For more information, see: Tieback Expense Reports from Payables, *Oracle Projects Fundamentals*.

Submitting the Interface Streamline Processes

Streamline processes submit two or more one processes in one step. You can use streamline processes to interface expense reports to Payables, import the invoices, and tie back the invoices to Oracle Projects. Streamline processes submit each process sequentially.

If you want to perform a single function, such as interfacing expense reports, you can use an individual process.

Some processes use a lot of system resources, so do not run processes that distribute costs (DXES, DXEU and DTE) during critical processing times. Instead, run the distribution processes separately, and then run the interface and tieback streamline processes later.

To submit the streamline process, use one of the streamline options shown in the following table:

Process Abbreviation	Process Name
DXES	Distribute and Interface Expense Report Costs to AP
DXEU	Distribute and Interface Expense Report Costs to AP
XES	Interface Expense Report Costs to AP
XEU	Interface Expense Report Costs to AP
DTE	Distribute and Transfer Expense Report Costs to AP
ITES	AP Invoice Import and Tieback Expense Reports
ITEU	AP Invoice Import and Tieback Expense Reports

Note: In the preceding table, the following processes create summarized reports that display expense report lines summarized by code combination identifier: DXES, XES, and ITES (AP Invoice Import). See: PA: Summarize Expense Report Lines, *Oracle Projects Implementation Guide*.

In the preceding table, the following processes are detailed report processes that generate an invoice distribution in Oracle Payables for each detail expense report cost distribution line: DXEU, XEU, ITEU (AP Invoice Import).

You must use the same report mode (see notes above), either summarized or detailed, to interface expense report costs to Payables and then tie back those expense reports, regardless of whether you submit a streamline process or an individual process.

For more information, see: Submitting Streamline Processes, *Oracle Projects Fundamentals*.

Transferring Payables Accounting Information to General Ledger

After the Expense Report Import program creates invoices, and you approve, pay, and account for them in Payables, use the Payables Transfer to General Ledger program to send the invoice information to General Ledger interface tables.

In General Ledger, post the invoice interface data to update your account balances. For information on importing and posting journals, see the *Oracle General Ledger User Guide*.

Processing Expense Reports Created in Oracle Internet Expenses

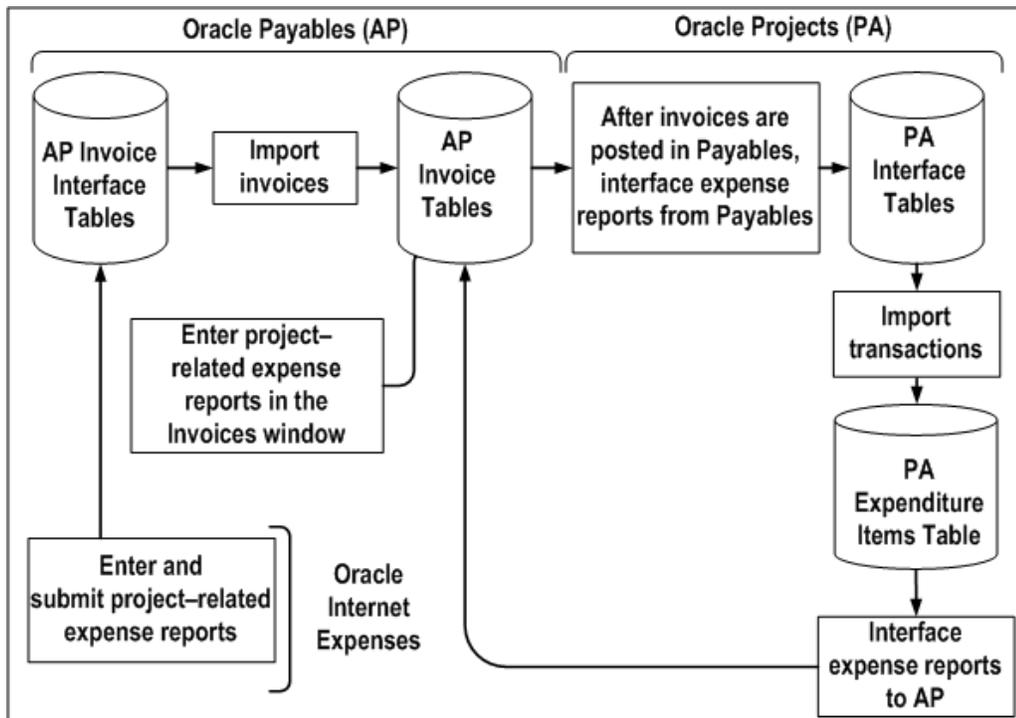
This section covers the following topics:

- Importing Expense Reports in Payables, page 7-11
- Transferring Payables Accounting Information to General Ledger, page 7-11
- Interfacing Expense Reports from Payables, page 7-11

Note: Except as noted, the information in this section also applies to expense reports created in the Invoices window (in Payables).

The following illustration shows the steps in processing project-related expense reports created in Oracle Internet Expenses.

Processing Expense Reports Created in Oracle Internet Expenses



The illustration *Processing Expense Reports Created in Oracle Internet Expenses*, page 7-10 shows that expense reports created in Oracle Internet Expenses go directly to the Payables interface tables. You run the Expense Report Import program to

send this information from the Payables interface tables to the Payables invoice tables. Additionally, project-related expense reports that are entered through the Invoices window in Payables go directly to the Payables invoice tables.

Once the expense reports are in the Payables invoice tables, Payables creates the appropriate accounting transactions for these project-related expense reports. Payables creates these project-related transactions based on business rules you defined in the Projects Expense Report Account Generator.

Internet expenses are interfaced to Oracle Projects by the Interface Expense Reports from Payables. This information initially goes to the Oracle Projects interface tables. The process continues and automatically imports the transactions to the Projects Expenditure Items Table.

Expense reports that are entered directly into Oracle Projects are interfaced to Payables through the Interface Expense Reports to Payables process.

You can adjust expense reports entered in Oracle Internet Expenses in either Payables or Oracle Projects. You can also transfer or split expense report items (net zero adjustments), recost the entered expense reports, and then send the information to Payables. Payables ultimately posts these adjusted transactions to General Ledger. See: *Adjusting Expense Reports*, page 7-13.

Importing Expense Reports In Payables

Note: You do not need to import expense reports entered directly in the Invoices window, because the system saves those expense reports directly to the Payables invoice tables.

The Expense Report Import program processes expense reports created in Oracle Internet Expenses as well as those entered in Oracle Projects and interfaced to Payables.

Payables identifies invoices created from Oracle Internet Expenses expense reports with a source of *Oracle Internet Expenses*.

Adjustments to expense reports created in Self-Service Expenses or the Invoices window (in Payables) are loaded directly into the AP invoice tables. You do not need to run Expense Report Import, either as an individual process or as part of the streamline interface processes ITES and ITEU.

For prerequisites and procedures for importing project-related expense reports from Self-Service Expenses, see: *Expense Report Import Program, Oracle Payables User Guide*.

Transferring Payables Accounting Information to General Ledger

After the Expense Report Import program creates invoices, and the invoices (expense reports) are approved, paid, and accounted in Payables, use the Payables Transfer to General Ledger program to send the invoice information to the General Ledger interface tables.

In General Ledger, you post the invoice interface data to update your account balances. For detailed information about interfacing and posting journals see the *Oracle General Ledger User Guide*.

Interfacing Expense Reports from Payables

Note: Two processes have very similar names. The process described here gets expense report information *from* Payables.

After you post the invoice accounting entries to General Ledger, use the Interface Expense Reports from Payables process to import the invoice to Oracle Projects. This process calls the Transaction Import process, which:

- Loads project-related invoice accounting entries
- Calculates the burden amounts for the appropriate imported raw costs
- Creates a pre-approved expense report batch in Oracle Projects, based on the project-related invoice accounting entries
- Imports descriptive flexfield information entered in Oracle Internet Expenses or Payables

Note: Projects holds 10 descriptive flexfield segments. If you are using more than 10 segments in Payables, only the first 10 are imported to Projects.

See: *Descriptive Flexfield Mapping Client Extension, Oracle Projects APIs, Client Extensions, and Open Interfaces Reference*

Oracle Projects generates transactions with a source of *Oracle Payables*. The Allow Adjustments option is enabled for the Oracle Payables source, but only net zero adjustments are allowed. You cannot reverse or recalculate burdened costs.

For more information about this process, see: *Interface Expense Reports from Payables, Oracle Projects Fundamentals*.

Prerequisites:

Before you run this process:

- Enter expense reports in Oracle Internet Expenses or the Invoices window.
- Verify that employees are designated as suppliers. (If they are not, the interface program will not import the invoice.) Conversely, suppliers must be designated as employees. See: *Setting Up in Payables and Oracle Projects*, page 7- 3 .

Invoices generated for contingent workers are made payable to the supplier of the contingent worker rather than the worker. To process expense reports for contingent workers, the assignment record associated with the contingent worker in Oracle Human Resources Management System must specify a supplier.

- Run the Payables Transfer to General Ledger program in Payables.

Reports

This process generates a report that lists the interfaced and rejected invoice distribution lines, as well as a summary of the total number and cost of the distribution lines.

Correct the rejected invoice distribution lines (refer to the rejection reasons shown on the report), and then resubmit the process.

Related Topics

Generating Accounts for Oracle Payables, *Oracle Projects Implementation Guide*

Expense Report Import Program, *Oracle Payables User Guide*

Transferring Payables Accounting Information to General Ledger, page 7-10

Advances and Prepayments

In Payables, you can create an advance, or prepayment, to an employee for travel or other expenses. After an expense report is loaded into Payables, you can use Payables to apply the prepayment against Oracle Projects expense reports. When an employee incurs an expense and submits an expense report, you reduce the amount of the expense report reimbursement by applying outstanding prepayments to it.

You can apply prepayments to an expense report when the expense report is in the Payables interface tables or when the expense report is loaded in Payables as an invoice.

To apply prepayments to expense reports:

1. Use Payables to enter a prepayment, approve it, and pay it (see: More About Prepayments, page 7-13).
2. Enter and approve the expense report in Oracle Projects and then release the expense report batch.
3. Distribute expense reports and interface them to Payables using Oracle Projects processes.

You can use the DTE Distribute and Interface Expense Report Costs to AP streamline option.

4. Apply the prepayment to an expense report using the Expense Reports window in Payables (see below).
5. Run the Expense Report Import program and tie back invoices from Payables to Oracle Projects. You can use either of the following Oracle Projects interface streamline options:
6. ITES: AP Invoice Import and Tieback Expense Reports
7. ITEU: AP Invoice Import (Unsummarized Report) and Tieback Expense Reports.
8. Review invoices and payments in Payables.

More About Prepayments

When you enter a prepayment, Payables automatically creates invoice distributions and a scheduled payment.

Use the Invoices window in Payables to create and approve prepayments. You must approve and pay a prepayment before you can apply it to an invoice to reduce the amount you owe. You can use the Payments window in Payables to pay a prepayment.

Use the Expense Reports window in Payables to apply a prepayment or enter a hold against an expense report. You can apply prepayments and holds to expense reports after you interface expense reports into Payables, but before you run Expense Report Import and create invoices from the expense reports. You cannot change any information for an Oracle Projects expense report in the Expense Report window; you can only apply prepayments or holds.

You can also apply prepayments and holds to expense reports after you run Expense Report Import when the expense reports are invoices in Payables.

For more information, see: Prepayments, *Oracle Payables User Guide*.

Adjusting Expense Reports

How you adjust an expense report depends on which application was used to create it.

Note: Adjustments interfaced *to* Payables appear on the same invoice in Payables. Adjustments interfaced *from* Payables appear in a separate expense report batch.

Adjusting Expense Reports Created in Oracle Projects

If you created an expense report in Oracle Projects, you should generally make the adjustments in Oracle Projects. You can adjust an expense report in Oracle Projects at any time, but you cannot interface adjustments to Payables until an invoice exists in Payables and you have run the tieback process.

