Oracle Fusion Cloud Financials

Using Financials for the Public Sector

25B

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G26685-01

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Author: Robyn Vallelonga

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1 Introduction to Budgetary Control and Encumbrance Accounting

Overview of Budgetary Control and Encumbrance Accounting

In Oracle ERP Cloud, Budgetary Control and Encumbrance accounting are two independent features.

Budgetary Control refers to a group of system options and the processes that's used to determine which transactions are subjected to validation against budgets and budget consumption to prevent overspending. Encumbrance accounting is an accounting practice that creates journal entries for requisitions and purchase orders that becomes expenditures when goods and services are invoiced or received.

Budgetary Control and Encumbrance accounting, at a high level, lets you perform these functions:

- Control real-time spending
- Generate General Ledger journals for requisitions and purchase orders

Difference between Budgetary Control and Encumbrance Accounting

These are the differences between Budgetary Control and Encumbrance Accounting.

Budgetary Control

- Orchestrates the spending control process by validating if transactions have sufficient funds and if they're subject to spending control.
- Stores the budget, performs funds check and funds reservation when transactions are submitted or approved.
- Maintains budgetary control balances for expense accounts, including budget, funds reserved (commitments, obligations, and expenditures), and funds available balances based on the budget calendar and control budget structure (chart of account segments you control by), without any journal entries. Revenue, liability, and equity account types aren't supported.

Encumbrance Accounting

- Creates encumbrance journal entries for requisitions and purchase orders. Also creates actual journal entries for invoices and journals using the Standard Accrual with Encumbrances accounting method in the Subledger Accounting module when the user submits or schedules the Create Accounting process.

- Optionally creates Invoice Encumbrances to report actual balances at the payment rather than invoice validation.
- Stores and maintains the encumbrance and actual account balances in General Ledger based on the ledger's accounting calendar and chart of accounts.
- Loads budget balances into General Ledger for comparison with actual balances.
- Doesn't automatically maintain funds available balance in General Ledger. It is only automatically maintained in the Budgetary Control module.

Implementation Options

You can implement Budgetary Control and Encumbrance accounting together or independently depending on your organization's business requirements. This table lists the most important feature each one provides and you can choose depending on your requirement.

Requirement	Feature
Real-time spending control	Budgetary Control
General Ledger journals for requisitions and purchase orders	Encumbrance Accounting

Note: If your requirement is budget and actual reporting using General Ledger, then you don't need Budgetary Control or Encumbrance Accounting. You just need General Ledger.

Deciding Between Budgetary Control and Encumbrance Accounting

Review these decision points to determine which features to enable.

Decision Point	Budgetary Control Required?	Encumbrance Accounting Required?
Do you want transaction amounts from requisitions, purchase orders, invoices, receipts, and journals to be validated against a budget during transaction processing in real time?	Yes	No
Do you want journals in General Ledger to represent purchase order obligations or requisition commitments?	No	Yes

Decision Point	Budgetary Control Required?	Encumbrance Accounting Required?
Do you want to report from General Ledger purchase order obligation or requisition commitment balances?	No	Yes
Do you want to report budget versus actual expenditures only?	No	No

Based on the decision points, you can decide to enable these features:

- Budgetary Control only
- Encumbrance Accounting only
- Both Budgetary Control and Encumbrance Accounting
- None

Enabling Budgetary Control and Encumbrance Accounting

To use Budgetary Control and Encumbrance Accounting, you must enable it under Financials offerings.

Here's how you enable it.

1. Navigate to Functional Setup Manager. Select Financials from the drop-down list. Then click Actions and select Change Feature Selection.
2. Find the row for Public Sector. Click on the pencil icon in the Enable column.
3. Select either both or one of these as required:
   - Enable Budgetary Control
   - Enable Encumbrance Accounting
4. Click **Done**.
5. Now when you select Financials in an Implementation Project, you will see Budgetary Control and Encumbrance Accounting offering in the Financials folder.

Enterprise Structures

Every enterprise has different structures that describe its operations and provide basis for reporting. Most of the enterprise structures for Budgetary Control can be shared with General Ledger unless you have different requirements for Budgetary Control.

You need these enterprise structures for Budgetary Control.

Calendars

You create calendars to define accounting year and the period it contains. You can either share calendars between General Ledger and Budgetary Control, or you can define a calendar for only budgetary control purposes.

The Budget Calendar assigned to the control budget determines how much you can spend in each period. The period interval defined in the budget calendar affects the funds available as budget amounts are summarized according to the calendar period interval.

Use a yearly calendar or a monthly calendar or both to achieve the desired budget available for consumption. This example shows how the calendar period interval affects the funds available.

Example

Suppose you defined two calendars, one with a yearly period and another with a monthly period interval. Also, you create two control budgets using the calendars defined in this table.

Control Budget	Calendar	Period Intervals	Source Budget Type	Source Budget
Monthly Control Budget	Monthly Calendar	Monthly	Other	Monthly Control Budget
Yearly Control Budget	Yearly Calendar	Yearly	Control Budget	Monthly Control Budget

Suppose $1000 is imported for in each month of 2021 into the Monthly Control Budget. Since the Monthly Control Budget and Yearly Control Budget are linked, budget amounts are loaded into both budgets at import time.

Funds available will be $1000 for each month in Monthly Control Budget and $12000 for the entire year in Yearly Control Budget. We can either use these Monthly Control Budget to report on monthly basis or use Yearly Control Budget to report on yearly basis.

Chart of Accounts

The chart of accounts is the underlying structure for organizing financial information and reporting. The chart of accounts is various value sets available for segments assigned to a ledger. A transaction is recorded with a combination of segment values, this combination is used to identify the budget account in which the transaction has to be budgetary controlled. For more details about chart of Accounts, see the Chart of Accounts section in the Implementing Enterprise Structures and General Ledger guide.

Budget Chart of Accounts

Chart of accounts and values sets are shared between General Ledger and Budgetary Control. For Budgetary Control, you can select a subset of segments for control purposes but you don't have to control every segment. You can also control at the summary segment value level instead of the detail segment value level.

Budget Account

The budget account is a combination of segment values present in Budget Chart of Accounts. The budgetary control process maps the distribution's account (for example, the charge account on a requisition or purchase order) and budget date to control budget's budget account and budget period, respectively, to determine the funds available. Consider the assignment of budget segments and associated tree hierarchies and labels to achieve the correct funds available amount and enforce spending controls and reporting.

Ledgers

A ledger is a record keeping instrument. Transactions are Budgetary Controlled when ledger is Budgetary Control enabled. Control budgets are defined for a ledger and budget accounts are a subset of the chart of accounts associated with the ledger. The Budget Calendar can share the same calendar as the ledger or have its own independent calendar.

Accounting can be created for requisitions and purchase orders when enabled for encumbrance accounting. The subledger accounting method for the ledger determines how the encumbrance journal entries are created. For more information about ledgers, see Ledgers and Subledgers section in the Implementing Enterprise Structures and General Ledger guide.

Several account hierarchies can be created using different Trees and Tree versions to control spending and report at different levels of budget accounts. For more details about account hierarchies, see the Account Hierarchy Trees section in the Implementing Enterprise Structures and General Ledger guide.

Business Unit

A business unit performs one or many business functions. Business units within a budgetary controlled ledger can be either enabled or disabled for Budgetary Control. Business functions within a budgetary controlled enabled business unit can also be enabled or disabled. For more information about business units, see the Business Units section in the Implementing Enterprise Structures and General Ledger guide.

Related Topics

- Chart of Accounts
- Ledgers and Subledgers
- Account Hierarchy Trees
- Business Units

2 Budgetary Control

Overview

Budgetary Control provides these functions to manage the spending control process:

- Performs funds check and funds reservation, when transactions are submitted or approved to determine whether spending is allowed.
- Stores and maintains budgetary control balances, based on the budget calendar and control budget structure for the these functions:
  a. Budget, categorized as initial and adjustment
  b. Consumption, categorized as commitments, obligations, expenditures, and other
  c. Funds available

For additional documents on Oracle Budgetary Control, see Quick Reference for Oracle Fusion Budgetary Control Documentation on Oracle Support.

Related Topics

- Quick Reference for Oracle Fusion Budgetary Control Documentation

Enterprise Options

Overview of Enterprise Options

The Enterprise Options section in the Manage Budgetary Control and Encumbrance Accounting page is used to view and enable these enterprise-level budgetary control options.

- Additional Budgetary Control Liquidation Validation
- Secure Control Budget Definitions
- Synchronize Hierarchy Maintenance
- Budget to Summary Accounts in GL

Additional Budgetary Control Liquidation Validation

Enable the Additional Budgetary Control Liquidation Validation feature in the Enterprise Options region of the Manage Budgetary Control and Encumbrance Accounting page to fail budgetary control validation when the liquidation of a transaction doesn't impact the same control budget as originally reserved.

This feature when enabled will fail budgetary control validation with the funds status of Budget period doesn't exist in the control budget when the liquidation of the commitment or obligation impacts a different control budget than the original reservation. This option is automatically enabled for new customers. Upgrade users can chose if they want to enable this option. Once this feature is enabled, it can't be disabled.

The liquidation date is determined by the Default Date Rule setting on the Manage Budgetary Control page. The default date rule can be set to the system date, current transaction budget date, or prior related transaction budget date. This feature is only applicable when you have chosen system date or current transaction budget date for the default date rule. Prior related transaction budget date will use the same budget date as the original transaction.

Example of Enabling Additional Impact to Budgetary Control Results with Validation

This example shows how the feature will impact the budgetary control results depending on the default date rule setting.

The table shows the control budgets.

Control Budget	Start Budget Period	End Budget Period
Office Supplies FY 2019	January 2019	December 2019
Office Supplies FY 2020	January 2020	December 2020

I have a purchase order for office chairs with a budget date of 24-DEC-2019, that reserves against the Office Supplies FY2019 control budget. The payables invoice comes in the following year and has a budget date of 19-JAN-2020 and is entered in the application in 08-FEB-2020. This table shows the transactions.

Transaction	Budget Date	System Date	Impacted Control Budget
Purchase order	24-Dec-2019	24-Dec-2019	Office Supplies FY2019
Invoice matched to purchase order	19-Jan-2020	08-Feb-2020	See table below for PO liquidation result based on the default date rule setting.

- Assuming there are sufficient funds in all budget periods and the periods are open.

Default Date Rule	PO Liquidation Result with Feature Enabled	PO Liquidation with Feature Disabled
Current Transaction Budget Date Budget date on invoice is used: Liquidation Budget Date 19-JAN-2020	**Fail:** not liquidating in the same control budget as the PO was originally reserved, Office Supplies FY2019. Invoice validation will place funds hold because of budgetary control failure.	Liquidation isn't created because the liquidation budget period isn't in Office Supplies FY2019. Invoice is validated.
System Date	**Fail:** not liquidating in the same control budget as the PO was originally reserved, Office Supplies FY2019.	Liquidation isn't created because the liquidation budget period isn't in Office Supplies FY2019.

Default Date Rule	PO Liquidation Result with Feature Enabled	PO Liquidation with Feature Disabled
Date when invoice is validated is used: Liquidation Budget Date 08-FEB-2020	Invoice validation will place funds hold because of budgetary control failure.	Invoice is validated.
Prior Transaction Budget Date Budget date on purchase order is used: Liquidation Budget Date 24-DEC-2019	Invoice is validated. Liquidation is created: • (-) Obligation • Budget date: 24-DEC-2019 • Control budget: Office Supplies FY2019	Invoice is validated. Liquidation is created: • (-) Obligation • Budget date: 24-DEC-2019 • Control budget: Office Supplies FY2019

Secure Control Budget Definitions

Enable the Secure Control Budget Definitions feature in the Enterprise Options region of the Manage Budgetary Control and Encumbrance Accounting page to limit users who can update control budget definitions on the Manage Control Budget page.