Interfacing expense reports links adjusting transactions in Oracle Projects to the corresponding invoice in Payables. This linkage allows you to reconcile all project-related expense reports in Payables, and accurately account for your cash books if you use Cash Basis Accounting.

Note: Any adjustments made in Oracle Payables to expense reports that originated in Oracle Projects are not interfaced back to Oracle Projects and will result in out-of-balance subledgers.

Adjusting Expense Reports Created in Oracle Internet Expenses

Note: The information in this section also applies to expense reports created in the Invoices window (in Payables).

Expense reports created in Oracle Internet Expenses and the Invoices window can be adjusted in both Oracle Projects and Payables:

- In Oracle Projects, you can transfer or split expense lines (net zero adjustments). You cannot reverse expenditure items or recalculate burdened costs.
- In Payables, you can:
 - Modify line amount, project, task, or expense types by reversing existing invoice distribution lines and then creating new ones
 - Cancel the invoice completely

Before you can make adjustments in Oracle Payables or cancel an invoice in Payables, each application checks for outstanding adjustments or cancellations in the other. If outstanding adjustments exist, you must interface the adjustments before continuing.

You cannot adjust an Oracle Internet Expenses expense report if any of the following conditions are true:

- The invoice has been cancelled in Payables
- Adjustments made to this invoice in Payables have not been sent to Oracle Projects
- The item has been fully or partially prepaid
- The invoice has been fully or partially paid and either the Allow Adjustments to Paid Invoices option is disabled, or discount payment distributions have been associated with the invoice
- You are using cash basis accounting

For more information, see: *Adjusting Invoices, Oracle Payables User Guide.*

Purging Expense Reports

After you create invoices in Payables and then tie them back, you can create more space in your database by purging imported Oracle Projects expense reports from the Payables interface tables. To do so, identify the date through which you want to purge expense reports when you submit Expense Report Import. Payables purges the expense reports during the import process.

For expense reports created in Oracle Internet Expenses, you can have the Expense Report Import program purge imported information. The purge occurs after the program creates invoices from expense report information and the tieback process is complete.

It is a good practice to purge expense reports periodically.

Viewing Expense Reports in Oracle Payables

After you successfully send expense reports to Payables and run the Expense Report Import program, each expense report in Payables is converted to a Payables invoice. You can view these expense reports in Payables (just as you can any other invoice), as well as in Oracle Projects.

To view invoices that have been created from Oracle Projects expense reports, open the Invoices or Distributions window, query the project, task, and expenditures. In other windows, query the information that Oracle Projects passes to Payables:

- The employee name becomes the supplier name. The name appears in uppercase when it is generated by the system in Payables.
- The week ending date, or expenditure ending date, becomes the invoice date in Payables.
- The total expense report cost becomes the total invoice amount in Payables.

For each invoice distribution in Payables, you can also view information for each expenditure item, such as the project information, the amount, and the account coding.

To query the payment status of an employee's expense report, use the Find Invoices window and query by supplier name and invoice date. See Example: Finding an expense report, page 7-16.

Note: You can use the Expense Reports window in Payables to view expense reports submitted from Oracle Internet Expenses. The window also displays expense reports interfaced from Oracle Projects to Payables. Note that the Expense Reports window does not display project and task information.

Interpreting Invoice Numbers

For expense reports entered in Oracle Projects, the invoice number is the expenditure batch name (from Oracle Projects) plus an expense report identifier. For example, the invoice number EX-DEN-125 R11-DEC-95 12:00:00-1000 is an invoice that was processed in the expenditure batch of EX-DEN-125 R11-DEC-95 12:00:00, which is identified by the number 1000.

Interpreting Expense Report Batch Names

For expense reports entered in Oracle Projects, the expenditure batch name is a concatenation of the expenditure batch parameter, the type of batch, and the creation date and time.

If you do not specify an expenditure batch parameter when you submit the Distribute Expense Report Costs process, the batch name prefix is *ALL*. The letter R represents a regular expense report batch, and the letter A represents an adjusted expense report batch. For example, a regular expense report batch could be named ALL R16-SEP-98 14:46:05 and a specific batch could be named EX-HQ-D523 A16-SEP-98 12:00:05.

Example: Finding an expense report

Your employee, Amy Marlin, wants to know the status of an expense report that she submitted on October 1, 1998. The expenditure ending date of her expense report was 15-SEP-1998. Expense reports are submitted to the local accounting staff for entry into Oracle Projects. You don't know when the expense report was entered in Oracle Projects or sent to Payables.

In Payables, navigate to the Find Invoices window and enter *%Marlin%* in the supplier name field. Enter invoice dates beginning September 1, 1998. Choose the Find button.

The Invoices window displays all of Amy Marlin's expense reports with expenditure ending dates after August 31, 1998 that have been sent to Payables. You will see if the expense report is in Payables, and has been posted to General Ledger, approved, and paid. You can also drill down to the individual distribution line items and see project information.

If the Invoices window does not display the expense report, check to see if the expense report has been sent to Payables but not yet imported. Navigate to the Expense Reports window and query by Employee Name or Number.

Related Topics

Integrating with Oracle Payables, page 7-18

Expense Reports and Credit Cards, *Oracle Payables User Guide*

Reviewing and Adjusting Invoices, *Oracle Payables User Guide*

Integrating with Oracle Purchasing and Oracle Payables (Requisitions, Purchase Orders, and Supplier Invoices)

Oracle Projects fully integrates with Oracle Purchasing and Oracle Payables and allows you to enter project-related requisitions, purchase orders, and supplier invoices using those products.

When you enter project-related transactions in Oracle Purchasing and Oracle Payables, you enter project information on your source document. Oracle Purchasing, Oracle Payables, and Oracle Projects carry the project information through the document flow: from the requisition to the purchase order in Oracle Purchasing, to the supplier invoice in Oracle Payables, and to the project expenditure in Oracle Projects.

Oracle Purchasing and Oracle Payables use the Account Generator to determine the account number for each project-related distribution line based on the project information that you enter.

Using Oracle Projects views, you can report committed costs of requisitions and purchase orders that are outstanding against your projects in Oracle Projects.

Related Topics

Oracle Payables and Oracle Purchasing Integration, *Oracle Projects Implementation Guide*

Project-Related Document Flow

When you enter project-related documents, you specify project information in addition to the information you normally specify for a document. You can use all the standard features of Oracle Purchasing and Oracle Payables, including encumbrance accounting and funds checking, when you enter project-related documents.

Integrating with Oracle Purchasing

When you enter project-related transactions in Oracle Purchasing, you only need to enter project information on the source document -- either the requisition or the purchase order. When you automatically create purchase orders from requisitions using Oracle Purchasing AutoCreate feature, the project information from the requisition is copied to the purchase order.

Entering Requisitions

You enter project-related purchase requisitions using the Requisitions window in Oracle Purchasing. You can enter default project information in the Requisitions Preferences window in the Project Information tabbed region. This default information will be used to populate requisition distribution lines you create during your current session. The requisitions distribution line has a Project tabbed region for you to enter project-related information. A requisition can have a combination of project-related and non-project-related distribution lines.

Using AutoCreate

When you automatically create purchase orders from project-related requisitions in the AutoCreate Documents window, Oracle Purchasing copies the project information and the accounting information from the requisition to the purchase order. You do not need to enter any additional project-related information on your purchase order when you use this feature. See: *AutoCreate Documents Overview, Oracle Purchasing User's Guide*.

You can change the project information on the purchase order that was copied from the requisition; the project information on the requisition is not updated.

Entering Purchase Orders

If your company does not use online requisitions or the AutoCreate feature, you can enter project-related information directly on your standard purchase orders using the Purchase Orders window in Oracle Purchasing. When you use this window, you specify project-related information in the Project tabbed region of the distribution line. The account information will automatically be created by the Account Generator, based on the project-related information you enter. See: *Overview of Purchase Orders, Oracle Purchasing User's Guide*.

Entering Releases

You enter project-related releases against blanket purchase agreements and planned purchase orders using the Enter Releases window in Oracle Purchasing. When you use this window, you specify if the release distribution line is project-related. If it is

project-related, you continue to enter project information for the line. See: *Entering Release Headers, Oracle Purchasing User's Guide*.

Recording Receipts and Delivery

You can track receipt and delivery of goods for project-related purchase orders using the Receipts window in Oracle Purchasing. You can report the delivery of purchased goods in your commitment reporting. Oracle Purchasing does not record the received goods as delivered for your project until the goods are delivered and assigned to a purchase order distribution line. See: *Overview of Receipts, Oracle Purchasing User's Guide*.

When a purchase order line is flagged to accrue on receipt and the purchased goods are delivered to an expense destination, you can interface receipt accrual accounting entries from Oracle Purchasing to Oracle Projects as actual transactions. This allows you to recognize the cost to your project in the period in which it is incurred rather than in the period in which it is invoiced. For more information, see: *Overview of Receipt Accounting, Oracle Purchasing User's Guide*, and *Interface Supplier Costs, Oracle Projects Fundamentals*.

Entering Default Project-Related Information for Requisitions and Purchase Orders

You can enter default project-related information for requisitions and purchase orders.

To enter default project information for requisitions and purchase orders:

1. In Oracle Purchasing, open either the Requisitions or Purchase Orders window.
2. Select the Tools menu option at the top of the window and choose Preferences.
3. Open the Project Information tabbed region and enter default project information to be used to create requisition and purchase order distribution lines during the current session.
4. Save.

Integrating with Oracle Payables

When you match an invoice to a purchase order or receipt in Oracle Payables, the project information from the purchase order or receipt is copied to the invoice. When you enter new project-related invoices in Oracle Payables, you only need to enter project information on the source document, the invoice. If you use distribution sets with project information, Oracle Payables automatically supplies project information for your supplier invoice distribution lines.

Matching Invoices

If you use Oracle Purchasing and have already associated project-related information to a purchase order, and you are matching an invoice to a purchase order or receipt using the Invoices windows instead of manually creating invoice distribution lines, Oracle Payables automatically copies the project information from the purchase order or receipt to the invoice.

You cannot change the project information that is copied from the purchase order to the invoice.

Entering Invoices

You can enter project-related invoices directly in the Invoices windows in Oracle Payables. You can enter project-related information in the Invoices window which will default to all distributions you enter for the invoice. These values can be overridden. You also enter project-related information in the Distributions window. You can create a folder with project-related fields to be used for entering information. An invoice can have both project-related and non-project-related distribution lines. See: *Entering Invoices Overview, Oracle Payables User Guide*.

Note: You can also import through the Payables Open Interface tables projects-related invoices from the Invoice Gateway and other systems.

Using Distribution Sets

You can define distribution sets to make it easier to enter invoices. Use the Distribution Sets window to specify project information for the distribution set lines. You can use project-related distribution sets for recurring costs for any project class (contract, indirect, and capital). See: *Distribution Sets, Oracle Payables User Guide*.

When you enter invoices, you can enter a distribution set. You can use distribution sets to create project-related invoices in the following Oracle Payables forms:

- Invoices
- Recurring Invoices

Posting Invoices

After you process invoices according to your business policies, you approve them in Oracle Payables, and interface the invoice information to Oracle General Ledger interface tables. You use the Payables Transfer to General Ledger process in the Submit Request window in Oracle Payables to interface invoices to General Ledger.

In General Ledger, you post the invoice interfaced data to update your account balances. See: *Posting Journals, Oracle General Ledger User Guide*.

Entering Default Project-Related Information for Supplier Invoices

You can enter default project-related information in Oracle Payables.

To enter default project information for a single supplier invoice:

1. In Oracle Payables, open the Invoices window.
2. Enter default project information to be used to create the distribution lines for the invoice.
3. Save and continue entering the invoice information.

Tip: Create project-oriented folders at the invoice and invoice distribution line level to make it easier and faster to enter project related information for your invoices.

To enter default project information in supplier invoice distribution sets:

1. In Oracle Payables, open the Distribution Sets window located under Setup, Invoice.
2. For project-related distribution lines, check the Project Related box. This will open the Project Information window.

3. Enter default project information to be used to create the distribution lines, then select OK to close the window.
4. Save.

You can review and change project information in the distribution set by selecting the Project Information button at the bottom of the window.

Interfacing Supplier Costs

To load invoices and receipt accruals from Oracle Payables and Oracle Purchasing, respectively, to Oracle Projects, use the PRC: Interface Supplier Costs process in Oracle Projects.

The Interface Supplier Costs process uses the project and task information to determine if the items are billable, capitalizable, or both. You can accrue revenue and invoice billable items in Oracle Projects.

The process selects transactions based on the parameter values entered. It first retrieves all eligible accounted, project-related receipt accrual information, supplier invoice distributions (including non-recoverable tax lines) and all payment discounts that are distributed to project-related distributions. The process then interfaces the amounts to Oracle Projects.

The interfaced items are grouped into expenditure batches. All invoice distributions, excluding non-recoverable tax lines, are included in one batch. Non-recoverable tax lines are grouped into a second batch, payment discounts are included in a third batch, and receipt accruals for project related items with a destination type of Expenses are grouped in the fourth batch. Within each batch, an expenditure is created for each invoice and an expenditure item is created for each invoice or discount distribution.

Each time you run Interface Supplier Costs process, Oracle Projects generates reports you can use to track the interfaced supplier invoices distribution lines, receipt accruals, as well as those invoice lines and receipt accruals that are rejected during interface from Oracle Payables and Oracle Purchasing, respectively.

Related Topics

Recoverable Tax, *Oracle Payables User Guide*

Entering Project-Related Information for Requisitions, Purchase Orders, and Supplier Invoices

You enter project information at the distribution line level for project-related requisitions and purchase orders in Oracle Purchasing, and for project-related supplier invoices in Oracle Payables.

Default Project Information

You can specify default project information at the header level for requisitions, purchase orders, and supplier invoices; this information defaults to the document's distribution lines. For purchase orders, you can also specify default project information at the purchase order line and purchase order shipment levels.

The default project information for requisitions and purchase orders are session defaults which are lost when you exit the entry forms. The default project information for invoices is stored with the invoice and is retained when you query the invoice.

Project-Related Information

When you enter requisitions, purchase orders, and supplier invoices in Oracle Purchasing or Oracle Payables, and have Oracle Projects installed, you specify the following project-related information:

The *Project Number* segment is the project number incurring the charge from the requisition, purchase order, or invoice.

The *Task Number* is the lowest level task incurring the charge from the requisition, purchase order, or invoice.

The *Expenditure Type* is an expenditure type classified with an expenditure type class of Supplier Invoices.

The *Expenditure Organization* is the organization that is ordering or has ordered the goods or services, which may be different from the project owning organization.

This organization defaults to the organization you specify in the profile option *PA: Default Expenditure Organization in AP/PO*. This profile option provides a default value for the expenditure organization segment each time you create project information in Oracle Payables or Oracle Purchasing. You can choose from any expenditure organization that has an HR Classification as your default value. Your system administrator can configure this default profile at the site, application, responsibility, and user levels; each user can also specify their own personal value for this profile.

The *Expenditure Item Date* is the date that you expect to incur the expense for the goods or services that you are requesting for a requisition or purchase order, or the date that you incur the charge for an invoice. This date is used during online validation against project transaction controls, and becomes the expenditure item date on the expenditure item in Oracle Projects. This date defaults to the current date each time you create a new Accounting Flexfield combination.

The *Quantity* is the quantity of goods or services that you are charged for. You can enter data in this field only in Oracle Payables, as this field is applicable for invoice distributions only.

This value is required if you have defined the expenditure type with Cost Rate Required set to Yes. For expenditure types that require a cost rate, the quantity on the invoice distribution becomes the quantity in the expenditure item and a cost rate is calculated as the amount divided by the quantity when Oracle Projects interfaces the invoice distribution and creates an expenditure item in Oracle Projects.

For other expenditure types that do not require a cost rate, the quantity in the invoice distribution is not copied to the expenditure item; instead the amount of the line is copied as the quantity and the amount on the expenditure item.

Entering Project-Related Fields by Document

You do not need to enter information for each project field for all documents in Oracle Purchasing and Oracle Payables. For example, you do not need to enter information for expenditure item date and quantity if you are entering invoice distribution sets.

The following table specifies the project information that you enter for each document in Oracle Purchasing.

Document	Location	Fields
Requisition	- Requisition Level (default only) - Requisition Distribution Line Level	- Project - Task - Expenditure Type - Expenditure Organization - Expenditure Item Date
Purchase Order	- Purchase Order Level (default only) - Purchase Order Line Level (default only) - Purchase Order Shipment Level (default only) - Purchase Order Distribution Line level	- Project - Task - Expenditure Type - Expenditure Organization - Expenditure Item Date
Release	- Release Distribution Line Level	- Project - Task - Expenditure Type - Expenditure Organization - Expenditure Item Date

The following table specifies the project information that you enter for each document in Oracle Payables.

Document	Location	Fields
Invoice	- Invoice Level (default only) - Invoice Distribution Line Level	- Project - Task - Expenditure Type - Expenditure Organization - Expenditure Item Date - Quantity (Distribution level only)
Distribution Set	- Distribution Set Line Level	- Project - Task - Expenditure Type - Expenditure Organization

Requisition, Purchase Order, and Release

You do not enter the quantity for documents in Oracle Purchasing because you do not know the quantity for which you will be invoiced.

Oracle Payables automatically sets the quantity field to the quantity invoiced of the invoice distribution line when you match an invoice to a purchase order or receipt.

Invoice

You can enter all of the project fields for an invoice line. The quantity field is optional if the expenditure type does not require a quantity.

Distribution Set

You do not enter the Expenditure Item Date in the distribution set lines you create in Oracle Payables because you use the distribution sets for an indefinite period of time. When you use the distribution set to create an invoice, Oracle Payables sets the expenditure item date of the invoice distributions to the invoice date of the invoice.

Validating Purchase Orders, Requisitions, and Supplier Invoices

When you enter project information and save the record, the information is validated against the project transaction control information in Oracle Projects. This validation ensures that you can charge the type of expenditure to the project and task on the expenditure item date that you specified. If the information that you entered does not pass the project transaction control validation, you will see an error message displayed on the bottom line of the screen. You must enter valid chargeable project information based on the transaction controls in Oracle Projects before you can continue.

Note: The expenditure item date and the date of the invoice must both be in an open or future Projects period.

If you cannot determine valid project information that is chargeable, you can delete the project-related fields and close the window. You should then determine valid project information and return to the document to enter the project information.

Validation of Distribution Set Project Information

When you create a distribution set in Oracle Payables, the project information for a distribution set line is not validated against the project transaction controls information in Oracle Projects, because you do not enter an expenditure item date which is required for transaction control validation.

Usually, distribution sets are used on recurring transactions, and the associated project does not have transaction controls. The only validation Oracle Projects performs on a distribution set is at the time you create the distribution set lines. Oracle Projects validates the project and task number.

Funds Check Activation in Oracle Purchasing and Oracle Payables

In Oracle Purchasing and Oracle Payables, funds check processes are activated when you select the Check Funds option for a transaction, and also during the transaction approval process.

When you select the Check Funds option, a successful funds check result does not update budgetary control balances. You use the Check Funds option to verify available funds for a transaction before requesting approval for the transaction.

During the transaction approval processes, a funds check is automatically performed. At that time, if the funds check is successful, the transaction is approved and budgetary control balances are updated.

Related Topics

Controlling Expenditures, page 2-24

Budgetary Controls, *Oracle Project Management User Guide*

Accounting Transactions Created by the Account Generator

Oracle Purchasing and Oracle Payables use the Account Generator to determine the GL account number for each project-related distribution line based on the project information that you enter.

Oracle Purchasing builds the account number for the charge, accrual, and variance distribution accounts based on the Account Generator assignments that you define during implementation. You can define your Account Generator processes so that project-related requisitions and purchase orders use project-related information in the Account Generator assignments and non-project-related documents use the Account Generator assignments predefined by Oracle Purchasing.

If you are using Encumbrance Accounting, you can also define assignments for the budget account based on project information.

The Account Generator builds the expense account number for project-related invoices using assignments that you define during implementation. You must enter the account number for non-project-related invoices. The Account Generator determines the liability account for all invoices based on the liability account defaults provided by Oracle Payables.

You can control whether users can override the account number determined by the Account Generator for project-related distributions using the profile option PA: Allow Override of PA Distributions in AP/PO.

For example, you may want only the Purchasing Manager and Payables Manager to have the ability to override the project-related distributions. In this example, you set the profile to No at the Site level and to Yes for the Payables Manager and Purchasing Manager responsibilities.

Related Topics

Financial Periods and Date Processing for Financial Accounting, *Oracle Projects Fundamentals*

Using the Account Generator in Oracle Projects, *Oracle Projects Implementation Guide*

Commitment Reporting

You can report the *total* costs of a project by reporting the committed costs along with the actual costs. Committed costs are the uninvoiced, outstanding requisitions and purchase orders charged to a project.

Total Project Costs = (Committed Costs + Actual Costs)

You can report the flow of committed costs, including associated nonrecoverable tax amounts, through Oracle Purchasing and Oracle Payables. These committed costs can include:

- Open requisitions (unpurchased requisitions)
- Open purchase orders (uninvoiced and non-delivered)

- Pending invoices (supplier invoices not yet interfaced to Oracle Projects to be included in project costs)

Note: Both unapproved and approved open requisitions and purchase orders show as commitments after you run the concurrent process to update project summary amounts. When you drill-down to view commitment details, if the *Approved* check box is enabled, then the requisition or purchase order associated with the commitment has been approved.

You can report summary committed cost amounts for your projects and tasks, and can also review detail requisitions and purchase orders that backup the summary amounts.

Example of Commitment Reporting

Study the following example to understand the flow of committed costs through Oracle Purchasing, Oracle Payables, and Oracle Projects.

You use requisitions, purchase orders, and receipt and delivery in Oracle Purchasing. You record cost when goods are received to better manage your project progress and schedule.

The following table provides examples of the charges that are incurred as you record transactions. The table shows the effect of various actions, such as receiving the goods against a purchase order, on committed costs and the total costs charged to a project. Descriptions of each action are provided after the table.

In the table, certain column values are calculated as follows:

- *Open Purchase Orders* equals Ordered Purchase Orders less Delivered Purchase Orders
- *Total Committed Costs* equals the sum of Open Requisitions, Open Purchase Orders, and Pending Invoices
- *Total Project Costs* equals the sum of Total Committed Costs and Actual Costs.

Action	Open Requisitions	Ordered Purchase Orders	Delivered Purchase Orders	Open Purchase Orders	Pending Invoices	Total Committed Costs	Actual Costs	Total Project Costs
Enter Requisition	1000					1000		1000
Create Purchase Order from Requisition	200	800		800		1000		1000
Receive Goods	200	800	500	300		500	500	1000
Receive Invoice	200	800	500	300		500	500	1000
Enter Non-Purchase Order Invoice	200	800	500	300	100	600	500	1100
Interface Invoices	200	800	500	300	0	500	600	1100
Close Purchase Order	200	0	0	0	0	200	600	800
Close Requisition	0	0	0	0	0	0	600	600
Charge labor to Project	0	0	0	0	0	0	5600	5600
Charge Blanket Purchase Order	0	400	0	400	0	400	5600	6000

Detail for Example of Commitment Reporting Actions

1. Enter requisition

You enter and approve a requisition totalling \$1000, with two lines of \$800 and \$200. The requisition amount is included in the Open Requisitions and the Total Committed Costs amounts.
2. Create purchase order from requisition

You create a purchase order for the first line of the requisition, totalling \$800. You approve the purchase order.

The Open Requisition amount decreases by \$800 and the Ordered Purchase Order and Open Purchase Order amounts increase by \$800. The total committed costs remain the same.

3. Receive delivery of purchased goods

The supplier delivers \$500 of the \$800 of goods that you ordered.

The Delivered Purchase Order amount increases by \$500. The Open Requisition, and Ordered Purchase Order, do not change. Because you accrue on receipt, the Open Purchase Order and Total Committed Costs amounts decrease by \$500 and the Actual Costs amounts increases by \$500.