If you don't enable this feature, all users with access to the Manage Control Budget page, can update all control budgets.

If you enable this feature, only users that either created the control budget, are the budget manager for the control budget or explicitly granted control budget data access will be able to update.

To explicitly grant control budget data access to users other than the user who created the control budget or the budget manager, follow these steps:

1. In the Setup and Maintenance work area, search and select the Manage Control Budget Data Access for Users task.
2. On the Manage Data Access for Users page, click Action > **Create** or the **Create** icon.
3. In the Create Data Access for Users page, assign:
    - User name
    - Role = It is recommended to create a custom role and assign only the required privileges needed for this budget manager role
    - Security context = "Control budget"
    - Security context value = Name of the control budget you want to grant access

Synchronize Hierarchy Maintenance

Enable the Synchronize Hierarchy Maintenance feature in the Enterprise Options region of the Manage Budgetary Control and Encumbrance Accounting page to streamline maintenance for account hierarchies used in both General Ledger and Budgetary Control.

The Account Hierarchies program simultaneously processes General Ledger and Budgetary Control account hierarchies to ensure reporting on these shared hierarchies are consistent.

Budget to Summary Accounts in General Ledger

Enable the Budget to Summary Accounts in General Ledger feature in the Enterprise Options region of the Manage Budgetary Control and Encumbrance Accounting page to budget to the same level in General Ledger as in Budgetary Control.

If you enable this feature, summary accounts used for budgetary control values are available in General Ledger. This feature automatically generates values in General Ledger balances cube to represent the summary account. Disable the option if you've already created values to represent the summary budget.

Dimension members created to represent the summary accounts are labeled with the summary account value description followed by the value, Base Balance. The member name is labeled with the summary account value name suffixed with _base and the alias will have Base Balance appended.. For example, the budget balance for the summary account, 1100 Capital Fund, will generate 1110 base-Capital Fund Base Balance as a child of 1100. The budget balance is stored 1100 base, 1110 will be a summary of all its children including 1100 base.

Ledger and Business Unit Options

Enable Budgetary Control

You enable budgetary control for ledgers, business units assigned to a ledger, projects, transaction types, and journal sources and categories. The options you select can have critical implications in the way Oracle Fusion Budgetary Control handles your transactions.

When you enable budgetary control, you must consider these options:

- Control Budget Filter
- Fail Budgetary Control for Budget Dates Not in Valid Budget Date Range
- Default Date Rule

Control Budget Filter

To determine how the budgetary control engine processes transactions, use the **Control Budget Filter** option . Transaction processing is based on one of these options:

- Ledger only
- Project
- Ledger or project

When you enable a ledger or business unit for budgetary control, the budgetary control engine evaluates the transactions and the control budget filter value. It then determines which control budget to use for checking the funds available balance.

Note: See the related topics for setting up the control budget filter.

Budgetary Control Validation Failures

Transaction Budget Date Fails Outside of Date Range Across All Control Budgets

Budget dates can either pass or fail budgetary control validation. These validations are based on whether they're within the period range of control budgets that are past the defining stage and aren't permanently closed.

By default, Budgetary Control allows transactions with budget dates outside of control budget periods to pass validation. To fail these transactions during budgetary control validation, you must set the **Transaction budget date falls outside of date range across all budgets budgetary control validation failure** option to Yes.

Transactions Without Project Attributes Don't Have a Matching Chart of Account Based Control Budget

A transaction without project attributes can have a budget date within the period range of all control budget periods, but not match a budget period for a chart of account based control budget. This can happen when these conditions are met:

- Control Budget Filter setting is either **Project** or **Ledger or project**.
- Period range for the chart of account based control budgets is shorter than the period range for project control budgets.

By default, Budgetary Control allows transactions without project attributes that don't match a chart of account based control budget to pass validation even if the **Transaction budget date fails outside of the date range across all control budgets** budgetary control failure option is set to Yes. To fail these transactions with a **No chart of accounts control budget** status, you must set the Transaction without project attributes don't have a matching chart of account based control budget budgetary control validation failure option to Yes..

Default Date Rule

To select the budget date for the budgetary control liquidation of a prior related or backing document, use the **Default Date Rule** drop-down list. These are the options:

- System date
- Current transaction budget date
- Prior related transaction budget date

Let's look at an example. When you match an invoice to a PO, the budget date for the liquidation of the PO is determined by the default date rule for the business unit. And these are the details:

- system date is today
- invoice budget date is 13-APR-15
- PO budget date is 5-MAR-15

Then Budgetary Control determines the budget date of the purchase order liquidation as shown in this table:

Default Date Rule	Purchase Order Liquidation Budget Date
System date	Today's date
Current transaction budget date	13-APR-15

Default Date Rule	Purchase Order Liquidation Budget Date
Prior related transaction budget date	5-MAR-15

Related Topics

- Example of Setting the Control Budget Filter

Example of Setting the Control Budget Filter

This example illustrates how to use the Control Budget Filter to determine how the budgetary control engine processes transactions associated with a ledger, project, or both.

When a ledger or business unit is enabled for budgetary control, the budgetary control engine evaluates the transactions to determine which control budget to use for checking the funds available balance.

Scenario

You have defined the following control budgets for VC (Vision City):

Control Budget	Ledger	Project	Award
VC Ops	Vision City Operations	Any or no project on the transaction	
VC Ops Administration	Vision City Operations	No project on the transaction	
VC Ops Park Swings	Vision City Operations	Park Swings	2016
VC Ops OOW Conference	Vision City Operations	OOW Conference	Any or no award assigned to the project

These control budgets can only be defined when the **Control Budget Filter** assigned to the Vision City Operations ledger is the value as shown in the following table:

Control Budget	Ledger Only	Project	Ledger or Project
VC Ops	Yes	No	Yes
VC Ops Administration	No	Yes	Yes
VC Ops Park Swings	No	Yes	Yes

Control Budget	Ledger Only	Project	Ledger or Project
VC Ops OOW Conference	No	Yes	Yes

Resulting Applicable Control Budgets

When you enter a transaction, the budgetary control engine uses the ledger and project values to determine if any control budgets are applicable, as shown in the following table:

Transaction Number	Ledger	Project	Award	VC Ops	VC Ops Administration	VC Ops Park Swings	VC Ops OOW Conference
101	Vision City Operations			Yes	Yes	No	No
102	Vision City Operations	Park Swings	2016	Yes	No	Yes	No
103	Vision City Operations	OOW Conference		Yes	No	No	Yes
104	Vision City Capital	Park Swings	2016	No	No	No	No
105	Vision City Capital			No	No	No	No

Chart of Accounts and Budgets Accounts Mapping

If the budget entry for a control budget automatically updates the budget in General Ledger, and your source control budget doesn't contain all the segments from the ledger chart of accounts, you need to perform this setup.

- Select **Use a specified value when not provided in budget data** and specify a segment value by which budget is recorded and required in General Ledger for segments that are always or sometimes excluded from the budget segments of your source control budget.
- Select the default choice **Always budgeted, use segment values from budget data** for all other segments.

Revenue and Cash Controls

This topic covers Enabling Cash Controls.

Watch video

Enabling Cash Controls

Enable cash controls to fund the cash control budget from standard and miscellaneous receipts and to allow payment of invoices only when funds are available in the cash control budget.

When you enable cash controls for a ledger, a cash control budget is automatically created. You can modify this control budget to meet your business needs before using it.

To enable budgetary control validation on Receipts, enable the **Receivables receipt funds the cash budget** check box.

> **Note:** Cash budget funding with Receivables receipts only applies to ledgers with business units enabled for Multifund Accounting.

To enable budgetary control validation on Payments, enable the **Payables payment consumes the cash budget** check box.

> **Note:** If you're not budgetary controlling expenses, that is, not creating procure to pay control budgets, but you want to enable cash controls for Payables payments, then you must also enable Budgetary Control for your ledger and the Payables invoicing business function for your business unit in the Edit Budgetary Control and Encumbrance Accounting page.

Related Topics

- Control Budgets
- Budgetary Control Validation of Receivables Receipts
- Budgetary Control Validation of Payables Payments
- Overview of Multifund Accounting

Accounts in Journals Subject to Cash Controls

This region determines which accounts from journal entries will impact the cash control budget.

For example, enter your bank account's cash account. Journals for transactions not reserved in the subledger that post to cash account, such as manual journals or journals from other sources, will be budgetary controlled against the cash control budget in GL.

Debits to the cash accounts are considered negative expenditures and increase the cash control budget funds available balance. The opposite is true for credits to the cash accounts and the funds balance is decreased as an expenditure.

Procure to Pay control budgets aren't applicable to journal entry lines with these cash accounts. Instead, they're only applicable to a cash control budget.

> **Note:** Reserved transactions will not be reprocessed when enabling or disabling accounts in this region.

To avoid overstating the cash budget, it is recommended to assign different natural accounts on these receivables remittance bank GL accounts rather than the natural account defined for cash:

- Receipt Confirmation
- Remittance
- Unapplied receipts
- Unidentified receipts

- On-Account receipts

For example, this table illustrates how to set up the remittance bank account so that the cash budget isn't overstated when Receivables journals are posted in General Ledger.

Remittance Bank Account Setup

Remittance Bank GL Accounts	Remittance Bank GL Accounts Natural Account Value	Add to Accounts in Journals Subject to Cash Controls?
Cash	1111	Yes
Receipt Confirmation	1172	No
Remittance	1173	No
Unapplied Receipts	1174	No
Unidentified Receipts	1175	No
On-Account Receipts	1180	No

To illustrate how the assigned accounts on the remittance bank account impacts the cash budget balance let's look at these examples:

Example 1: Remittance Bank Account's GL Accounts Assigned Different Accounts Results in a Correct Cash Budget Balance

For this example, let's assume these:

- Budget account is fund-account for the cash control budget.
- Account 1111 is enabled in the Accounts in Journals Subject to Cash Controls region.
- The Remittance Bank Account, called RBA1, assigned these GL Accounts:
  - 1111 for cash
  - 1172 for Receipt Confirmation
  - 1173 for Remittance
- Invoice, INV1, is for $60 with fund 0006 assigned as the revenue distribution.
- The cash funds available balance for 0006-1111 is $0.
- You don't want to allow payments to be paid for 0006-1111 when there are insufficient funds.

This table shows how different transactions impact the cash control budget.

Number	Step	Fund- Account	Amount	Cash Budget Funds Available Amount	Notes
1	In Receivables, create a receipt in confirmed status that is applied to invoice INV1 with	0006-1111	$60	$0+$60=$60	Any accounting that impacts the Cash GL account won't be budgetary controlled in General Ledger and

Number	Step	Fund- Account	Amount	Cash Budget Funds Available Amount	Notes
	the remittance bank account RBA1.				has a funds status Reserved in subledger.
2	Create accounting, post and reserve in GL the receipt created in step 1.	0006-1172 (Receipt Confirmation GL Account)	$60 (debit)	No impact	The journal entry is budgetary controlled, but not against the cash control budget because the account (1172) isn't assigned in the Accounts in Journals Subject to Cash Controls.
3	In Receivables, create remittance for the receipt created in step1. Receipt is now in Remitted status.	0006-1173 (Remittance GL Account)	$60 (debit)	No impact	The journal entry is budgetary controlled, but not against the cash control budget because the accounts (1172 and 1173) aren't assigned in the Accounts in Journals Subject to Cash Controls.
	Create accounting, post and reserve in GL.	0006-1172 (Receipt Confirmation GL Account)	$60 (credit)	No impact	
4	In Cash Management, reconcile receipt in step 1. Receipt is now in Cleared status.	0006-1111 (Cash GL Account)	$60 (debit)	No impact	The journal entry isn't budgetary controlled and has the status of Reserved in subledger.
	Create accounting, post and reserve in GL.	0006-1173 (Remittance GL Account)	$60 (credit)		
5	In Payables, create and reserve a Payment Process Request.	0006-1111	$110	$60-$110=<$50>	Funds available is negative and the payment isn't allowed.