4. Receive invoice for delivered goods

You are invoiced for the \$500 of goods that you received. The Payables department matches the invoice to the purchase order.

The Open Purchase Order amount, the Pending Invoice amount, the Total Committed Costs amount, and the Ordered Purchase Order amount does not change.

5. Enter supplier invoice not associated with purchase order

You receive another invoice for \$100 that is not associated with a purchase order. The Payables department enters the invoice.

Both the Pending Invoice amount and the Total Committed Cost amounts increase by \$100. The Total Project Cost also increases because the Total Committed Costs amount increases.

6. Interface invoices to Oracle Projects

The Payables department approves, accounts for, and posts all invoices and accruals to Oracle General Ledger, and then interfaces the supplier invoices to Oracle Projects. The invoice costs totalling \$100 are now recorded against your project in Oracle Projects.

The Pending Invoice amount decreases by \$100. The Total Committed Costs amount decreases by \$100. The Actual Costs amount increases by \$100. The Total Project Costs amount does not change.

7. Close purchase order

You close the purchase order that has \$300 remaining, because you do not expect any more activity against that purchase order. The purchase order is no longer reported in your committed costs.

Closed purchased orders are not reported in the commitment reporting, so all of the Purchase Order amounts are reduced for the purchase order closed. The Total Committed Costs amount, and in turn, the Total Project Cost amount, decreases by \$300, which was the Open Purchase Order amount for the purchase order closed.

8. Close requisition

You close the requisition for \$200 because you no longer need the goods requested. The requisition is no longer reported in your committed costs.

Closed requisitions are not reported in the commitment reporting, so Open Requisition amount decreases by \$200 for the requisition that you close. The Total Committed Costs amount, along with the Total Project Costs, also decreases by \$200.

9. Charge labor costs to project

Employees working on your project record time to your project, which totals \$5000. The Actual Costs amount increases by \$5000. The Total Project Costs amount also increases.

10. Enter release against blanket purchase agreement

You need to order supplies for your project. You create a \$400 release against a blanket purchase agreement that your company has negotiated with a supplier.

The Ordered Purchase Order and Open Purchase Order amounts increase by \$400. In turn, the Total Committed Costs and Total Project Costs also increase.

Related Topics

Project Summary Amounts, *Oracle Project Management User Guide*

Implementing Commitments from External Systems, *Oracle Projects Implementation Guide*

Adjusting Project-Related Documents in Oracle Purchasing, Oracle Payables, and Oracle Projects

This section describes the adjustments that you can make to project-related documents in Oracle Purchasing, Oracle Payables, and Oracle Projects.

Requisition Adjustments

You can update project information on a requisition. If the requisition is included on a purchase order before you update the project information, the purchase order is not updated with the new project information. If the requisition line is included on a new purchase order after you change the project information, Oracle Purchasing copies the new project information to the new purchase order.

The Account Generator builds a new account number value when you change the project information. The new project information is used in commitment reporting.

Purchase Order Adjustments

You can update project information on a purchase order, even after it is approved and invoiced. However, you cannot update project information if there has been any accounting activity on the purchase order (for example, if it is encumbered, or if it is accrued on receipt and the distribution has been received or billed). If the purchase order is invoiced before you update the project information, the invoice is not updated with the new project information. If the purchase order line is invoiced on a new invoice after you change the project information, Oracle Payables copies the new project information to the new invoice.

The Account Generator builds a new account number when you change the project information. The new project information is used in commitment reporting.

Supplier Invoice Adjustments in Payables

You can perform supplier invoice adjustments in Oracle Payables at any stage in the process flow.

Adjusting project information for matched invoices

If you have matched an invoice to a purchase order, you cannot directly change any of the project information copied from the purchase order. You may encounter cases in which you want to change the project information; in particular, you may want to change the expenditure item date that was copied from the purchase order, because the expenditure item date on the purchase order was not maintained.

If you want to change the project information in this case, there are two ways of making the change.

You can reverse the matching distribution line from the purchase order in the Distributions window in Oracle Payables, change the purchase order project information in Oracle Purchasing, and match the invoice to the purchase order again. See: *Adjusting Invoice Distributions, Oracle Payables User Guide*.

You can also create two adjusting invoice distributions on the original invoice which net to zero, but have different project information. This is a generally a simpler way to correct the project information. Using either the Invoices or Distributions windows in Oracle Payables, you first enter a negative distribution line with the same project information as on the incorrect invoice distribution line. You then enter a positive distribution line with the correct project information. The two lines that you entered net to zero, but record the correction to the project information, without having to match to the purchase order again.

Note: If you use the Retroactive Pricing of Purchase Orders feature in Oracle Purchasing, and change project information on an invoice, you must update the same project information on any subsequent purchase order price adjustment or adjustment documents. For more information, see: *Retroactive Pricing of Purchase Orders, Oracle Purchasing User Guide*.

Adjusting manually entered, unposted invoices

You can directly change any or all of the project information before an invoice is posted. The Account Generator derives a new account number based on the new project information that you enter.

Adjusting manually entered, posted invoices

You cannot directly change any project information on a posted invoice. You must reverse the distribution line and create a new distribution line with the new project information using the Distributions window in Oracle Payables. See: *Adjusting Invoice Distributions, Oracle Payables User Guide*.

Interfacing adjusting lines to Oracle Projects

If the original invoice distribution line that was reversed was not yet interfaced to Oracle Projects, the Interface Supplier Invoices from Payables process does not interface the original or reversing items, that are included on the same invoice, to Oracle Projects. These items are marked as net zero adjustment lines that are not to be interfaced to Oracle Projects. The new line with the correct project information is interfaced to Oracle Projects.

If the original invoice distribution line that was reversed was interfaced to Oracle Projects before the adjustment, the Interface Supplier Invoices from Payables process

interfaces the reversing and new invoice adjustment lines that you created to correctly maintain project costs in Oracle Projects.

Supplier Invoice Adjustments in Oracle Projects

You perform the following adjustments for supplier invoices in Oracle Projects:

- Transfer between projects/tasks
- Split expenditure item
- Adjust supplier invoice expenditure items
- Enter a miscellaneous pre-approved expenditure item to adjust the related discount amounts.
- Reclassify item as billable or non-billable
- Reclassify item as capitalizable or non-capitalizable
- Edit comment
- Hold or release from billing

Project users can perform these adjustments in Oracle Projects because the actions do not change the amount of the invoice which is processed in Oracle Payables. These adjustment actions change the project information of the supplier invoice item, which is used in Oracle Projects processing.

After you have made adjustments to supplier invoice items, you must send the adjustment information back to Oracle Payables so the Payables distribution lines match what is recorded in Oracle Projects. Oracle Payables will interface adjustments that affect the GL account number to Oracle General Ledger. You run the following processes in Oracle Projects for supplier invoice adjustments:

- PRC: Distribute Supplier Invoice Adjustment Costs
- PRC: Interface Supplier Invoice Adjustment Costs to Payables

If you need to change the invoice amount, supplier, or expenditure type, organization, or item date for a supplier invoice line, reverse the line and create a new line in Oracle Payables. See: *Adjusting Project Information for Matched Invoices*, page 7-29.

Restrictions to Supplier Costs Adjustments

Adjustments to supplier costs in Oracle Projects must adhere to the specific business rules for supplier invoices and receipt accruals.

Supplier Invoices

When Projects is integrated with Payables, you cannot adjust supplier invoices (either in Oracle Projects or in Oracle Payables) if the invoice is:

- Cancelled

When you cancel an invoice in Payables, reversing distribution lines are created for each distribution line, and the invoice amount is set to zero. The invoice status is set to Cancelled, and its distribution lines are posted to GL the next time the Transfer to General Ledger program is run in Payables. When an invoice has a status of Cancelled, it cannot be adjusted.

- Paid, if any of the following conditions apply:

- The Payables setup option *Allow Adjustments to Paid Invoices* is disabled
Oracle Payables provides a system-level control to prevent users from adjusting paid invoices. If you want to allow adjustments to paid invoices, enable the *Allow Adjustments to Paid Invoices* setup option in the Payables Options window.
- You are using the Prorate Expense or Prorate Tax discount distribution method
Oracle Payables does not allow adjustments to paid invoices if a prorated discount distribution method is used.
- You are using cash basis accounting
- Prepaid, either fully or partially
- Selected for payment
You cannot adjust an invoice selected for payment until the Confirm Payment Batch action has been performed.

Receipt Accruals

You cannot adjust the item in Oracle Projects when the item is interfaced from Oracle Purchasing. If the invoice is matched to an accrue on receipt purchase order line and the invoice line (rather than the purchase order receipt) is interfaced, then the invoice line can be adjusted in Oracle Projects.

Related Topics

Adjustments to Supplier Invoices, page 2-62

Integrating with Oracle Assets

Oracle Projects integrates with Oracle Assets, allowing you to manage capital projects in Oracle Projects and update your fixed assets records when assets are ready to be placed in service or retired. In a capital project, you can collect construction-in-process (CIP) and expense costs for each asset you are building. In addition, you can perform retirement cost processing to capture retirement-work-in process (RWIP) costs (cost of removal and salvage) associated with the retirement of group assets in Oracle Assets. Oracle Projects collects labor, expenses, usages, miscellaneous transactions, and supplier invoice costs, and using a combination of AutoAccounting and Workflow, assigns the costs either to a CIP, RWIP, or expense account.

When you are ready to place a capital asset in service, you use Oracle Projects processes to collect all eligible CIP cost distribution lines, summarize them, and create capital asset lines. When you complete the tasks that are necessary to retire a group asset in Oracle Assets, you can summarize the RWIP amounts into retirement adjustment asset lines. You can review and make changes to the asset lines before interfacing them to Oracle Assets. When you are satisfied that the asset lines are correct, you use Oracle Projects processes to interface the costs to the Oracle Assets Mass Additions table.

After you interface the costs to the Oracle Assets Mass Additions table, you can make changes to the asset definition, if necessary, and then run the Post Mass Additions process. This program creates the asset records in Oracle Assets. When you run the Create Journal Entries process in Oracle Assets, journal entries are created and sent to Oracle General Ledger to relieve the CIP or RWIP account and transfer the amount to the appropriate asset cost or group depreciation reserve account.

You can interface asset costs from Oracle Projects to Oracle Assets whenever you are ready and as many times during an accounting period as you wish.

There is currently no interface between Oracle Assets and Oracle Projects which allows you to post depreciation expenses directly to projects.

Related Topics

Overview of Asset Capitalization, page 5- 1

Implementing Oracle Assets

If you plan to interface capital assets and retirement adjustment assets to Oracle Assets, you must implement Oracle Assets before you can create capital and retirement adjustment asset lines for your capital projects . The following information is used by Oracle Projects to validate your asset definition:

- Corporate Book
- Category FlexField
- Location FlexField
- Automatic Asset Numbering
- Accounting FlexField

You may elect to interface costs without the category, location, depreciation expense account or asset number defined. You will then be required to add this information after the asset is posted to the mass additions table in Oracle Assets. However, you cannot create asset lines for an asset until it has a corporate book assigned to it. Whether a complete asset definition is required before interfacing the asset to Oracle Assets is determined by the Project Type setup in Oracle Projects.

There are no additional implementation requirements in either Oracle Assets or Oracle Projects to interface costs from Oracle Projects to Oracle Assets.

When Oracle Assets is not installed

When Oracle Assets is not installed, the capital projects forms disables the following fields:

- Location
- Category
- Book
- Depreciation Expense Account

Interfacing Assets to Oracle Assets

Submitting Processes

For detailed information on defining and processing assets, including the interface of assets and asset costs to Oracle Assets, refer to Defining and Processing Assets, page 5- 9 .

Accounting Transactions

Each asset cost line sent to Oracle Assets from Oracle Projects includes the CCID (code combination ID) for the account number charged for the CIP costs.

Output Reports

Each time you run the Interface Assets process, Oracle Projects prints output reports which allow you to track you successfully interfaced assets, as well as those assets which failed to interface.

Related Topics

Sending Asset Lines to Oracle Assets, page 5-26

Mass Additions

Successfully interfaced asset cost lines from Oracle Projects are written to the Mass Additions table. You can use the Prepare Mass Additions window to review the interfaced assets. You can use all the normal functionality of Oracle Assets for assets that originate in Oracle Projects. You can perform the following operations on assets within Mass Additions:

- Split assets with more than 1 units into multiple assets.
- Add the new asset to an existing asset in Oracle Assets.
- Merge 2 or more new asset records into a single asset .
- Change the asset information defined in Oracle Projects; for example, asset category, asset key, or asset location.

Asset records created by Oracle Projects will have one of the following queue statuses:

- **POST** - A new asset from Oracle Projects with all required fields populated. The records for this asset can be posted to the FA tables.
- **NEW** - A new asset from Oracle Projects which needs to have required fields manually populated before it can be posted to the FA tables.
- **MERGED** - The individual summarized cost lines created in Oracle Projects. These records are merged into a single asset record in Oracle Assets. You do not make changes to the merged records.
- **COST ADJUSTMENT** - New costs for a previously interfaced asset. These costs can be either positive or negative. You can make changes to certain fields on cost adjustments, as allowed by Oracle Assets.

When you have finished making changes to the asset records in Mass Additions, run the Post Mass Additions process in Oracle Assets. Records that have been successfully posted to FA tables will have a queue status of *posted*.

Related Topics

Sending Asset Lines to Oracle Assets, page 5-26

Viewing Capital Project Assets in Oracle Assets

Once capitalized assets have been interfaced from Oracle Projects to Oracle Assets, you can locate the assets by project and task. You can also drill down to the underlying expenditure items that support the asset costs from within Oracle Assets.

The following table lists where project-related information is located in Oracle Assets.

Menu Item	Window Name	Project-Related Information
Prepare Mass Additions	Find Mass Additions	Find criteria include Project/Task fields
Prepare Mass Additions	Mass Additions Summary	Folder includes Project/Task fields
Prepare Mass Additions	Mass Additions (select <i>Open</i> from Mass Additions Summary window)	Source tabbed region includes Project/Task fields Window includes Project Details button to drill down to Lines Details folder in Oracle Projects
Prepare Mass Additions	Find Assets (select <i>Add to Asset</i> from Mass Additions Summary window)	Find by Source Line tabbed region includes Project/Task fields
Prepare Mass Additions	Merge Mass Additions (select <i>Merge</i> from Mass Additions Summary window)	Lines folder includes Project/Task fields
Asset Workbench	Find Assets	Find by Source Line tabbed region includes Project/Task fields
Asset Workbench	View Source Lines (select <i>Source Lines</i> from Assets window)	Cost tabbed region includes Project/Task fields Window includes Project Details button to drill down to Lines Details folder in Oracle Projects
Financial Information Inquiry	Find Assets	Find by Source Line tabbed region includes Project/Task fields
Financial Information Inquiry	View Source Lines (select <i>Source Lines</i> from Assets window)	Folder includes Project/Task fields Window includes Project Details button to drill down to Lines Details folder in Oracle Projects

Adjusting Assets

You can make changes in Oracle Assets to the asset information and cost amounts for assets interfaced from Oracle Projects. However, any changes made in Oracle Assets will not be reflected in Oracle Projects.

You cannot change the Project or Task information associated with assets interfaced from Oracle Projects.

Cost Adjustments

You can adjust an asset's cost after you have interfaced the asset to Oracle Assets. For example, expense reports or supplier invoices may be processed after you have placed the asset in service which are part of the asset's costs. You process these costs the same as you normally do. Generate new asset lines for the costs by running the Generate Asset Lines process in Oracle Projects. These new asset lines will be interfaced to Oracle Assets as cost adjustments.

Related Topics

Adjusting Assets After Interface, page 5-33

Integrating with Oracle Project Manufacturing

Oracle Project Manufacturing is a solution for companies that manufacture products using projects or contracts. Oracle Project Manufacturing combines three major applications:

- Oracle Projects, which provides the project costing, project billing, and project budgeting functions.
- Oracle Manufacturing
- Third-party project planning and scheduling systems (project management systems)

When used as a part of the Project Manufacturing functionality, Oracle Projects acts as a cost repository for manufacturing-related activities from other products in the Project Manufacturing suite.

The incorporation of Oracle Projects in the Project Manufacturing suite allows you to:

- Set up the WBS for a manufacturing project in Oracle Projects. All manufacturing costs are then tracked by project and task, and are imported to Oracle Projects using the Transaction Import process.
- Track projects and tasks defined in Oracle Projects throughout various manufacturing applications.
- Charge project costs from inventory and work in process to a project and task.
- Include project costs from manufacturing and distribution in your budget to actual cost analysis in Oracle Projects.

Related Topics

Importing Project Manufacturing Costs, page 7-35

Implementing Oracle Project Manufacturing, *Oracle Projects Implementation Guide*

Importing Project Manufacturing Costs

When costs are incurred in Oracle Manufacturing that are related to a project, the Cost Collector process in Oracle Cost Management passes those costs to Oracle Projects. The Cost Collector finds all costed transactions in Manufacturing that have a project reference and passes the referenced transaction costs to the correct project, task, and expenditure

type in Oracle Projects. Oracle Projects imports the costs using the Transaction Import process.

Tip: If you integrate with Oracle Manufacturing, use function security to prevent users from entering pre-approved batch items with an expenditure type class of Inventory or Work in Process.

Adjusting Project Manufacturing Transactions

Transactions imported into Oracle Projects from Oracle Project Manufacturing with transaction source Inventory Misc. can be adjusted in Oracle Projects. All other transactions must be adjusted in Oracle Project Manufacturing.

Related Topics

Transaction Import, *Oracle Projects Fundamentals*

Transaction Import, *Oracle Projects APIs, Client Extensions, and Open Interfaces Reference*

Loading Project Manufacturing Costs, *Oracle Projects APIs, Client Extensions, and Open Interfaces Reference*

Integrating with Oracle Inventory

Oracle Projects fully integrates with Oracle Inventory to allow you to enter inventory transactions in Oracle Inventory and transfer them to Oracle Projects. You can order and receive items into inventory before assigning them to a project. You can then assign the items to a project as they are taken out of or received into Oracle Inventory.

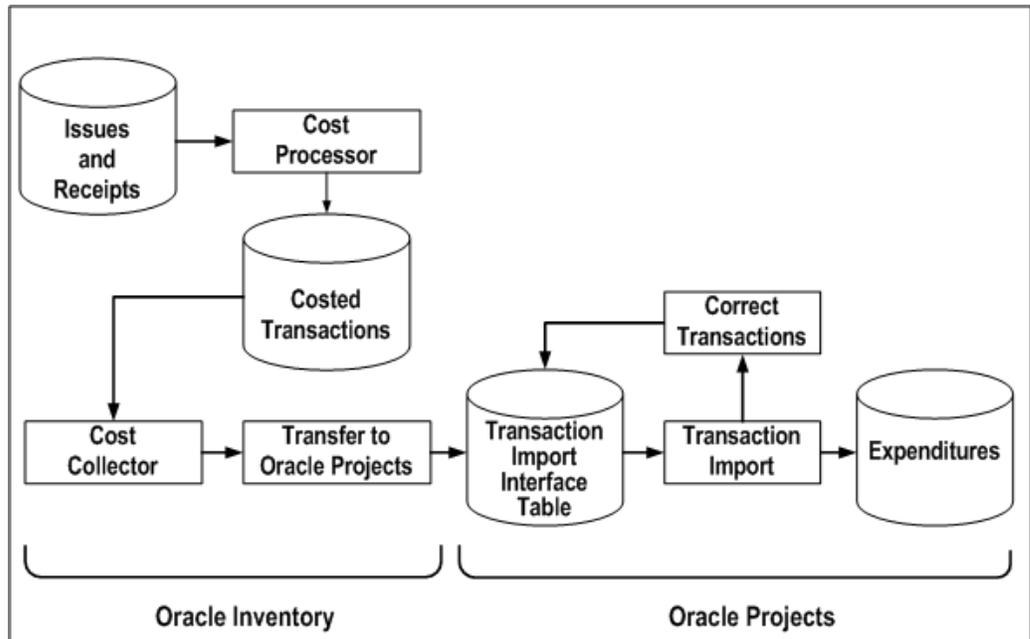
When you enter project-related transactions in Oracle Inventory, you enter the project information on the source transaction. Oracle Inventory and Oracle Projects carry the project information through from the Issue To or Receipt From transaction in Oracle Inventory to the project expenditure in Oracle Projects.

For more detailed information about project-related transactions in Oracle Inventory, see the *Oracle Inventory User's Guide*.

Tip: If you integrate with Oracle Inventory, use function security to prevent users from entering pre-approved batch items with an expenditure type class of Inventory or Work in Process.

The following illustration shows the flow of project-related inventory transactions in a non-manufacturing environment.

Integration with Oracle Inventory



You enter issues and receipts into Oracle Inventory. After you run the Cost Processor in Inventory, these become costed transactions. Next, run the Cost Collector in Inventory. The transactions are now eligible for transfer to the Oracle Projects Transaction Import interface table. Use Transaction Import to create expenditures in Oracle Projects. If necessary, correct transactions and interface them again to the interface table.

The transactions are imported into Oracle Projects as accounted and costed. The cost distribution cannot be modified in Oracle Projects.

For information about transferring transactions from Oracle Inventory to Oracle General Ledger, please refer to the *Oracle Inventory User's Guide*.

Related Topics

Implementing Oracle Inventory for Projects Integration, *Oracle Projects Implementation Guide*

Entering Project-Related Transactions in Oracle Inventory

You enter project-related transactions using the Miscellaneous Transactions window in Oracle Inventory. You enter the following project-related information:

- Inventory Organization
- Expenditure Item Date as the Transaction Date
- Project
- Task
- Expenditure Type (optional)

To understand whether you need to enter the expenditure type, see: Oracle Inventory Profile Options, *Oracle Inventory User's Guide*.

- Organization

Related Topics

Overview of Expenditures, page 2- 1

Performing Miscellaneous Transactions, *Oracle Inventory User's Guide*

Transaction Types, *Oracle Inventory User's Guide*

Collecting Inventory Costs

After entering project-related inventory transactions in Oracle Inventory, the next step in moving the transactions to Oracle Projects is to run the Cost Collector in Inventory. The Cost Collector is a batch job that you run using Standard Report Submission. After you run the Cost Collector, transactions are eligible for import from Oracle Inventory to Oracle Projects. The total Inventory Cost becomes the Raw Cost in Oracle Projects.

For information on collecting inventory costs, see: Cost Collector, *Oracle Inventory User's Guide*.

Transferring Inventory Costs to Oracle Projects

Oracle Inventory transfers expenditures to Oracle Projects using the Project Cost Transfers window.

- Organization
- Number of Days to Leave Costs Uncollected

The Project Cost Transfers window submits a batch job that transfers the amount and quantities of the inventory transactions to the Oracle Projects Transaction Import Interface table.

Importing Inventory Transactions

To import inventory transactions, you submit the PRC: Transaction Import process. The transactions are imported as costed and accounted transactions with the expenditure type class and the transaction source that were defined during implementation.

Related Topics

Transaction Import, *Oracle Projects Fundamentals*

Transaction Import, *Oracle Projects APIs, Client Extensions, and Open Interfaces Reference*

Reviewing Imported Inventory Transactions

If transactions are rejected during the Transaction Import process, you can review and correct them using the Review Transactions window. After you correct transactions, you resubmit the Transaction Import process.

Related Topics

Transaction Import, *Oracle Projects Fundamentals*

Transaction Import, *Oracle Projects APIs, Client Extensions, and Open Interfaces Reference*

Viewing Rejected Transactions, Oracle Projects APIs, Client Extensions, and Open Interfaces Reference

Adjusting Inventory Transactions

You cannot adjust expenditure items in Oracle Projects that you have imported from Oracle Inventory. The transaction source does not allow adjustments.