Example 2: Remittance Bank Account's GL Accounts Assigned the Same Account Results in an Overstated Cash Budget Balance

For this example, let's assume these:

- Budget account is fund-account for the cash control budget.
- Account 1111 is enabled in the Accounts in Journals Subject to Cash Controls region.
- The Remittance Bank Account, called RBA1, assigned these accounts:
  - 1111 for cash
  - 1111 for Receipt Confirmation
  - 1111 for Remittance
- Invoice, INV1, is for $60 with fund 0006 assigned as the revenue distribution.
- The cash funds available balance for 0006-1111 is $0.

- You don't want to allow payments to be paid for 0006-1111 when there are insufficient funds.

This table shows how different transactions impact the cash control budget.

Number	Step	Fund- Account	Amount	Cash Budget Funds Available Amount	Notes
1	In Receivables, create a receipt in confirmed status that is applied to invoice INV1 with the remittance bank account RBA1.	0006-1111	$60	$0+$60=$60	0006 is the fund from the invoice's revenue distribution and 1111 is from the remittance bank account's cash GL account. Any accounting that impacts the Cash GL account won't be budgetary controlled in General Ledger and has a funds status Reserved in subledger.
2	Create accounting, post and reserve in GL the receipt created in step 1.	0006-1111 (Receipt Confirmation GL Account)	$60 (debit)	$60+$60=$120	The journal entry is budgetary controlled and added budget 0006-1111. This is an overstatement of funds available since the receipt is only for $60.
3	In Receivables, create remittance for the receipt created in step1. Receipt is now in Remitted status.	0006-1111 (Remittance GL Account)	$60 (debit)	$120+$60=$180	The journal entry is budgetary controlled, but the impact to funds available is $0 since the budget account is the same for both the debit and the credit. The funds available is still overstated.
	Create accounting, post and reserve in GL.	0006-1111 (Receipt Confirmation GL Account)	$60 (credit)	$180-$60=$120	
4	In Cash Management, reconcile receipt in step 1. Receipt is now in Cleared status.	0006-1111 (Cash GL Account)	$60 (debit)	No impact	The journal entry isn't budgetary controlled and has the status of Reserved in subledger. The funds available is still overstated.
	Create accounting, post and reserve in GL.	0006-1111 (Remittance GL Account)	$60 (credit)		
5	In Payables, create and reserve a Payment Process Request.	0006-1111	$110	$120-$110=$10	Funds available for fund 0006-8111 should be $60, and the payment shouldn't have been allowed. Since the accounting for the receipt

Number	Step	Fund- Account	Amount	Cash Budget Funds Available Amount	Notes
					confirmation was for account 1111, this increased the funds available balance by an extra $60, and this payment was allowed.

Budgetary Control Journal Exceptions

Exclude a journal source and category from budgetary control validation on journal entries by adding the journal source and category to the **Journal Source and Category Exceptions** table.

Select the **Disable budgetary control for all journal source and categories** option to exclude all journal entries from budgetary control validation.

When a ledger is enabled for budgetary control, these journal sources and categories are predefined by default:

Journal Source and Category Exceptions

Journal Source	Journal Category
Closing Journal	All
Cost Accounting	All
Open Balances	All
Initial Balances	All
Receipt Accounting	All
Revaluation	All

If a new predefined journal source is added after a ledger is enabled for budgetary control, it isn't added automatically. The new predefined journal source and category must be added to the ledger.

Budgetary Control and Encumbrance Accounting Enablement Diagnostic Test

You can review budgetary control and encumbrance accounting setup with the Budgetary Control and Encumbrance Accounting Enablement Diagnostic test.

You can generate the diagnostic report in the following manner.

1. Sign in as the application diagnostics administrator.

2. Select **Run Diagnostics Tests...**from Troubleshooting from your user profile menu.
3. Search for the test **Budgetary Control and Encumbrance Accounting Enablement Diagnostic** on the Diagnostic Dashboard.
4. Use the check box to select the diagnostic test and click **Add to Run**. A new row appears in the **Choose Tests to Run and Supply Inputs** section.
5. Click the warning icon on the **Input Status** column to open the **Input Parameters** window.
6. Select the include check box icon for the **Ledger Name** and click **OK**.
7. Verify that the warning icon changes to success on the **Input Status** column and click **Run** on the **Choose Tests to Run and Supply Inputs** tool bar. Click **OK** to close the confirmation message.
8. Click the refresh icon on the **Diagnostic Test Run Status** table until your request is complete.
9. Click the **View Test Results** icon on the **Report** column to review the diagnostic report.

Budgetary Control Validation Options

Control Budgets

Control budgets default one of these processing types depending on its purpose:

- Procure to pay control budgets track and validate spending of expenses against the budget
- Cash control budgets track and validate payments against the cash budget

Procure to Pay Control Budgets

Use control budgets to check the spending against a ledger, project, or both, and apply validations during budgetary control. You can specify the segments, budget periods, currency, control level and tolerance.

Budget balances can be loaded from a number of sources. For more details, see Budget Balance Sources in the Load Budget topic. You can find the link to the Load Budget topic in the Related Topics section.

Each control budget keeps track of spending against budget in the budget currency by maintaining these categories of balances

- Budget balances
- Funds reservation balances
- Funds available balances

These balances are maintained for control budget accounts and periods of the control budget. Control budget accounts are based on the combinations of budget segment values, which can be either at a detailed or a parent level.

To accommodate the different levels of detail at which budget is stored versus spending is checked, you can set up and link detail and summary control budgets with these structural differences to align with the corresponding needs.

- For the detail control budget, include segments you use to prepare your budget and use a budget calendar with the same periods as budget is prepared, such as monthly. If budget is prepared at a parent level, specify a control label in the segment hierarchy to identify those parent segment values. If you need to report on control budget balances with transaction account distribution details for unbudgeted segments, you can include those segments in the detail control budget.
- For the summary control budget, include only those segments by which budget is controlled. If a given segment is controlled at a parent level, specify a control label in the segment hierarchy to identify those parent segment values. Use a budget calendar with periods in budget is controlled, such as yearly.

For more information about detail and summary control budgets, see the link to Budgetary Control and Encumbrance Accounting Best Practices white paper in the Related Topics section at the end of this topic.

> **Note:** You don't need to set up project-based control budgets in Budgetary Control. They're automatically created when you baseline project budgets in Oracle Project Management.

When transactions are validated and recorded by the control budget, control budget accounts are derived from the account combination and project information on the distribution of the transactions.

Cash Control Budgets

When you enable cash controls for a ledger, a cash control budget is created for a ledger with these defaults:

- Budget calendar is created automatically with one period for the entire date range of ledger.
- Control level defaults to Absolute.
- Project defaults to Any or no project on the transaction.
- Budget segment defaults to the balancing segment.

The cash control budget is created with the **Not ready for use** status. You can modify to meet your enterprise budgeting requirements such as:

- Add the natural account as an additional budget segment.
- Assign tree hierarchies to budget segments to control at a parent level.
- Create supplemental rules for exceptions to the control level.
- Supplemental rules can be created for budget import unlike procure to pay control budgets. If control level is none for budget entry business function, budget balances aren’t updated.

When the control budget is put in use, the budget period status is set to **Open**.

Source Budget Types

Control budgets are classified by source budget type that defines the application from which budget balances are originated. Some source budget types limit budget to be loaded by the originating system; direct budget entries and budget load features offered by Budgetary Control aren't available to enforce data integrity. See the Budget Entry topic to determine a proper classification of source budget type for your control budgets. You can find the link to the Budget Entry topic in the Related Topics section.

Source Budget Name

Source budget name is defaulted from control budget name for detail control budgets. For summary control budget, select the detail control budget as the source budget name. Source budget name is used in budget import to derive the control budgets.

Account Hierarchies

You use trees, also called account hierarchies, in Budgetary Control setups to import budget and validate spending in this scenario:

- when budget is recorded and controlled at a higher segment value than that of the transactions.

These trees are automatically made available to you for use in Budgetary Control reporting.

You don't use trees in Budgetary Control setups in this scenario:

- when budget is recorded and controlled at detail segment values.

You can use trees that aren't used in Budgetary Control setups for Budgetary Control reporting.

You can also use trees in General Ledger for reporting, allocations, and other processing setups. And you can also share trees between General Ledger and Budgetary Control.

If you use trees in Budgetary Control setups, you need tree labels. When you set up a tree for use in a control budget, assign a common label to the parent segment values at which the control budget records and controls budget. And when you set up the related segment in that control budget, specify the tree and label to indirectly indicate the parent segment values at which budget is recorded and controlled.

Sometimes you need to assign more than one label to differentiate parent segment values at different levels in a tree. For example, consider this scenario:

- A tree is used in a detail control budget for recording budget that's prepared at lower parent segment values
- The same tree is used in a related summary control budget for controlling budget at higher parent segment values

In this case, when you set up the tree:

- Assign one common label to those lower parent segment values at which budget is recorded for the detail control budget
- Assign another common label to those higher parent segment values at which budget is controlled

When you set up the related segment in the two control budgets, specify the tree and the corresponding label.

> **Tip:** Each detail segment value that's subject to budgetary control must roll up to one and only one parent segment value in the tree with the specified label in each applicable control budget.

When you specify a tree and label in a control budget, you can optionally specify a default segment value in the Transaction Value Not in Tree field. If this value is specified, transactions with account distributions that can't be rolled up to a control labeled parent segment value are allowed to proceed by recording the transaction using the default segment value.

You can define trees using one of these methods:

- Manage Account Hierarchies or Manage Trees and Tree Versions setup task
  - Pre-Definition: Create labels as a prerequisite using the Manage Account Hierarchy Labels or Manage Tree Labels setup task
  - Post-Definition: After creating or updating the tree, audit, activate, and flatten it
- Create Chart of Accounts, Ledger, Legal Entities, and Business Units in Spreadsheet setup task - use the segment worksheets of the downloaded rapid implementation spreadsheet
  - Pre-Definition: No need to create labels as a prerequisite; labels are generated based on the configurable column header label of the Parent columns under which parent segment values are placed
  - Post-Definition: No need to flatten it; the process auto-flattens it already

- Import Segment Values and Hierarchies file-based data import template, use the hierarchy worksheet
  - Pre-Definition: Creating labels as a prerequisite using the Manage Account Hierarchy Labels or Manage Tree Labels setup task is optional. If the label specified in the hierarchy worksheet doesn't exist, it will be generated automatically
  - Post-Definition: After importing the tree, flatten it using the Manage Account Hierarchies or Manage Trees and Tree Versions setup task

Refer to the Import Segment Values and Hierarchies section in the File-Based Data Import for Financials guide.

For all methods, you need additional steps that depends on how you use the trees:

Tree Usage	Additional Steps
Budgetary Control: • When the tree version is added to a control budget	• Prepare the control budget for use that uses the tree
Budgetary Control: • If the tree version is updated and is used in at least one control budget that has been put in use at any time	• Put all control budgets that use the tree version to a closed or redefining status as a prerequisite (see exceptions below) • Submit the Refresh Tree for Budgetary Control process • Put the control budgets to in use (see exceptions below)
Budgetary Control Reporting Only	• Submit the Add Reporting Tree to Budgetary Control Cubes process
General Ledger Allocation or Reporting	• Publish Account Hierarchies setup task or • Submit the Process Account Hierarchies process **Note:** If you use this process and the tree version is used in at least one control budget that has been put in use at any time, you need to close or redefine the control budgets as a prerequisite before running this process and you need to put the control budgets back in use afterwards unless you meet the exceptions below.
Exceptions: You don't need to close the control budgets and put them back to use while the tree or hierarchy process runs if both of the following conditions are met: • Control budgets that use the tree version are defined with the Transaction Value Not in Tree field set to **Failed transaction**. • Changes to the tree are limited to adding new detail values to an existing branch or adding new parent and detail values as a branch.	