Index

A

- account generator
 - Oracle Payables, 7-24
 - Oracle Purchasing, 7-24
 - accounting for burden costs, 3-15
 - burden cost component, by, 3-21
 - burden cost component, setup, 3-22
 - no accounting impact, when, 3-25
 - overview, 3-20
 - schedule revisions, 3-25
 - total burdened cost, by, 3-23
 - total burdened cost, setup, 3-24
 - accounting lines
 - viewing, 2-40
 - drill down from General Ledger, 2-40
 - accounting transactions
 - capital project costs, 5-7
 - adjusting expenditures, 2-44
 - mass, 2-50
 - restrictions, 2-48
 - adjusting supplier invoices, 2-62
 - in Oracle Payables, 2-63
 - in Oracle Projects, 2-63
 - adjustments
 - asset lines, 5-32
 - after interface to Oracle Assets, 5-33
 - assets, 7-34
 - burden transactions, 2-53
 - capital project costs, 5-34
 - cross charge transactions, 6-32
 - expenditure items, 2-44
 - approved item attributes, 2-45
 - billable status change, 2-45
 - billing hold, set and release, 2-46
 - burden cost recalculation, 2-46
 - burden transactions, 2-53
 - capitalizable status change, 2-46
 - comment change, 2-47
 - cost and revenue recalculation, 2-47
 - currency attributes change, 2-48
 - marking, 2-55
 - mass, 2-50
 - multi-currency transactions, 2-52
 - raw cost recalculation, 2-46
 - related transactions, 2-54
 - restrictions, 2-48
 - revenue recalculation, 2-47
 - split item, 2-47
 - splitting, 2-51
 - transfer item, 2-47
 - transfers, 2-51
 - types of, 2-45
 - viewing, 2-38
 - work type change, 2-47
 - expense reports, 7-13
 - created in Oracle Internet Expenses, 7-14
 - created in Oracle Projects, 7-14
 - interfacing to other products, 2-60
 - invoices, 2-62
 - marking expenditure items, 2-55
 - multi-currency transactions, 2-52
 - processing, 2-57
 - reviewing results of, 2-59
 - purchase orders, 7-28
 - receipt accruals
 - restrictions, 7-30
 - related transactions, 2-54
 - reporting
 - audit, 2-44
 - requisitions, 7-28
 - restrictions, 2-44
 - reviewing, 2-59
 - cost, 2-59
 - invoice, 2-61
 - revenue, 2-60
 - supplier invoices, 7-28
 - in Oracle Payables, 7-28
 - in Oracle Projects, 7-30
 - restrictions, 7-30
- advances, 7-13
- allocating costs, 4-4
- Allocation Rule window, 4-3
- allocations
 - and burdening, 4-2
 - and cross charge, 4-3
 - AutoAllocations, 4-11
 - creating, 4-2, 4-4
 - incremental and full, 4-10
 - missing amounts, 4-11
 - overview, 4-1
 - previous amounts, 4-11
 - processing, 4-4

- creating runs, 4- 5
 - missing amounts, 4-11
 - precedence, 4- 4
 - previous amounts, 4-11
 - releasing runs, 4- 6
 - reversing, 4-10
 - run status, 4- 4
 - troubleshooting, 4- 9
 - viewing results, 4- 5
 - viewing runs, 4- 6
- releasing, 4- 6
- reversing, 4-10
- rules, 4- 3
 - defining, 4- 3
- run status, 4- 4
- runs
 - creating, 4- 5
 - releasing, 4- 6
 - reversing, 4-10
 - troubleshooting, 4- 9
 - viewing, 4- 6
- transactions
 - creating, 4- 4
 - viewing, 4- 9
- viewing, 4- 6
 - transactions, 4- 9
- asset lines
 - adjusting, 5-32
 - assigning
 - unassigned lines, 5-32
 - changing assignments, 5-33
 - generating, 5-21, 5-22
 - reversing capitalized, 5-34
 - reviewing, 5-32
 - sending to Oracle Assets, 5-26
 - splitting, 5-33
- assets
 - abandoning, 5-36
 - accounting, 5- 6
 - adjusting
 - after interface to Oracle Assets, 5-33
 - adjustments, 7-34
 - allocating costs, 5-25
 - asset lines
 - adjusting, 5-32
 - changing assignments, 5-33
 - generating, 5-21, 5-22
 - reviewing, 5-32
 - splitting, 5-33
 - unassigned, 5-32
 - Assets window
 - attributes, 5-14
 - assigning
 - to grouping levels, 5-28
 - assignments
 - example, 5-30
 - attributes, 5-14
 - capital events, 5-20
 - capital projects
 - accounting for, 5- 6
 - capitalization, 5- 1
 - category, 5-15
 - copying, 5-13
 - creating, 5- 5 , 5- 9
 - capital assets, 5-10
 - retirement adjustment assets, 5-10
 - creating asset lines, 5-19
 - defining and processing, 5- 9 , 5-13
 - allocating costs, 5-25
 - attributes, 5-14
 - capital assets, 5-10
 - capital project flow, 5-11
 - creating asset lines, 5-19
 - creating assets, 5- 9
 - creating capital events, 5-20
 - generating asset lines, 5-21, 5-22
 - interface to Oracle Assets, 5-26
 - placing in service, 5-18
 - retirement adjustment assets, 5-10
 - specifying a retirement date, 5-18
 - description, 5-14
 - grouping options, 5-27
 - grouping level types, 5-27
 - grouping levels, 5-27
 - integration with Oracle Assets, 7-31
 - interface to Oracle Assets, 5-26, 7-32
 - key, 5-15
 - mass additions, 7-33
 - name, 5-14
 - number, 5-14
 - overview, 5- 1
 - placing in service, 5-18
 - reversing
 - capitalization, 5-35, 5-35
 - recapitalization, 5-36
 - reversing capitalization, 5-34
 - specifying a retirement date, 5-18
 - viewing in Oracle Assets, 7-34
 - assigning
 - asset lines
 - changing, 5-33
 - unassigned, 5-32
 - assets, 5-28
 - burden multipliers, 3-11
 - burden schedules, 3-13
- audit reporting
 - expenditure adjustments, 2-44
- AutoAccounting
 - cost accruals, 2-13
 - labor costs
 - overtime, 1-11
 - straight time, 1- 9
- AutoAllocations, 4-11
 - creating sets, 4-11
 - prerequisites, 4-13
 - profile option, 4-13

- submitting sets, 4-13
 - troubleshooting, 4-14
- viewing
 - set status, 4-15

B

- billable controls, 2-31
- billing
 - burden schedules, 3- 9
 - burdening
 - transactions, 3-30
 - intercompany, 6-21
 - approving and releasing invoices, 6-28
 - determining accounts, 6-22
 - generating invoices, 6-26
 - interface tax lines, 6-31
 - interface to Payables, 6-30
 - interface to Receivables, 6-28
 - processing flow, 6-15
 - processing methods, 6- 8
- borrowed and lent accounting
 - adjustments, 6-36
 - processing, 6-18
 - determining accounts, 6-18
 - flow, 6-14
 - generating transactions, 6-19
 - methods, 6- 8
- budgetary controls
 - funds check
 - in Oracle Payables, 7-23
 - in Oracle Purchasing, 7-23
- burden calculation process, 3- 2
- burden schedules
 - assigning, 3-13
 - fixed dates, 3-13
 - project level, 3-13
 - task level, 3-13
 - changing, 3-14
 - default
 - changing, 3-14
 - defining, 3-13
 - overriding, 3-13, 3-14
 - determining which to use, 3-15
 - multipliers
 - assigning, 3-11
 - hierarchy, 3-11
 - overriding, 3-14, 3-14
 - project types, 3-13
 - types, 3-10
 - using, 3- 9
 - versions
 - defining, 3-10
- burden structures
 - components, 3- 7
 - using, 3- 6
- burden transactions
 - adjusting, 2-53
 - expenditure item date, 3-18
- burdening
 - accounting for
 - burden cost component, by, 3-21
 - burden cost component, setup, 3-22
 - no accounting impact, when, 3-25
 - overview, 3-20
 - schedule revisions, 3-25
 - total burdened cost, by, 3-23
 - total burdened cost, setup, 3-24
 - accounting for costs, 3-15
 - accounting transactions
 - cost reporting, 3-35
 - and allocations, 4- 2
 - billing transactions, 3-30
 - building costs, 3- 4
 - example, 3- 4
 - schedules, 3- 9
 - schedules, assigning, 3-13
 - schedules, changing, 3-14
 - schedules, overriding, 3-14
 - structures, 3- 6
 - burden transactions, troubleshooting, 3-25
 - calculating costs, 1- 6 , 3- 4
 - calculation, 3- 4
 - costs
 - accounting for by component, 3-21
 - accounting for no impact, 3-25
 - accounting for schedule revisions, 3-25
 - accounting for total burdened cost, 3-23
 - accounting for, overview, 3-20
 - basis for, 3-36
 - building, 3- 4
 - reporting, 3-29, 3-31
 - schedule revisions, 3-25
 - storing, accounting, and viewing, 3-15
 - expenditure items
 - costs, storing, 3-15, 3-17, 3-18
 - labor costs, 1- 9
 - multipliers
 - algorithm, 3-33
 - assigning, 3-11
 - overview, 3- 1
 - process, 3- 2
 - process, 3- 2
 - reporting, 3-31, 3-43
 - custom reports, in, 3-29
 - general ledger, 3-31
 - middle management, 3-40
 - project management, 3-41
 - to GL, 3-36
 - upper management, 3-31
 - revenue transactions, 3-30
 - schedule revisions
 - processing transactions, 3-25
 - schedules
 - assigning, 3-13, 3-13
 - changing, 3-14

- default, changing, 3-14
- determining which to use, 3-15
- fixed dates, assigning, 3-13
- multipliers, assigning, 3-11
- multipliers, hierarchy, 3-11
- overriding, 3-13, 3-14, 3-14
- types, 3-10
- using, 3-9
- versions, defining, 3-10
- storing costs, 3-15
 - same expenditure item, 3-15
 - same project, 3-17
 - separate expenditure item, 3-17
 - separate project, 3-18
 - storage method, choosing, 3-19
 - storage method, setting up, 3-19
- structures
 - components, 3-7
 - using, 3-6
- transactions
 - billing, 3-30
 - burden cost components, 3-21
 - revenue, 3-30
 - schedule revisions, 3-25
 - total burdened cost, 3-23
- using, 3-4
- viewing costs, 3-15

C

- calculating costs, 1-5
 - burden, 1-6
 - expense reports, usages, miscellaneous, 1-5
 - labor, 1-5
 - supplier invoices, 1-6
- capital events, 5-20
- capital information options
 - capitalized interest, 5-39
- capital projects
 - abandoning assets, 5-36
 - accounting for costs, 5-7
 - adjusting costs, 5-34
 - allocating asset costs, 5-25
 - asset grouping options, 5-27
 - grouping level types, 5-27
 - grouping levels, 5-27
 - asset lines
 - adjusting, 5-32
 - assigning, 5-32
 - changing assignments, 5-33
 - generating, 5-21, 5-22
 - reviewing, 5-32
 - sending to Oracle Assets, 5-26
 - splitting, 5-33
 - assets
 - accounting for, 5-6
 - assigning assets
 - to grouping levels, 5-28

- capital events, 5-20
- capital information options
 - capitalized interest, 5-39
- capitalized interest, 5-37
 - capital information options, 5-39
 - generating expenditure batches, 5-39
 - project status, 5-39
 - rate names, 5-38
 - rate schedules, 5-38
 - releasing, reviewing, and deleting expenditure batches, 5-41
 - reviewing expenditure batches, 5-40
 - setting up, 5-39
- charging expenditures to, 5-5
- copying assets for, 5-13
- defining and processing, 5-9
- defining assets for, 5-13
- expenditures
 - capitalized interest, 5-39
- integration, 5-2
- invoices, 5-4
- overview, 5-1
- placing assets in service, 5-5, 5-18
- processing flow, 5-2
- purchase orders for, 5-4
- retirement costs, 5-6
- reversing capitalized assets, 5-34
- specifying a retirement date, 5-18
- supplier invoices, 5-4
- capitalizable controls, 2-31
- capitalization
 - for capital project WBS levels, 5-12
- capitalized interest, 5-37
- capital information options, 5-39
- capital projects
 - setting up, 5-39
- expenditure batches
 - generating, 5-39
 - releasing, reversing, and deleting, 5-41
 - reviewing, 5-40
- overview, 5-37
- project status, 5-39
- rate names, 5-38
- rate schedules, 5-38
- setting up, 5-39
- changing burden schedules, 3-14
- charge controls, 2-24
 - project status, 2-24
 - start and completion dates, 2-24
 - task chargeable status, 2-24
 - transaction controls, 2-24
- chargeable controls, 2-29
- commitments
 - from Oracle Payables, 7-24
 - from Oracle Purchasing, 7-24
 - reporting, 7-24
 - example, 7-25
- control counts, 2-21

- control totals, 2-21
- copying
 - expenditure batches, 2-20
 - timecard batches, 2-20
- correcting expenditure batches, 2-23
- cost accruals, 2-13
 - accounting rules, 2-13
- costing
 - burden, 1- 6
 - burden schedules, 3- 9
 - calculating costs, 1- 5
 - burden, 1- 6
 - expense reports, usages, miscellaneous, 1- 5
 - labor, 1- 5
 - supplier invoices, 1- 6
 - expense reports, usages, miscellaneous, 1- 5
 - labor, 1- 5
 - overview, 1- 1 , 1- 2
 - processes, 1- 3
 - supplier invoices, 1- 6
- costing processes, 1- 3
- costs
 - burdening, 3- 1
 - calculating, 1- 5
 - burden, 1- 6
 - expense reports, usages, miscellaneous, 1- 5
 - labor, 1- 5
 - supplier invoices, 1- 6
 - distributing
 - expense report, 7- 5
 - labor, 1- 6
 - labor
 - distributing, 1- 6
- creating
 - allocation runs, 4- 5
 - allocations, 4- 2
 - AutoAllocations sets, 4-11
 - expenditure batches, 2-13
- cross charge
 - adjustments, 6-32
 - borrowed and lent accounting, 6-36
 - intercompany billing accounting, 6-36
 - overview, 6-32
 - process flow, 6-35
 - allocations and, 4- 3
 - borrowed and lent accounting
 - adjustments, 6-36
 - generating transactions, 6-19
 - processing, 6-18
 - business needs, 6- 2
 - controls, 6- 9
 - inter-operating unit, 6- 9
 - intercompany, 6-10
 - intra-operating unit, 6- 9
 - processing, 6-10
 - distributions
 - interface to GL, 6-31
- example
 - distinct projects by provider organization, 6- 4
 - overview, 6- 2
 - primary project with subcontracted projects, 6- 6
 - single project, 6- 5
 - intercompany billing accounting, 6-21
 - adjustments, 6-36
 - approving and releasing invoices, 6-28
 - determining accounts, 6-22
 - generating invoices, 6-26
 - interface tax lines, 6-31
 - interface to Payables, 6-30
 - interface to Receivables, 6-28
 - overview, 6- 1
 - process flow, 6-14
 - borrowed and lent, 6-14
 - intercompany billing, 6-15
 - processing
 - borrowed and lent, 6-14, 6-18
 - intercompany billing, 6-15
 - intercompany billing accounting, 6-21
 - methods, 6- 8
 - overview, 6-14
 - processing controls, 6-10
 - client extensions, 6-12
 - expenditure item adjustments, 6-12
 - implementation options, 6-10
 - project and task, 6-12
 - provider and receiver, 6-11
 - transaction source, 6-12
 - transfer price, 6-11
 - processing methods, 6- 8
 - borrowed and lent accounting, 6- 8
 - intercompany billing accounting, 6- 9
 - no cross charge process, 6- 9
 - transactions
 - adjusting, 6-32
 - creating, 6-16
 - types of, 6- 7
 - transfer pricing, 6-13
 - types, 6- 7
- cross charge processing methods and controls, 6- 8
- currency fields, 2-17
 - expenditure items, 2-18
 - expenditures, 2-17

D

- defining
 - allocation rules, 4- 3
 - assets, 5- 9
 - burden schedule
 - versions, 3-10
- distributing labor costs, 1- 6
 - expenditure items
 - selecting, 1- 8

- overtime
 - overview, 1- 9
 - processing, 1-10
- straight time, 1- 8
- drill down
 - from General Ledger, 2-40
- drill down to
 - Oracle Payables, 2-39

E

- employees
 - as suppliers, 7- 3
- entering
 - expenditure batches, 2-12
 - expenditure items, 2-14
 - expenditures, 2-14
- events
 - capital, 5-20
 - reversing
 - capitalization, 5-35
- expenditure batches
 - control totals and control counts, 2-21
 - copying, 2-20
 - correcting, 2-23
 - creating, 2-13
 - entering, 2-12
 - Microsoft Excel, 2-19
 - Microsoft Excel, 2-19
 - overview, 2-10
 - processing, 2-10
 - reversing, 2-22
 - automatically, 2-13
 - reviewing and releasing, 2-22
 - statuses, 2-12
 - submitting, 2-22
- Expenditure Batches window, 2-12
- expenditure inquiry, 2-38
- expenditure items
 - accounting lines
 - drill down from General Ledger, 2-40
 - viewing, 2-40
 - adjusting, 5-34
 - adjustments, 2-44
 - approved item attributes, 2-45
 - audit reports, 2-44
 - billable status change, 2-45
 - billing hold, set and release, 2-46
 - burden cost recalculation, 2-46
 - burden transactions, 2-53
 - capitalizable status change, 2-46
 - comment change, 2-47
 - cost and revenue recalculation, 2-47
 - currency attributes change, 2-48
 - Expenditure Items window, 2-49
 - marking items, 2-55
 - mass, 2-50
 - multi-currency transactions, 2-52

- processing, 2-57
- raw cost recalculation, 2-46
- related transactions, 2-54
- restrictions, 2-48
- revenue recalculation, 2-47
- reviewing results of, 2-59
- split item, 2-47
- splitting, 2-51
- supplier invoices, 2-62
- transfer item, 2-47
- transfers, 2-51
- types of, 2-45
- work type change, 2-47

- burdening
 - storing, accounting, viewing, 3-15
- control functions, 5-12
- currency fields, 2-17
- dates
 - summary burden transactions, 3-18
- entering, 2-14
 - currency fields, 2-17
- Expenditure Items window, 2-38, 2-41, 2-42
- Find Expenditure Items window, 2-41
- splitting, 2-51
 - new transactions generated, 2-57
- supplier invoices
 - adjusting, 2-62
- transferring, 2-51
- validation, 2- 2
- viewing, 2-38

- Expenditure Items window, 2-38, 2-42
 - adjusting expenditures, 2-49
 - reference, 2-41
- expenditures
 - accounting lines
 - viewing, 2-40
 - adjustments, 2-44
 - audit reports, 2-44
 - burden transactions, 2-53
 - Expenditure Items window, 2-49
 - marking items, 2-55
 - mass, 2-50
 - multi-currency transactions, 2-52
 - processing, 2-57
 - related transactions, 2-54
 - restrictions, 2-44, 2-48
 - reviewing results of, 2-59
 - splitting, 2-51
 - supplier invoices, 2-62
 - transfers, 2-51
 - types of, 2-45
- amounts, 2- 2
- batches
 - control totals and control counts, 2-21
 - copying, 2-20
 - correcting, 2-23
 - creating, 2-13
 - entering, 2-12

- reversing, 2-22
- reviewing and releasing, 2-22
- submitting, 2-22
- billable controls, 2-30
- burdening, 3- 1
- calculating costs, 1- 5
- capitalizable controls, 2-30
- capitalized interest
 - generating, 5-39
 - releasing, reviewing, and deleting, 5-41
 - reviewing, 5-40
- chargeable controls, 2-28
- chargeable status
 - determining, 2-29
- classifications, 2- 2
- control totals, 2-21
- controlling, 2-24
 - billable, 2-30
 - capitalizable, 2-30
 - chargeable, 2-28
 - examples, 2-31, 2-31, 2-32, 2-33
 - transaction control extensions, 2-25
- copying, 2-20
- correcting, 2-23
- costing
 - burden, 1- 6
 - expense reports, usages, miscellaneous, 1- 5
 - labor, 1- 5
 - supplier invoices, 1- 6
- currency fields, 2-17
- distributing
 - labor, 1- 6
- entering, 2-14
 - currency fields, 2-17
 - Microsoft Excel, 2-19
- entry methods, 2- 2
- expenditure items
 - adjustments, types of, 2-45
- funds check, 2- 3
- future-dated employees, 2-13
- labor costs
 - distributing, 1- 6
 - overtime, 1- 9 , 1-10
 - straight time, 1- 8
- Microsoft Excel, 2-19
- overview, 2- 1 , 2-10
- processing, 2-10
- rejection reasons, 2- 3
- reports
 - adjustments, 2-44
- reversing, 2-22
 - automatically, 2-13
- reviewing and releasing, 2-22
- submitting, 2-22
- supplier invoices
 - adjusting, 2-62
- transaction controls, 2-24
 - billable, 2-30

- capitalizable, 2-30
- chargeable, 2-28
- examples, 2-31, 2-31, 2-32, 2-33
- exclusive, 2-25
- extensions, 2-25
- inclusive, 2-25
- validation, 2- 2
 - funds checks, 2- 3
 - rejection reasons, 2- 3
- View Expenditure Accounting window, 2-40
- viewing, 2-38
- expenditures items
 - drill down from General Ledger, 2-40
 - View Expenditure Accounting window, 2-40
- Expenditures window, 2-14
- expense reports, 1- 5
 - adjusting, 7-13
 - created in Oracle Internet Expenses, 7-14
 - created in Oracle Projects, 7-14
 - advances, 7-13
 - batch naming, 7-15
 - created in Oracle Internet Expenses
 - processing, 7-10
 - created in Oracle Projects
 - processing, 7- 4
 - distributing costs, 7- 5
 - error reports, 7- 8 , 7-12
 - GL date for, 7- 6
 - importing in Payables
 - from Oracle Internet Expenses, 7-11
 - from Oracle Projects, 7- 6
 - integrating with Oracle Internet Expenses
 - overview, 7- 2
 - setup, 7- 3
 - integrating with Oracle Payables
 - overview, 7- 2
 - setup, 7- 3
- integration
 - Oracle Internet Expenses, 7- 1
 - Oracle Payables, 7- 1
- interface
 - Oracle General Ledger, 7-10, 7-11
- interface from Payables, 7-11
- interface to Payables, 7- 5
- liability account, 7- 6
- prepayments, 7-13
- purging, 7-15
- reports and listings, 7- 6
- streamline processes
 - streamline processes, 7- 9
- tying back from Oracle Payables, 7- 8
- viewing in Oracle Payables, 7-15

F

- Find Expenditure Items window, 2-41
- funds check
 - activation

- in Oracle Payables, 7-23
- in Oracle Purchasing, 7-23
- funds checks, 2- 3
- future-dated employees
 - entering transactions, 2-13

G

- GL date
 - expense reports, 7- 6

I

- integration
 - capital projects, 5- 2
 - Oracle Assets, 5- 5 , 5-26, 7-31
 - adjusting assets, 7-34
 - implementing, 7-32
 - interface assets, 7-32
 - mass additions, 7-33
 - viewing assets, 7-34
 - Oracle Internet Expenses, 7- 1
 - overview, 7- 2
 - setup, 7- 3
 - Oracle Inventory, 7-36
 - adjusting transactions, 7-39
 - collecting costs, 7-38
 - entering project-related transactions, 7-37
 - importing transactions, 7-38
 - reviewing transactions, 7-38
 - transferring costs, 7-38
 - Oracle Payables, 5- 4
 - document flow, 7-17
 - entering default information for supplier invoices, 7-19
 - entering supplier invoices, 7-19
 - expense reports, 7- 1
 - interface supplier costs, 7-20
 - interface supplier invoices, 7-20
 - matching invoices, 7-18
 - overview, 7- 2
 - posting invoices, 7-19
 - setup, 7- 3
 - supplier invoices, 7-16, 7-18
 - using distribution sets, 7-19
 - Oracle Project Manufacturing, 7-35
 - Oracle Purchasing, 5- 4
 - document flow, 7-17
 - entering default information, 7-18
 - entering purchase orders, 7-17
 - entering releases, 7-17
 - entering requisitions, 7-17
 - recording receipt and delivery, 7-18
 - requisitions and purchase orders, 7-16, 7-17
 - using AutoCreate, 7-17
 - overview, 7- 1
- intercompany billing accounting
 - adjustments, 6-36