Tree: Example

This table provides an example of a tree created for the Department segment:

Parent Value	Parent Value	Detail Value	Label
All Parks			Top
	North Side Parks		Level1

Parent Value	Parent Value	Detail Value	Label
		Cedar Park	
		Fir Park	
	South Side Parks		Level1
		Glendale Park	
		Burton Park	

This table shows the applicable department segment values at which budget is captured and controlled and at which budget balances are maintained, based on the tree and label assigned to the control budget:

Control Budget Department Segment: Department Tree | Label: Top	Control Budget Department Segment: Department Tree | Label: Level1	Control Budget Department Segment: No Tree
All Parks	North Side Parks South Side Parks	Cedar Park Fir Park Glendale Park Burton Park

Funds available balances are maintained for each period in the control budget and control budget account. Since balances are maintained based on the budget periods and tree label assigned to the control budget, reporting and inquiry is available only at that level or above.

For example, if a control budget is set to control at Level1 for Department, you can report on All Parks, but not on Cedar Park, Fir Park, Glendale Park or Burton Park. Similarly, if a control budget has a monthly calendar, the application will summarize monthly balances into quarterly and yearly balances for reporting. However, if a control budget has an annual calendar, then monthly and quarterly balances aren't available for that control budget.

Override Budgetary Control Failures

You can define your control budget to allow overrides. There are two types of overrides:

- Insufficient funds to override and reserve an insufficient funds failure
- Closed period to override and reserve a close budget period failure

During budgetary control validation, if validation fails because insufficient funds or closed budget period, the user can request an override. The assigned overrider can perform an override action to reserve the transaction.

To create an override, check the **Allow overrides** checkbox which enables the Override Rules region to be displayed on the Create Control Budget page. Specify a maximum override amount allowed for the control budget. Enable notifications to notify the budget manager when no overrides are available or when overrides are taken.

There are two types of configurable in-app and email notifications available for use:

- Budget Override Request
- Budget Override Taken

Supplemental Rules

Supplemental rules create exceptions to the control level and tolerance settings defined in the control budget header. When multiple supplemental rules apply, the highest control level and the lowest tolerance amount or percentage are used.

You can define supplemental rules using the following attributes:

- Business unit
  - If you enter a business unit, this rule won't apply to transactions that don't have a business unit, such as journal entries
- Control budget segment values
  - You can select a range to populate the segment values
  - You can select a parent value to populate all detail segment values assigned to that parent
- Additional segment values
  - You can specify any chart of accounts segment that's not a control budget segment and if a tree hasn't been specified, you can select a range to populate the segment values
  - If control budgets are created from Projects, you can specify any project attributes that aren't a control budget segment
  - Additional segment filters aren't used for budget entry transactions.
- Transaction attributes
  - Business function:
    - Procure to pay control budget: All, Requisitioning, Procurement, Expense management, Receiving, Payables invoicing, Project accounting, and Journal entry.
    - Cash control budget: All, Journal entry, Payables payment, Billing and revenue management, and Budget entry.
  - Journal source: Journal sources defined in GL, All, and No value
  - Journal category: Journal categories defined in GL, All, and No value
  - Natural account type: All, Asset, Budgetary credit, Budgetary debit, Expense, Liability, Owner's equity, and Revenue
  - Receiving destination type: All, Expense, Inventory, and No value

Note: If you select **All**, the supplemental rule applies to all transactions, regardless of whether a transaction attribute is blank or has a value. If you select **No value**, the supplemental rule only applies when the attribute is blank. For example, if a supplemental rule is defined with the Receiving Destination Type set to **No value**, only transactions without a Receiving Destination Type are subject to this supplemental rule.

Note: Budget import for cash control budgets can use supplemental rules to assign a control level different from the control level defined on the control budget header. If the control level is none, budget balances aren't updated. This is unlike procure to pay control budgets with the control level of none, that update the budget balances and don't consider supplemental rules.

This table shows how the control budget processing type updates budget balances and considers supplemental rules on budget import.

Control Budget Processing Type	Update Budget Balances when Control Level is None	Consider Supplemental Rules on Budget Import
Procure to pay	Yes	No
Cash	No	Yes

Funding from Revenue

You can define your control budget to allow funding from revenue. The Create Budget Entry from Revenue process automatically increases budget for the control budget from the revenue funding rules when this option is selected.

To create revenue funding rules, check the **Allow funding from revenue** checkbox which enables the Revenue Funding Rules region to be displayed on the Create Control Budget page.

This option can be enabled when:

- the source budget type is Other.
- the processing type is Procure to pay.
- the control budget currency is the same as the ledger currency.

Note: The control budget must have a Budget Chart of Accounts before revenue funding rules can be added. To add the chart of accounts when the control budget is in Not ready for use - defining status, select the **Assign Budget Flexfield** button in the Revenue Funding Rules region.The control budget goes offline while the budget chart of accounts is added to the control budget. The status is updated to Not ready for use - preparing definition status. When the budget chart of accounts has been added to the control budget, changes to the control budget structure are no longer allowed. The revenue funding rules can be added when the control budget is back to Not ready for use - defining status.

Note: The revenue funding rules apply to all summary control budgets sourced from control budgets with the **Allow funding for revenue** option. Budget balances are automatically increased from revenue for these control budgets as well.

Revenue Funding Rules

You define revenue funding rules in the Create Revenue Funding Rule window with the following attributes:

- Funding target budget accounts
  - Budget is added to these accounts.

> **Note:** If a rule has multiple funding target budget accounts, the budget entry amount is created using the funding target percentage.

> **Note:** If the funding target budget account in the Create Revenue Funding Rule window is disabled, a new budget flexfield was created when assigning the budget flexfield to the control budget. The application needs to be refreshed before creating a new rule by logging out of the application.

- Revenue source ledger and segment values
  - The revenue balances are calculated from all account combinations matching the segment values for the ledger.

> **Note:** Only detail segment values can be added.

> **Note:** The ledger can be a secondary ledger of the control budget's ledger. If you use a modified accrual accounting method and you want to use collected revenue balances instead of accrued revenue balances, define a secondary ledger with a cash basis accounting method and enter the secondary ledger as the revenue source.

- Funding target maximum funding limit type
  - The limit is the maximum amount that can be added to the budget from this rule. It can be unlimited, a fixed amount, or from revenue estimates.

> **Note:** When revenue estimate is selected, add the budget scenario with the revenue estimate balances. The estimate balances are calculated from all account combinations matching the revenue source segment values.

- Revenue source minimum revenue threshold limit type
  - The threshold is the amount the revenue balance must be before the budget can be added from revenue. It can be no minimum, a fixed amount, or from revenue estimates.

> **Note:** When revenue estimate is selected, the budget scenario with the revenue estimate balances. Revenue estimate balances are derived from all account combinations matching the revenue source segment values.

Related Video

- *Automatic Funding of Expense Budgets from Revenue Demo*

Related Topics

- Control Budget Options
- Change Budgetary Control Validations
- How You Determine Applicable Control Budgets
- Load Budgets
- Automated Funding of Expense Budgets from Revenue
- Understanding When a Cash Basis Ledger Should be Used

Change Budgetary Control Validations

The status of the control budget determines the changes you can make to budgetary control validations, such as the control level, tolerance, overrides, and supplemental rules.

There are these points to consider when changing budgetary control validations:

- Control budget in use
- Control budget in a redefining status
- Balance recalculations for tree changes

Changes to budgetary control validations will only affect new transactions; existing transactions won't be reprocessed.

Control Budget in Use

When the control budget is in use, you can change the following:

- Budget manager
- Control level and tolerance
- Budget adjustment settings
- Rate type

Control Budget in a Redefining Status

When the control budget is in a redefining status, you can make these changes:

- Extend the control budget ending period
- Update tree details and override settings
- Add, edit, enable and disable supplemental rules
- Add, edit, enable and disable revenue funding rules

To change your control budget from In use to a redefining status and make changes, use the following steps:

1. Navigate to the Edit Control Budget page.
2. From the **Action** menu, select **Close** and save.
3. From the **Action** menu, select **Redefine**.
4. Make your changes to the control budget and save.
5. Select **Prepare for Use** from the **Action** menu to change the control budget status back to In use.

Note: When control budgets are closed or being redefined, transactions applicable to the control budget will fail budgetary control.

Control Budget in the Permanently Closed Status

When the control budget is in the permanently closed status, the following applies to the control budget:

- the budget isn't considered for budgetary control validations
- the budget can't be changed to the In Use status
- the budget can be used for reporting

Balance Recalculations for Tree Changes

If you go through a reorganization and your tree changes, Budgetary Control can automatically recalculate your budgetary control balances.

To recalculate balances after you make changes to a tree in a control budget that's already in use, use the following steps:

Tree Change	Additional Steps
Change budgetary control setup for a control budget segment without updating the tree version in the Account Hierarchies or Manage Trees and Tree Versions task • Replace existing tree version with a new tree version • Change the period range for the existing tree version and add a new tree version • Replace the label for the existing tree version	• Update the control budget status to Not ready for use – redefining • Update the tree details for the control budget segment • Prepare the control budget for use
Update the tree version in the Account Hierarchies or Manage Trees and Tree Versions task that requires balances to be recalculated	• Update the control budget status to Not ready for use – redefining • Submit the Refresh Tree for Budgetary Control process for the tree and tree version you updated. • Once the process completes, the data model copy of the hierarchy in Budgetary Control is refreshed. • Prepare the control budget for use

Note: Budgetary Control won't resubmit transactions for funds reservation if these transactions were reserved prior to the reorganization. The recalculation of budgetary control balances could result in a negative fund balance.

Control Budget Validation Diagnostic

You can review and validate the complete control budget setup and its related setup objects in the Control Budget Validation Diagnostic report.

You can generate the diagnostic report in the following manner:

1. Sign in as the application diagnostics administrator.
2. Select **Run Diagnostics Tests...** from Troubleshooting from your user profile menu.
3. Search for the test **Control Budget Validation Diagnostic** on the Diagnostic Dashboard.
4. Use the check box to select the diagnostic test and click **Add to Run**. A new row appears in the **Choose Tests to Run and Supply Inputs** section.
5. Click the warning icon on the **Input Status** column to open the **Input Parameters** window.
6. Select the include check box icon for the **Control Budget**, select a control budget, and click **OK**.
7. Verify that the warning icon changes to success on the **Input Status** column and click **Run** on the **Choose Tests to Run and Supply Inputs** tool bar. Click **OK** to close the confirmation message.
8. Click the refresh icon on the **Diagnostic Test Run Status** table until your request is complete.
9. Click the **View Test Results** icon on the **Report** column to review the diagnostic report.
10. Download the report and include it in the Service Request for support.

Related Topics

- Budgetary Control Validation Diagnostic Test
- Budgetary Control and Encumbrance Accounting Enablement Diagnostic Test

Budget Entry

Load Budgets

You can load your enterprise-wide budget, including revenues and expenses, to General Ledger for analysis and reporting.

If you implement Budgetary Control, you need to also load your expense budget to Budgetary Control to validate your spending against the budget. Budget can be loaded for any combination of budget segment values for which you have access to. Budget account combinations are different from the account combinations used in transactions and can be subject to different validations.

How budget can be loaded into Budgetary Control depends on the source budget type of the control budget. Budget loaded to certain control budgets can be synchronized with budget in General Ledger, reducing the need to separately loading it to General Ledger.

Budget Balance Sources

This table explains how budget can be loaded into Budgetary Control and whether they're synchronized with General Ledger based on the source budget type and processing type.

Source Budget Type	Control Budget Processing Type	Methods of Loading Budget Balances	Synchronize Budget Balances from Budgetary to General Ledger
EPM Financials Module See Set Up Financials Cloud for Loading Budget from EPM.	Procure to pay	• Enter Budget in EPM using Planning and load using Data Exchange • Revise budget in EPM using Budget Revisions and load it using the Funds Reservation action	• Yes
Hyperion Planning Can be reclassified to EPM Financials module See Set Up Oracle Fusion Financials for Loading Budget from EPM	Procure to pay	• Enter budget in EPM using Planning and load it using Data Exchange • Load budget with File Based Data Interface (FBDI) • Enter budget using Enter Budgets in Spreadsheet task • Enter budget transfer using Budget Transfer from the Review Budgetary Control Balances page	• No (if loaded from EPM or use Budget Transfer) • Yes (optional, if use FBDI or Enter Budgets in Spreadsheet)
Project Management	Procure to pay	Enter budget in Project Management and load it during budget baseline	• Not Applicable
Other Can be reclassified to EPM Financials Module when Allow funding from revenue option is disabled	Procure to pay	• Enter budget in a third-party software and load it using FBDI • Enter budget using Enter Budgets in Spreadsheet task • Enter budget transfer using Budget Transfer from the Review Budgetary Control Balances page • Automatically from Create Budget Entry from Revenue Process when Allow funding from revenue option is enabled	• Yes, optional
Other	Cash	• Enter budget in a third-party software and load it using FBDI • Enter budget using Enter Budgets in Spreadsheet task • Enter budget transfer using Budget Transfer from the Review Budgetary Control Balances page • Receivables receipt	No

Source Budget Type	Control Budget Processing Type	Methods of Loading Budget Balances	Synchronize Budget Balances from Budgetary to General Ledger
Control Budget Control budget of this type is known as summary control budget and is linked to a control budget of one of the above source budget types	Procure to pay	Automatically updated in the summary control budgets when the budget balances are imported to the source detail control budget.	• Not Applicable
No Budget Used to track transaction spending, not spending against budget amounts	Procure to pay	Budget can't be loaded	Not Applicable

Budget Balance Classifications

Budgetary Control can maintain and report budget balances separating initial budget from budget adjustments. This table explains how these two budget balance classifications are determined based on the methods of loading budget balances.

Methods of Loading Budget Balances	Budget Entry Classification
Load budget with File Based Data Interface (FBDI)	• Initial budget (if you specify budget entry classification as initial budget) • Budget adjustment (if you specify budget entry classification as budget revision)
Enter budget using Enter Budgets in Spreadsheet task	• Initial budget (if you specify budget entry classification as initial budget) • Budget adjustment (if you specify budget entry classification as budget revision)
Enter budget transfer using Budget Transfer form from the Review Budgetary Control Balances page	• Budget adjustment (always)
Enter Budget in EPM using Planning and load using Data Exchange when control budget's Source Budget Type is EPM Financial Module	• Initial budget (always)
Revise budget in EPM using Budget Revisions and load it using the Funds Reservation action	• Budget adjustment (always)
Enter budget in Project Management and load it during budget baseline	• Initial budget (if budget period is available for budgeting) • Budget adjustment (if budget period is open)
Receivables Receipt for cash budgets	• Budget adjustment (always)

Methods of Loading Budget Balances	Budget Entry Classification
Create Budget Entry from Revenue Process	• Initial budget (if you specify budget entry classification as initial budget) • Budget adjustment (if you specify budget entry classification as budget revision)

Related Topics

- Project and Grants Management
- Clear Budgetary Control Funds Check or Failures Requests
- Overview of Enterprise Performance Management
- Budgetary Control Validation of Receivables Receipts
- Automated Funding of Expense Budgets from Revenue

Import Budget Data from a Flat File for Budgetary Control

You can download a spreadsheet template from the Budgetary Control Budget Import File-Based Data Import for Financials guide to prepare and generate your budget data from an external source in a predefined flat file format.

The template contains an instructions sheet that explains these details:

- The two different usages of the template - to load expense budget to budgetary control only versus to load expense budget to budgetary control and general ledger simultaneously
- The restrictions of using the template to load expense budget to budgetary control and general ledger simultaneously
- The rules and concept of certain attributes, such as source budget type, source budget name and segment values
- The choice of two different worksheet formats
- These are the steps involved:
  - how to generate a data file
  - how to upload the file
  - the import process to submit:
    - Import Budget Amounts
    - Import Budget for Budgetary Control and General Ledger
  - how to fill out the process parameters

Refer to the tool tips on each column header for attribute-specific instructions.

Budget changes for General Ledger and Budgetary Control can be synchronized.

FBDI Template Name	Budget Import Process Name	Budget Balance Update
Budgetary Control Budget Import	Import Budget for Budgetary Control and General Ledger	Both Budgetary Control and General Ledger

FBDI Template Name	Budget Import Process Name	Budget Balance Update
Budgetary Control Budget Import	Import Budget Amounts process	Budgetary Control only
Import General Ledger Budget Balances	Validate and Upload Budgets	General Ledger only

Import Budget Data for Budgetary Control and General Ledger

This process updates balances for Budgetary Control and General Ledger. Review the guidance on the template before loading to ensure that the data can be loaded correctly.

If you want to load budgets in GL but your budget data omits some chart of accounts segments, you must:

- Specify a segment value for the omitted segment in the Chart of Accounts and Budget Accounts Mapping.

If you want to load budgets in GL at the summary segment value level, then you must perform these steps:

- Assign a hierarchy to the control budget segment
- Enable the Budget to Summary Account in General Ledger option on the Manage Budgetary Control page
- Republish the hierarchy from the Publish Account Hierarchies page

Related Topics

- Budget to Summary Accounts in General Ledger
- Chart of Accounts and Budgets Accounts Mapping

Import Budget Data from a Spreadsheet for Budgetary Control

You can access the spreadsheet from the Budgetary Control Dashboard using the Enter Budgets in Spreadsheet task in the Budgetary Control work area. Always retrieve a new spreadsheet to obtain a unique budget entry name for each budget entry.

If you revise budget, you can pre-populate the spreadsheet by retrieving current budget balances from Budgetary Control.

Whether the spreadsheet is pre-populated with current budget or not, you can add new rows using the Insert Sheet Row action in MS Excel.

If you enter budget in a new row, you can select segment values by double-clicking in the segment value cells or manually type in the segment values.

You must enter budget data at the budget account of the control budget segments. When there is a tree defined for the budget segment, the labeled parent must be used. Use the File-Based Data Import when your budget account balances are at a more detail level and the amounts roll up to a budget account.

You have these two options to enter budget amounts on the Enter Budget Spreadsheet.

- New budget or replacement of current budget
- Addition to or subtraction from current budget

Enter Budget by Spreadsheet is independent for Budgetary Control and General Ledger:

- Use the Enter Budgets in the spreadsheet task from the Budgetary Control dashboard
- Use the Create Budgets in Spreadsheet task from the General Accounting dashboard

Budget Transfer

You can make budget transfers from the Review Budgetary Control Balances page for budget accounts that have existing balances, including zero balances.

Use the Transfer Budget button to select the budget accounts for your budget transfer and initiate the budget transfer form. To transfer annual budget between accounts even when the budgets are broken down by month, search by year to date and last period of the year to get annualized amounts before you select the accounts for transfer.

Use the Allocation Method on the Budget Transfer form to decide whether you want the transfer to update First budget period or All budget periods equally.

If you use Budgetary control to update budgets in both Budgetary Control and General Ledger, you can specify appropriate budget usage and budget scenario in the budget transfer form to update both budgets.

Budget Import Results Report

The Budget Import Results Report is automatically submitted either by the Import Budget Amounts or Import Budgets from Spreadsheet process. Access the Budget Import Results Report from the output file of the Budget Import Results Report process.

Use

The Budget Import Results Report to review the overall import result. The report provides a summary of control budgets into which the budget data is successfully imported. The report also provides details about import failures.

The report doesn't list the resulting budget balances after the budget import. You obtain this information from the budgetary control analysis reports or the Budgetary Control Dashboard.

This image is an example of the report.

ORACLE

Budget Import Results Report

Report Date 17-Jul-2014 20:15:14

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Import Results

Budget Import Name	Status	Total Number of Records	Number of Records in Error
XCCUSER1 - RG Budget - 17-07-14 13:11:32 PM	Success	2	0

Imported Control Budgets

Budget Import Name	Control Budget	Total Number of Budget Accounts	Net Entered Budget Amount	Net Budget Change Amount
XCCUSER1 - RG Budget - 17-07-14 13:11:32 PM	RG Budget	2	1,200.00 USD	1,200.00 USD

Budget Import Errors

Budget Import Name	Budget Line Number	Control Budget	Error Message	Budget Account	Additional Information
No Budget import error					

Corrective Import Action: Reload budget data for failed data sets to the interface table and resubmit the import process.

End of Report

Related Topics

- Oracle Fusion Budgetary Control Predefined Reports
- Budgetary Control Analysis Report

Automated Funding of Expense Budgets from Revenue

If your organization requires your expense budget to be equal to or increased from revenue, use the Create Budget Entry from Revenue Process.

Related Video

- *Automatic Funding of Expense Budgets from Revenue Demo*

Create Budget Entry from Revenue Process

The Create Budget Entry from Revenue process automates the budget entry creation from revenue for expense control budgets.

This table lists the process parameters:

Parameter	Description
Ledger	The ledger of the control budgets to add budget from revenue.
Accounting Period	The accounting period used to derive the year to date revenue balance. **Note:** Ifrevenue estimate is designated as a maximum funding limit or minimum revenue threshold, the entire year's revenue estimate is derived.

Parameter	Description
Budget Usage	Indicates if budget is updated in both Budgetary Control and General Ledger or only budgetary control.
Budget Entry Classification	Indicates if budget is initial budget or a budget revision. **Note:** Budget revision updates the control budget's budget adjustment balance.
Budget Scenario	The expense budget scenario to update when the Budget Usage selected is Budgetary Control and General Ledger.

The Create Budget Entry process considers control budgets with these criteria:

- Allow funding for revenue is enabled for the control budget
- Revenue funding rules are enabled for the control budget
- Ledger of the control budget matches the ledger selected
- Period range of the control budget includes the last day of the accounting period selected

It's recommended to schedule the **Create Budget Entry from Revenue** process on a periodic basis for all ledgers to ensure the budget balance includes up to date revenue amounts.

Budget Entry

A budget entry is created for a revenue funding rule when the following conditions are met:

- the revenue balance is greater than the minimum revenue threshold.
- the revenue balance has changed since the last time the Create Budget Entry from Revenue process was run.
- the maximum funding limit hasn't been met.

Note: Only GL balances for account combinations designated as revenue are considered by the process.

Budget Entry from Revenue Example

This table shows the budget entry created for a specified revenue balance when revenue funding rules are defined with different minimum threshold and maximum funding limit values. The examples assume the Create Budget Entry from Revenue process is run for the first time.