- processing, 6-21
 - approving and releasing invoices, 6-28
 - determining accounts, 6-22
 - flow, 6-15
 - generating invoices, 6-26
 - interface tax lines, 6-31
 - interface to Payables, 6-30
 - interface to Receivables, 6-28
 - methods, 6- 8
- interface supplier costs, 7-20
- interface supplier invoices, 7-20
- interfaces
 - Oracle Assets, 5-26, 7-31
 - adjustments, 5-33
 - Oracle General Ledger
 - expense reports, 7-10, 7-11
 - Oracle Internet Expenses, 7- 1
 - expense reports, 7-10
 - Oracle Inventory, 7-36
 - Oracle Payables
 - expense reports, 7- 1 , 7- 4
 - supplier invoices, 7-16
 - Oracle Project Manufacturing, 7-35
 - Oracle Purchasing
 - requisitions and purchase orders, 7-16
- invoices
 - capital project, 5- 4
 - intercompany
 - approving and releasing, 6-28
 - interface to Payables, 6-30
 - interface to Receivables, 6-28
 - interfacing tax lines, 6-31
 - transactions
 - for capital projects, 5- 4

L

- labor, 1- 5
- labor costs
 - distributing, 1- 6
 - overtime, 1- 9 , 1-10
 - straight time, 1- 8
 - expenditure items
 - selecting, 1- 8
 - overtime
 - AutoAccounting, 1-11
 - calculating, 1-10
 - cost distribution lines, 1-11
 - overview, 1- 9
 - processing, 1-10
 - tracking, 1-10
 - reports, 1-11
 - straight time, 1- 8
 - AutoAccounting, 1- 9
 - calculating, 1- 8
 - cost distribution lines, 1- 9
 - utilization, 1-11

M

- marking expenditure items for adjustment, 2-55
- mass adjustment of expenditures, 2-50
- Microsoft Excel
 - using to enter expenditures, 2-19
- miscellaneous transactions, 1- 5
- multi-currency transactions
 - adjusting, 2-52

O

- Oracle Assets
 - creating asset lines for, 5-19
 - integration, 7-31
 - adjusting assets, 7-34
 - implementing, 7-32
 - interface assets, 7-32
 - mass additions, 7-33
 - viewing assets, 7-34
- Oracle General Ledger
 - burden amounts
 - reporting to, 3-31
- Oracle Internet Expenses
 - integration, 7- 1
 - overview, 7- 2
 - setup, 7- 3
- Oracle Inventory
 - integration, 7-36
 - adjusting transactions, 7-39
 - collecting costs, 7-38
 - entering project-related transactions, 7-37
 - importing transactions, 7-38
 - reviewing transactions, 7-38
 - transferring costs, 7-38
- Oracle Payables
 - account generator, 7-24
 - adjustments, 7-28
 - supplier invoices, 7-28
 - advances (prepayments), 7-13
 - funds check activation, 7-23
 - importing expense reports
 - from Oracle Internet Expenses, 7-11
 - from Oracle Projects, 7- 6
 - integration
 - document flow, 7-17
 - entering default information for supplier invoices, 7-19
 - entering supplier invoices, 7-19
 - expense reports, 7- 1
 - interface supplier costs, 7-20
 - interface supplier invoices, 7-20
 - matching invoices, 7-18
 - overview, 7- 2
 - posting invoices, 7-19
 - setup, 7- 3
 - supplier invoices, 7-16, 7-18
 - using distribution sets, 7-19
 - project information

- entering, 7-20
- viewing expense reports, 7-15
- Oracle Project Manufacturing
 - importing Project Manufacturing costs, 7-35
 - integration, 7-35
- Oracle Purchasing
 - account generator, 7-24
 - adjustments, 7-28
 - purchase orders, 7-28
 - requisitions, 7-28
 - funds check activation, 7-23
 - integration
 - document flow, 7-17
 - entering default information, 7-18
 - entering purchase orders, 7-17
 - entering releases, 7-17
 - entering requisitions, 7-17
 - recording receipt and delivery, 7-18
 - requisitions and purchase orders, 7-16, 7-17
 - using AutoCreate, 7-17
 - project information
 - entering, 7-20
- overriding burden schedules, 3-14, 3-14
- overviews
 - allocations, 4- 1
 - asset capitalization, 5- 1
 - burdening, 3- 1
 - capital projects, 5- 1
 - capitalized interest, 5-37
 - controlling expenditures, 2-24
 - costing, 1- 1 , 1- 2
 - cross charge, 6- 1
 - expenditure batches, 2-10
 - expenditures, 2- 1 , 2-10
 - integration with other applications, 7- 1
 - transaction controls, 2-24

P

- prepayments, 7-13
- processes
 - costing, 1- 3
 - Create and Distribute Burden Transactions, 3-22
 - Distribute Expense Report Costs, 7- 5
 - Distribute Labor Costs
 - reports, 1-11
 - Expense Report Import
 - from Oracle Internet Expenses, 7-11
 - from Oracle Projects, 7- 6
 - Interface Expense Reports from Payables, 7-11
 - Interface Expense Reports to Payables, 7- 5
 - Interface Supplier Costs, 7-20
 - Interface Usage and Misc. Costs to GL, 3-22
 - Payables Transfer to General Ledger, 7-10, 7-11
 - streamline
 - streamline processes, 7- 9
 - Tieback Expense Reports from Payables, 7- 8

- Tieback Usage and Miscellaneous Costs from GL, 3-22
- processing
 - adjustments
 - expenditure items, 2-57
 - reviewing results of, 2-59
 - burden transactions
 - schedule revisions, 3-25
 - expenditure batches, 2-10
 - expense reports
 - created in Oracle Internet Expenses, 7-10
 - created in Oracle Projects, 7- 4
- profile options
 - PA: Allow Override of PA Distributions in AP/PO, 7- 4
 - PA: Allow Project Time and Expense Entry, 7- 4
 - PA: Expense Report Invoices Per Set, 7- 4
 - PA: Summarize Expense Report Lines, 7- 4
- Project Expenditure Accounting window, 2-41
- project options
 - capital information
 - capitalized interest, 5-39
 - transaction controls, 2-24
- Project Revenue Accounting window, 2-41
- project status
 - adjustment restrictions, 2-44
 - capitalized interest, 5-39
- project templates
 - expenditure batch, 2-21
- project types
 - burden schedules, 3-13
- projects
 - capital, 5- 1
 - commitments, 7-24
 - costs
 - reporting, 3-31
- Projects window
 - copying assets, 5-13
 - defining assets, 5-13
- purchase orders, 7-17
 - adjustments, 7-28, 7-28
 - AutoCreate, 7-17
 - commitments, 7-24
 - creating for capital projects, 5- 4
 - default information, 7-18
 - entering, 7-17
 - project-related information, 7-20
 - receipt and delivery, 7-18
 - releases, 7-17
 - validating, 7-23
- purging
 - expense reports, 7-15

R

- receipt accruals
 - adjustments
 - restrictions, 7-30

- related transactions
 - adjusting, 2-54
- releasing
 - allocation runs, 4- 6
 - expenditure batches, 2-22
- reporting burdening
 - custom reports, 3-29
- reports
 - expenditure adjustments
 - audit reporting, 2-44
- reports and listings
 - interfaced and rejected
 - expense reports, 7- 6
 - invoice distributions, 7-12
- requisitions, 7-17
 - adjustments, 7-28, 7-28
 - commitments, 7-24
 - default information, 7-18
 - entering, 7-17
 - project-related information, 7-20
 - validating, 7-23
- restrictions
 - receipt accrual adjustments, 7-30
 - supplier invoice adjustments, 7-30
- revenue
 - burden schedules, 3- 9
 - burdening
 - transactions, 3-30
- reversing
 - allocation runs, 4-10
 - assets, 5-34
 - cost accruals
 - automatically, 2-13
 - expenditure batches, 2-22
 - automatically, 2-13
- Review Allocation Runs window, 4- 6
- reviewing
 - expenditure batches, 2-22
- reviewing adjustments, 2-59
 - cost, 2-59
 - invoice, 2-61
 - revenue, 2-60

S

- schedules
 - burden, 3-14
 - assigning, 3-13
- setting up
 - capital projects
 - capitalized interest, 5-39
 - expense report integration
 - Oracle Internet Expenses, 7- 3
 - Oracle Payables, 7- 3
- splitting
 - asset lines, 5-33
 - expenditure items
 - new transactions generated, 2-57

- splitting expenditure items, 2-51
 - new transactions generated, 2-57
- storing burden costs, 3-15
 - same expenditure item, 3-15
 - same project, 3-17
 - separate expenditure item, 3-17
 - separate project, 3-18
 - storage method
 - choosing, 3-19
 - setting up, 3-19
- streamline processes
 - streamline processes, 7- 9
- submitting
 - AutoAllocation sets, 4-13
 - expenditure batches, 2-22
- supplier costs
 - adjustments
 - in Oracle Payables, 7-28
 - in Oracle Projects, 7-30
 - restrictions, 7-30
 - interfacing, 7-20
- supplier invoices, 1- 6 , 7-18
 - adjustments, 2-62, 7-28
 - in Oracle Payables, 2-63, 7-28
 - in Oracle Projects, 2-63, 7-30
 - restrictions, 7-30
 - commitments, 7-24
 - default information, 7-19
 - distribution sets, 7-19
 - entering, 7-19
 - interfacing, 7-20
 - matching, 7-18
 - posting, 7-19
 - project-related information, 7-20
 - validating, 7-23
- suppliers
 - as employees, 7- 3

T

- task options
 - transaction controls, 2-24
- tasks
 - control functions, 5-12
- taxes
 - interface from Payables, 6-31
 - non-recoverable, 7-24
- tie back
 - expense reports, 7- 8
- transaction controls, 2-24
 - allowable charges, 2-26
 - billable, 2-28, 2-30
 - capitalizable, 2-28, 2-30
 - chargeable, 2-28
 - determining status, 2-29
 - effective dates, 2-28
 - employee
 - expense reports, 2-26

- scheduled work assignments, 2-27
 - usage and supplier transactions, 2-26
 - examples, 2-31, 2-31, 2-32, 2-33
 - exclusive, 2-25
 - extensions, 2-25
 - in projects, 5-12
 - inclusive, 2-25
 - person type, 2-27
 - Workplan resources only, 2-27
- transaction types
 - cross charge, 6- 7
- transactions
 - adjusting
 - burden, 2-53
 - multi-currency, 2-52
 - related, 2-54
 - capitalized, 5-12
 - cross charge
 - creating, 6-16
 - funds checks, 2- 3
 - unmatched negative, 2-23
- transfer pricing
 - overview, 6-13
- transferring expenditure items, 2-51
- troubleshooting allocation runs, 4- 9

U

- usages, 1- 5
- using
 - burden schedules, 3- 9
 - burden structures, 3- 6
 - burdening, 3- 4
- utilization
 - calculating and reporting, 1-11

V

- View AutoAllocation Statuses window, 4-15
- View Expenditure Accounting window, 2-40
- viewing
 - accounting lines, 2-40
 - drill down from GL, 2-40
 - allocation runs, 4- 6
 - allocation transactions, 4- 9
 - AutoAllocation sets
 - status, 4-15
 - burden costs, 3-15
 - expenditure items, 2-38
 - expenditures, 2-38

W

- window illustrations
 - Allocation Rule, 4- 3
 - Expenditure Batches, 2-12
 - Expenditure Items, 2-38
 - Expenditures, 2-14

Review Allocation Runs, 4- 6
View AutoAllocation Statuses, 4-15

View Expenditure Accounting, 2-40