		Budget Entries Created			
Minimum Threshold	**Maximum Funding Limit**	**Revenue Balance 5,000**	**Revenue Balance 27,000**	**Revenue Balance 53,000**	**Revenue Balance 68,000**
No minimum	Unlimited	5,000	27,000	53,000	68,000
No minimum	50,000	5,000	27,000	50,000	50,000
12,000	Unlimited	No budget entry	15,000	41,000	56,000

		Budget Entries Created			
12,000	50,000	No budget entry	15,000	41,000	50,000

Note: Only the revenue balance over the minimum threshold is added to the expense budget.

The budget entry includes:

- The request submission process id in the Justification field. This id can be used to rerun the Expense Budget Entry from Revenue Report.
- The name of the revenue rule in the Comment field of the budget entry line.

  Note: The budget period of the budget entry is derived from the last day of the accounting period selected in the process.

Budget Import Results Report

The Budget Import Results Report is run automatically when the Create Budget Entry from Revenue process is complete.

Use the Budget Import Results Report or the Review Budget Entries page from the Budgetary Control Dashboard to verify the budget entry and it's details.

Related Topics

- Control Budgets

Expense Budget Entry from Revenue Report

The Expense Budget Entry from Revenue Report is automatically generated from the Create Budget Entry from Revenue process.

Use the report to review the budget entry details for each revenue rule.

The report lists these items:

- Budget import summary by source budget and control budget
- Not attempted budget import details by source budget
- Budget entry details by source budget and revenue funding rule
- Target budget account details by source budget and revenue funding rule
- Revenue source and estimate account details by source budget and revenue funding rule

Budgetary Control Validation on Transactions

How You Determine Applicable Control Budgets

Budgetary Control determines the applicable control budgets based on whether you're controlling costs by ledger, project, or both.

Settings That Affect Applicable Control Budgets

Use the following settings of the **Control Budget Filter** to indicate how you're controlling costs:

- Ledger only
- Project
- Ledger or project

Note: Control budgets for a project are created automatically when you baseline a project budget in Oracle Fusion Project Management . Project Management puts the control budget in use, populates the budget balances, and opens the budget period statuses.

How Applicable Control Budgets Are Determined

When you set the **Control Budget Filter** to **Ledger only**, the Budgetary Control process matches the following two attributes on a transaction to determine the applicable control budgets:

- Ledger
- Budget Date: Compares the budget date of the transaction to the from and to periods in the control budget.

When you set the **Control Budget Filter** to **Project** or **Ledger or project**, the Budgetary Control process matches the following attributes on a transaction to determine the applicable control budgets:

- Ledger
- Project
- Budget Date: Compares the budget date of the transaction to the from and to periods in the control budget.

Controlling Costs by Ledger

The following example illustrates how the ledger and budget date of a transaction determine the applicable control budgets when you're controlling costs by ledger.

Assume the following control budgets:

Control Budget	Ledger	Start Period	End Period
Operations Budget	Vision City	FY2015	FY2015

Control Budget	Ledger	Start Period	End Period
Capital Budget	Vision Capital	FY2015	FY2020
Parks Budget	Vision City	March 2015	October 2015

When transactions are entered, the budgetary control engine determines if the control budgets are applicable as shown in this table:

Transaction Number	Ledger	Budget Date	Operations Budget	Capital Budget	Parks Budget
101	Any ledger value	01-JAN-2014	No	No	No
102	Vision City	19-JAN-2015	Yes	No	No
103	Vision Capital	19-JAN-2015	No	Yes	No
104	Vision City	04-MAR-2015	Yes	No	Yes
105	Vision Special Projects	Any date	No	No	No

Controlling Costs by Project

The following example illustrates how the ledger, project values and budget date of a transaction determine the applicable control budgets when you're controlling by project.

Assume you're controlling by project, but you also want to control some non-project costs. You have set the **Control Budget Filter** to **Ledger or project**, and entered the following control budgets:

Control Budget	Ledger	Project	Award
HQ Office Move	Vision City	HQ Office Move	Any or no award assigned to the project
Roadways	Vision City	Roadways	2016
Operations Budget	Vision City	Any or no project on the transaction	
Mayor Office Budget	Vision City	No project on the transaction	

In this example, the HQ Office Move and Roadways control budgets are created by Project Management.

When transactions are entered, the budgetary control engine determines if the control budgets are applicable as shown in this table:

Transaction Number	Ledger	Project	Award	HQ Office Move	Roadways	Operations Budget	Mayor Office Budget
201	Vision City	HQ Office Move		Yes	No	Yes	No
202	Vision City	Telco		No	No	Yes	No
203	Vision Capital	Telco		No	No	No	No
204	Vision City			No	No	Yes	Yes
205	Vision City	Roadways	2016	No	Yes	Yes	No

Control Budget Options

Determine how a transaction is controlled during budgetary control validation using the validation options for control budgets. Set up the following options:

- Control level:
  - Absolute: Stops transaction processing if there are insufficient funds after the tolerance.
  - Advisory: Provides a warning if there are insufficient funds after the tolerance.
  - Track: Provides no notifications or warnings about insufficient funds. This control level is used to report on funds consumption with no impact on the transaction lifecycle.
  - None: Provides no budgetary control validation. Funds aren't reserved and transactions aren't tracked. This control level is often used with supplemental rules.
- Tolerance: The acceptable amount or percentage over the budget amount. A warning appears when the tolerance is exceeded.
- Override: An option to continue if budgetary control fails due to insufficient funds based on funds available by period and account, or because the budget period is closed.
- Supplemental rules: Exceptions to the control level and tolerance settings.

Related Topics

- Change Budgetary Control Validations
- Control Budgets

Budget Period Status Options

Budget period statuses affect the budgetary control validation result.

The following table shows the budgetary control validation results for each budget period status.

Budget Period Status Options

Budget Period Status	Budgetary Control Validation Funds Status Result	Funds Status Failure
Never opened	Fail	Budget period not open for control budget
Available for budgeting	Pass for budget entries	N/A
	Fail for all other transactions	Budget period not open for control budget
Open	Pass	N/A
Close pending	Fail for: • Budget imported with initial budget as the budget entry classification • All subledger transactions enabled for budgetary control except for the final close action on a purchase order	Budget period not open for control budget
	Pass for: • Budget imported with budget revision as the budget entry classification • General Ledger and subledger journal entries • Final close action on a purchase order including: o Carry Forward Purchase Order Budgetary Control Balances process o Manual final close action on a purchase order	N/A
Closed	Fail	Budget period closed for control budget
Permanently closed	Fail	Budget period not open for control budget

Note: The close pending status can be used to limit budgetary control validation of General Ledger and subledger journal entries only while completing month-end or year-end close tasks. This prevents consumption of a control budget's funds available balance by subledger transactions and prevents changes to a control budget's initial budget amount.

Budgetary Control Results

Use View Budgetary Control Results to understand the budgetary control result on a transaction that has been funds checked or reserved. The window is accessed from a subledger transactions page by clicking on the funds status hyperlink or via the Actions menu.

The window has two views: Transaction view and Budget view.

Transaction View

The Transaction view is the defaulted display. All users that have access to a transaction can view the Transaction view. To understand the budgetary control validation impact, this window displays control budget, budget period, budget account, requested and consumed amounts, and other relevant budgetary control information.

Budget View

Use the budget view to see the budget impact for your transaction. This view displays budget information, along with the transaction lines that roll up to the impacted budget. The budget view is available to users who are granted the Review Budget Impact privilege (XCC_REVIEW_BUDGET_IMPACT_PRIV). The impacted control budgets are subject to control budget data security.

The Budget view let's you do these tasks:

- View budget balances for the impacted budget account, budget period, and transactions impacting the budget.
- View funds statuses for a transaction.
- View transaction lines related to the impacted budget.
- View funds available in the impacted and future periods.
- Change transactions based on the budget impact.
- Contact the budget manager to request additional funds.

Select the required amount columns from these tracked and predetermined budget and consumption amount columns:

Column Name	Column Description	Calculation
Available	The budget amount available for future consumption.	Current initial budget amount less current budget adjustment amount and less the sum of expenditure balance, obligation balances, commitment balances, and other anticipated expenditures.
Additional Required	The additional funds needed to reserve the transaction lines.	Funds requested from the current transaction less current funds available and less funds consumed (total of expenditure balance, obligation balance, commitment balance, and other anticipated expenditure balance).
Total Consumption	Total consumption amount for the budget year.	Total commitment, obligation, expenditure and other encumbrances amounts for the budget year.
Total Budget	Total budget amount for the budget year.	Total of initial budget and adjusted budget amounts for the budget year.
Budget Adjustment	The net adjustment amounts for budget revisions during the budget year.	Net amount of all budget adjustment amounts during the budget year.
Commitment	The requisition amount that's reserved, but not fulfilled by a purchase order and the reserved spend authorization amount.	Total amounts reserved for requisitions less amounts liquidated by their purchase orders and spend authorizations.

Column Name	Column Description	Calculation
Obligation	The purchase order amounts reserved for the goods or services that aren't: • Invoiced • Received	Total amounts reserved for purchase orders less amounts liquidated by their invoices or receipts.
Other Encumbrances	The reserved encumbrance journal entry amounts other than obligation and commitment encumbrances.	
Payables Expenditures	The reserved payable amounts such as invoices, credit memos, debit memos, and prepayment amounts.	
Receipt Expenditures	The reserved receipt amounts	
Project Expenditures	The reserved project expenditure amounts.	
Other Expenditures	The actual journal entry amounts other than payables, project account, and receipt accounting journals. This implies actual journals from subledgers that aren't uptaking budgetary control or manual journal entries.	

Budgetary Control Validation Failures and Corrective Actions

You can identify the budgetary control result on a transaction using the View Budgetary Control Results page. A transaction can fail budgetary control validation due to several reasons.

You can hover over the status for each transaction line to review the failure description. Corrective actions for failures that require more details are listed in the table below. Determine how to correct the failure using the failure description in the View Budgetary Control Results page or the corrective action listed below. Take the appropriate action before reattempting the transaction.

Budgetary Control Validation Failures and Corrective Actions

Status	Failure Description	Corrective Action
Insufficient funds	The funds available are insufficient to complete the transaction. This happens when the transaction amount is more than the funds available balance for the budget account and budget period combination.	Reduce the transaction amount to be below the funds available amount. You can access the funds available from the Budget view of the Budgetary Control Results window. If you don't have access to the Budget view, contact the budget manager with the budget account and budget period to determine the funds available amount.

Status	Failure Description	Corrective Action
		Alternatively, contact the budget manager with the budget account and budget period to request additional funds.
Pending lines exceeds funds available	There is another transaction being validated for budgetary control. If the validation for that transaction is successful, it may consume the remaining funds available, resulting in insufficient funds for the current transaction.	This is a temporary failure. Please submit the transaction for budgetary control validation again later. If the other transaction that was being validated at the same time wasn't successful, then this transaction may now pass budgetary control.
You can override the insufficient funds	The funds available are insufficient to complete the transaction. This happens when the transaction amount is more than the funds available balance for the budget account and budget period combination. However, you can override this budgetary control failure.	If the transaction amount cannot be reduced, you can override this budgetary control failure. Alternatively, reduce the transaction amount to be below the funds available amount. You can access the funds available from the Budget view of the Budgetary Control Results window. If you don't have access to the Budget view, contact the budget manager with the budget account and budget period to determine the funds available amount.
Override available by others for insufficient funds	The funds available are insufficient to complete the transaction. This happens when the transaction amount is more than the funds available balance for the budget account and budget period combination. However, an insufficient funds override is available.	If the transaction amount cannot be reduced, you can request an override. Alternatively, reduce the transaction amount to be below the funds available amount. You can access the funds available from the Budget view of the Budgetary Control Results window. If you don't have access to the Budget view, contact the budget manager with the budget account and budget period to determine the funds available amount.
Override exceeds maximum balance allowed	The funds available are insufficient to complete the transaction and the additional required amount exceeds the remaining override balance available. Allowed consumption = Funds available + Remaining Override balance.	Reduce the transaction amount to be less than the sum of the funds available and the remaining override amount. You can access the funds available and the remaining override amount from the Budget view of the Budgetary Control Results window. If you don't have access to the Budget view, contact the budget manager with the budget account and budget period to determine the funds available and the remaining override amount. Alternatively, contact the budget manager with the budget account and budget period to request additional funds or update the maximum override amount.
Budget date outside of valid budget date range for ledger	The budget date on the transaction falls outside of the date range across all control budgets for the ledger. The budgetary control is set to fail validation in this case.	The budget date must be in a valid budget period allowed for consumption. Verify the budget date is correct and if not, change the budget date. If the entered budget date is correct, contact the budget manager. The budget manager

Status	Failure Description	Corrective Action
		should ensure there are control budgets defined for the specified budget period.
Budget period not open for control budget	The budget period for the budget date on the transaction is not opened. Budget consumption will be allowed when the budget period is opened.	Request the budget manager to open the period for consumption or move the transaction to an open budget period.
Budget period closed for control budget	The budget period for the budget date on the transaction is closed. Budget consumption is not allowed in a closed budget period.	Contact the budget manager to find an open period and change the budget date to the open budget period. If the transaction needs to be consumed on entered budget date, request the budget manager to open the budget period to allow consumption. Budget managers can also choose to implement closed period override for certain transaction types to avoid reopening the budget period.
You can override this closed budget period	The budget period for the budget date on the transaction is closed. Budget consumption is not allowed in a closed budget period. However, you can override this budgetary control failure.	If the transaction needs to be consumed on the entered budget date, you can override this budgetary control failure. Alternatively, contact the budget manager to find an open period and change the budget date to the open budget period.
Override available by others for closed budget period	The budget period for the budget date on the transaction is closed. Budget consumption is not allowed in a closed budget period. However, a closed period override is available for this transaction.	If the transaction needs to be consumed on the entered budget date, you can request a budgetary control override. Alternatively, contact the budget manager to find an open period and change the budget date to the open budget period.
Transaction account rolls up to multiple budget accounts	The transaction is controlled by a control budget with one or more segments using a tree to determine the budget account. However, the account used in the transaction contains a segment value that has more than one parent node in the tree version with the tree label specified in the control budget.	Ensure the account being used for the transaction is valid for the control budget. You can contact the budget manager for confirmation. If the account is valid, the budget manager should update the tree version so the value is assigned to only one parent node with the corresponding label specified by the control budget segment. The budget manager will also need to run the process to refresh the control budget's tree.
Transaction account does not roll up to a budget account	The transaction is controlled by a control budget with one or more segments using a tree to determine the budget account. However, the account used in the transaction contains a segment value that is either not present in the tree version or lacks a parent node with the tree label specified in the control budget.	Ensure the account being used for the transaction is valid for the control budget. You can contact the budget manager for confirmation. If the account is valid, the budget manager should update the tree version so the value is assigned to a parent node with the corresponding label specified by the control budget segment. The budget manager will also need to run the process to refresh the control budget's tree.
Invalid account on line, budget account cannot be created	Budgetary control failed to determine the budget account on this transaction. Possible reasons include:	Perform the appropriate step below after determining the reason for the failure.

Status	Failure Description	Corrective Action

	• You don't have access to the budgetary controlled segment values
	  ○ You don't have access to the parent segment value when the transaction is controlled by a control budget with one or more segments using a tree.
	  ○ You don't have access to the derived segment value when the transaction is a payment or receivables receipt.
	• Project Expenditure Item is controlled by a control budget with GL segments and Transaction Account Builder is not configured to generate the code combination:
	  ○ The Chart of Accounts control budget is applicable to transactions with projects.
	  ○ The Project control budget has Supplemental Rules defined with chart of accounts segment values.
		• If you see this error on a project expenditure transaction, contact the application implementation consultant to configure Transaction Account Builder.
		• If you see this error on a payment or receivables receipt, contact the budget manager with the transaction account to check the security on the value sets of the cash control budget segments. If security is enabled, the budget manager should grant you access to the value.
		• Contact the budget manager with control budget, transaction account and budget date to check the security on the value sets of the control budget segments with trees assigned. If security is enabled, the budget manager should grant you access to the parent values in the tree.

Missing currency conversion information on transaction	The transaction is controlled by a control budget in a different currency from the transaction currency. The currency conversion information is not available for the conversion rate type of the control budget for the budget date. The currency conversion information is required to complete the budgetary control for the transaction.	Identify conversion rate type, conversion date and budget currency from the View Budgetary Control Results page. Contact the general accounting manager with these details along with transaction currency to request adding the conversion information. **Note:** The budget currency is available on the Budget view. If you don't have access to Budget view, contact the budget manager to identify the budget currency for the control budget.
No chart of accounts control budget	The transaction has no project attributes and there is no control budget in place for the transaction's budget date.	Contact the budget manager to determine a suitable budget date in which the transaction is controlled by a chart of accounts control budget and update the budget date. If the transaction needs to be consumed on entered budget date, request the budget manager to update the chart of accounts control budget to include the budget date.
No cash control budget	Budgetary control is enabled for cash and either the cash control budget isn't created or the budget date on the transaction is outside the cash control budget's date range.	The budget date must be a valid date within the accounting calendar. Verify the budget date is correct and if not, change the budget date. If the budget date is correct, contact the budget manager to confirm if budgetary control should be disabled for cash or the cash control budget needs to be created and put in use. If the cash control budget is already in use, the date range isn't synchronized with the ledger. To synchronize the cash control budget date range with the ledger's accounting calendar, the

Status	Failure Description	Corrective Action
		budget manager should close the cash control budget and prepare it for use again.

Related Topics

- Transaction Account Builder
- Set Up Default Budget Account

Budgetary Control Validation Diagnostic Test

You can review budgetary control validation errors and resolutions in the Budgetary Control Validation Diagnostic Data test report. Use this report to understand the reason for and details of budgetary control validations result for a transaction that has been reserved or funds checked.

You can generate the diagnostic report in the following manner:

1. Sign in as the application diagnostics administrator.
2. Select **Run Diagnostics Tests...**from Troubleshooting from your user profile menu.
3. Search for the test **Budgetary Control Validation Diagnostic Data** on the Diagnostic Dashboard.
4. Use the check box to select the diagnostic test and click **Add to Run**. A new row appears in the **Choose Tests to Run and Supply Inputs** section.
5. Click the warning icon on the **Input Status** column to open the **Input Parameters** window.
6. Select the include check box icon for either **Data Set ID** or **Transaction Number** or both and enter the required parameters on the **New Value** column and click **OK**.
7. Verify that the warning icon changes to success on the **Status** column and click **Run** on the **Choose Tests to Run and Supply Inputs** tool bar. Click **OK** to close the confirmation message.
8. Click the refresh icon on the **Diagnostic Test Run Status** table until your request is complete.
9. Click the **View Test Results** icon on the **Report** column to review the diagnostic report.
10. Click the **Execution ID** link in the **Executions** section of the Diagnostic Engine Log output to download and include the report as an HTML file in the Service Request for support.

Related Topics

- Control Budget Validation Diagnostic
- Budgetary Control and Encumbrance Accounting Enablement Diagnostic Test

Budgetary Control Validation of Cash Control Budgets

Budgetary Control Validation of Receivables Receipts

Standard receipts with an application and miscellaneous receipts are budgetary controlled in Receivables subleger when the transactions are saved and closed.

The applied amount for standard receipts and receipt amount for miscellaneous receipts impact the cash budget as adjusted budget balance.

Funds are also updated in the cash budget when:

- A standard receipt with an application is updated, unapplied, or reversed.
- A miscellaneous receipt is reversed or deleted.

The budget account is determined as follows:

- The natural account is the cash account on the receipt method's remittance bank account.
- All other segments are the revenue distribution account.

The following receipt applications aren't budgetary controlled and don't fund the cash budget:

- Invoices and debit memos from business units implementing Revenue Management
- Invoices with contingency
- Invoices with revenue schedules
- Invoices for Bills Receivable
- Debit memos with source debit memo reversal

Accounting created for cleared receipts are not budgetary controlled in General Ledger because the cash natural account from the remittance bank account is budgetary controlled in Receivables. These journals have a funds status of Reserved in subledger. Accounting created for confirmed or remitted receipts are still budgetary controlled in General Ledger.

Related Topics

- Control Budgets
- Accounts in Journals Subject to Cash Controls
- Guidelines for Applying Transactions to Bills Receivable
- Remittance Methods and Clearance Methods

Failures Requiring Attention

The Failures Requiring Attention region on the Budgetary Control Dashboard is used to review, correct, and resubmit receipts that failed budgetary control validation.

Failed Transactions Tab

Click the **Reprocess** button to reprocess receipts that failed budgetary control validation after viewing and correcting the failures.

Cash Budget Status Exceptions Tab

Correct cash control budget status and budget period status failures by following the corrective action hyperlink. After correcting the failure, reprocess all receipts for the ledger by clicking the corrective action hyperlink again.

Budgetary Control Validation of Payables Payments

Payments created from a payment process request, quick payments, and pay in full are budgetary controlled in the Payables subledger.

The invoice distribution combination and the bank's cash account are used to determine the budget account. The invoice distribution combination is used for all segments except the natural account, which is replaced by the cash account on the bank account that the payment is made from.

Journals generated from these payments aren't budgetary controlled in General Ledger against procure to pay control budgets that control expenses. Journals entries created for these payments will have the Reserved in Subledger in General Ledger fund status.

Some Payment features are not supported for cash controls in the Payables subledger. The funds for these payments will be consumed from the Cash Budget when the journals for these payments are reserved in General Ledger. Here is a list of unsupported payments:

- Manual
- Refunds

Enable these options to ensure that the cash account for all payment journal entries is the same as the cash budget account derived when budgetary controlling the payment in the subledger:

- Automatic offsets on the Manage Common Options for Payables and Procurement page.
- Pooled account for the bank account on the Edit Bank Account page.

Related Topics

- Control Budgets
- Considerations for Cash Budgeting
- Guidelines for Common Options for Payables and Procurement
- How Bank, Branch, and Account Components Work Together

Inquiry and Reporting

Overview of Budgetary Control Inquiry and Reporting

Oracle Fusion Budgetary Control is an integrated solution with advanced budgetary control preparation, validation, inquiry, and reporting.

This helps public sector and commercial organizations define and manage budgets and actual costs with better visibility into commitments, obligations, and expenditures, and comply with legal requirements. Budgets can be integrated with Oracle Hyperion Planning, Oracle Project Management Cloud, and your third-party budget preparation solutions through Oracle Fusion Budgetary Control's open interface. Budget managers can monitor fund balances, review budget exceptions, and control periods in which funds consumption can occur. During transaction entry, users can preview funds available and engage budget managers to resolve funds failures. Users can perform real time inquiry and

reporting of funds available complete with funds consumption analysis across multiple summarization and formats using any of these out-of-the-box features:

- Budget Monitor
- General Accounting Infolets for Budget Consumed and Funds Available
- Review Budgetary Control Balances
- Oracle Budgetary Control Predefined Reports

Budget Monitor

Budget Monitor in the Budgetary Control Dashboard enables you to monitor budget consumption for your choice of key accounts. You can start at a high level and then drill down to any segment along your choice of single or multi-level hierarchy.

In every step along the hierarchy, you can easily spot line items that are running low in funds with configurable color coding, such as highlight a line item red if it more than 90% of the budget is consumed.

Also, at any step along the hierarchy, you can drill through from a budget or consumption balance to the budget entries or transactions that make up the balance.

You can create your own private budget account groups to track a collection of line items that you want to monitor. Alternatively, a centralized, administrative user in your organization can create public budget account groups and make them available to any users who have access to the underlying control budget.

In the absence of the centralized, administrative user, the budget manager of the underlying control budget can update, delete, or change the owner of a public budget account group. If you're the budget manager, and you want to make a budget account group private to yourself, set yourself as the owner to enable the access field on the Edit Budget Account Group page.

Design Your Drill Path

When you define a line item in a budget account group to display in your Budget Monitor, you select a segment value as a starting point from a list of values that comprises of segment values organized in two categories, separated by:

- All <Segment Value Set> Values *(**Example:** All Account Values)*
- <Tree>-<Version> / R_<Tree>-<Version> *(**Example:** Account-V1 / R_ Account-V1)*

The category from which you select your segment value depends on whether your control budget uses a tree for the segment and your choice of drill-down experience as listed in this table:

If you want to	Segment value selection and drill path if the segment uses tree in your control budget	Segment value selection and drill path if the segment does not use tree in your control budget
Directly report on a segment value where balances are recorded	• Select the summary segment value within <Tree>-<Version> or R_<Tree>-<Version>, such as 5200 (Personnel Service) where balances are recorded, for your budget account group line item. • Budget Monitor directly reports on 5200 (Personnel Service).	• Select the detailed segment value within All <Segment Value Set> Values, such as 5201 (Salary) where balances are recorded, for your budget account group line item. • Budget Monitor directly reports on 5201 (Salary).

If you want to	Segment value selection and drill path if the segment uses tree in your control budget	Segment value selection and drill path if the segment does not use tree in your control budget
	• Drill link is not provided because balances are not recorded at the next level - 5201 (Salary).	• Drill link is not applicable.
Start with a total across all segment values and drill directly to the segment values where balances are recorded	• Select All Account Values in your budget account group line item. Budget Monitor starts by displaying the total balance across all segment values for All Account Values. • Drill down on All Account Values immediately displays individual summary account segment values where balances are recorded, such as 5200_Base (Personnel Service). Note that _Base is suffixed to the summary segment value 5200 necessary for the reporting cube. It is recommended that you select Account-V1 (see the next row) instead of this All Account Values if your segment uses tree in your control budget to avoid segment values with this _Base suffix.	• Select All Account Values in your budget account group line item. Budget Monitor starts by displaying the total balance across all segment values for All Account Values. • Drill down on All Account Values immediately displays individual account segment values where balances are recorded, such as 5201 (Salary).
Start with a total across all segment values or a subtotal for a subset of segment values and drill down one level at a time along the hierarchy	• Select Account-V1 in your budget account group line item. Budget Monitor starts by displaying the total balance across all segment values for Account-V1. • Drill down on Account-V1 displays 3000 (Net Income), which drills down to 5000 (Total Expenditures), which drills down to 5100 (Total General Administration Expenditures), which drills down to 5200 (Personnel Service). Assuming your control budget record balances at 5200 (Personnel Service) summary level, it won't drill further down to 5201 (Salary). • Select 5100 (Total General Administration Expenditures) within Account-V1 in your budget account group line item. Budget Monitor starts by displaying the subtotal balance for 5100 (Total General Administration Expenditures). • The drill path is the same as above except it starts from 5100 (Total General Administration Expenditures).	• Account-V1 is not available when you define your budget account group if the segment does not use tree in your control budget. • Select R_Account-V1 instead in your budget account group that can be made available by running the Add Reporting Tree for Budgetary Control Cubes process. Budget Monitor starts by displaying the total balance across all segment values for R_Account-V1. • Drill down on R_Account-V1 displays 3000 (Net Income), which drills down to 5000 (Total Expenditures), which drills down to 5100 (Total General Administration Expenditures), which drills down to 5200 (Personnel Service), which drills down to 5201 (Salary), where balances are recorded. • Select 5100 (Total General Administration Expenditures) within R_Account-V1 in your budget account group line item. Budget Monitor starts by displaying the subtotal balance for 5100 (Total General Administration Expenditures). • The drill path is the same as above except it starts from 5100 (Total General Administration Expenditures).

General Accounting Infolets for Budget Consumed and Funds Available

Infolets bring critical information to your attention in a dashboard format.

You can configure up to five instances of Budget Consumed infolet to track line items with the highest consumption in different key areas in your organization. Each instance is based on a budget account group you select to “display on my infolet” in Budget Monitor. You can configure up to five instances of Funds Available infolet to display the funds available amounts for a key budget account each.

Related Topics

- Using Infolets

Review Budgetary Control Balances

Review Budgetary Control Balances enables you to quickly search for budget and consumption balances at the lowest segment values at which balances are recorded.

It always displays balances at the lowest segment values below your search criteria where balances are recorded for a particular control budget. Because the search is direct, it does not provide drill down along hierarchy from an ancestor segment value to its next level segment values. For drill down capability, start your inquiry from Budget Monitor.

Review Budgetary Control Balances provides a drill through capability from a budget or consumption balance to the budget entries or transactions that make up the period-to-date balance.

Use the Saved Search feature for your frequent search criteria.

Oracle Fusion Budgetary Control Predefined Reports

Additionally, you can use these predefined reports for further inquiry and reporting.

Display Name	Description
Budget Import Analysis Report	Control Budget Balance Layout: Lists the control budgets, budget accounts, budget periods, and amounts that are impacted by each imported budget line item. Budget Release for Consumption Layout: Lists the budget release histories and future budget release schedules for control budgets that don't allow their budget amounts to be available for consumption until they're released.
Budgetary Control Results Report by Transaction	Lists the impacted control budget, account, and period for a specific transaction as a result of budgetary control validation. The transaction number for a Payables payment before it's complete is the payment process request number. When payment is complete, the transaction number for electronic payments will be the

Display Name	Description
	payment reference number. The transaction number for check payments will be payment reference number - check number.
Budgetary Control Results Report for Transaction Batch	Lists the impacted control budget, account, and period for a group of transactions as a result of budgetary control validation in a batch process.
Budgetary Control Exception Analysis Report	Lists the budgetary control failures by control budget period. The budget account, transaction type, number, amount, and action are listed.
Budgetary Control Analysis Report	Fund Available Trend Layout: Lists the fund budget and consumption balance for a specific control budget in a range of periods. The budget, commitment, obligation, and expenditure balance by cost center and account are also listed. View Funds Available Layout: Lists the funds available by control budget account and period. The budget consumption from transactions is listed along with the impacted commitment, obligation, and expenditure and funds available balances. Account Activities Layout: Lists the control budget accounts by period with consumption and without consumption. The account balance and transaction details are also listed.
Budgetary Control - Balances Real Time	The Budgetary Control - Balances Real Time subject area provides the real-time details of budgetary control balances, such as budget, consumption, reservation category and funds available amounts, and control budget details.
Budgetary Control - Transactions Real Time	The Budgetary Control - Transactions Real Time provides the real-time details of transactions and their impact on budget balances for the ad hoc analysis of budget consumption and funds available.

To run predefined reports, you can use one of these methods:

Scheduled Processes work area

1. Navigate to Tools > Scheduled Processes and follow these steps:
2. Click the **Schedule New Process** button.
3. Search for your process name.
4. Enter your parameters.
5. Enter your process options and schedule.
6. Click **Submit**.

Reports and Analytics work area

1. Navigate to Tools > Reports and Analytics and follow these steps:
2. Go to Shared folders > Financials > Budgetary Control
3. Click on the report name.
4. In the tab that opens, enter your parameter values.
5. Click Apply.

Budgetary Control Analysis Report

This topic includes details about the Budgetary Control Analysis Report.

Overview

The Budgetary Control Analysis Report is a ready to use Oracle Business Intelligence Publisher report that can be viewed online or scheduled. The report layouts are predefined, but you can modify the layouts to meet your requirements and filter data interactively.

Budgetary Control Analysis Report includes the following layouts:

- Funds Available Trend: Lists fund budget and consumption balances for a specific control budget in a range of periods. The budget, commitment, obligation, and expenditure balances by cost center and account are also listed.
- View Funds Available: Lists funds available by control budget account and period. Budget consumption from transactions is listed along with the impacted commitment, obligation, and expenditure and funds available balances.
- Account Activities: Lists control budget accounts by period with consumption and without consumption. Account balances and transaction details are also listed.

The following figure is an example of the Funds Available Trend layout.

Ledger Vision City **Control Budget** VCity XCC Absolute **Currency** USD

Balance by Fund

	Budget Balance	Total Consumption Balance	Funds Available Percent
0001	17,233,000.00	12,268.15	99.93%
0006	15,352,000.00	0.00	100.00%
Total	32,585,000.00	12,268.15	99.96%

Balance by Cost Center and Object

	Initial Budget Balance	Budget Adjustment Balance	Commitment Balance	Obligation Balance	Other Encumbered Balance	Expenditure Balance	Total Consumption Balance	Funds Available Percent
0001	17,233,000.00	0.00	1,435.00	1,295.00	0.00	9,538.15	12,268.15	99.93%
6501	7,800,000.00	0.00	1,435.00	1,295.00	0.00	2,565.15	5,295.15	99.93%
3310	3,900,000.00	0.00	1,435.00	1,095.00	0.00	1,405.50	3,935.50	99.90%
3320	3,900,000.00	0.00	0.00	200.00	0.00	1,159.65	1,359.65	99.00%
6502	1,957,000.00	0.00	0.00	0.00	0.00	7,001.00	7,001.00	99.64%
3310	1,919,000.00	0.00	0.00	0.00	0.00	0.00	0.00	100.00%
3320	38,000.00	0.00	0.00	0.00	0.00	7,001.00	7,001.00	81.58%
6503	0.00	0.00	0.00	0.00	0.00	-28.00	-28.00	
3130	0.00	0.00	0.00	0.00	0.00	-28.00	-28.00	
9504	7,800,000.00	0.00	0.00	0.00	0.00	0.00	0.00	100.00%

The following figure is an example of the View Funds Available layout.

Ledger Vision City Control Budget VCity XCC Absolute Currency USD

Budget Period: Jul-10, Aug-10

Fund: 0001, 0006

Funds Available by Budget Account

Budget Account	Budget Account Description	Budget Period	Budget Balance	Budget Initial Balance	Budget Adjustment Balance	Total Consumption Balance	Commitment Balance	Obligation Balance	Expenditure Balance	Other Encumbrance Balance	Funds Available Balance	Funds Available Percent
0001-6001-9501-3310	Major Fund-General Restricted-XCC PM Department 9501-Uniforms & Safety Equipme	Jul-10	950,000.00	950,000.00	0.00	3,793.50	1,500.00	1,296.00	1,297.50	0.00	946,206.50	99.60%
0001-6001-9501-3310	Major Fund-General Restricted-XCC PM Department 9501-Uniforms & Safety Equipme	Aug-10	950,000.00	950,000.00	0.00	142.00	15.00	0.00	127.00	0.00	949,858.00	99.99%
0001-6001-9501-3320	Major Fund-General Restricted-XCC PM Department 9501-Professional Services	Jul-10	950,000.00	950,000.00	0.00	1,000.00	0.00	0.00	1,000.00	0.00	949,000.00	99.89%
0001-6001-9501-3320	Major Fund-General Restricted-XCC PM Department 9501-Professional Services	Aug-10	950,000.00	950,000.00	0.00	359.65	0.00	200.00	159.65	0.00	949,640.35	99.96%
0001-6001-9502-3310	Major Fund-General Restricted-XCC PM Department 9502-Uniforms & Safety Equipme	Jul-10	950,000.00	950,000.00	0.00	0.00	0.00	0.00	0.00	0.00	950,000.00	100.00%
0001-6001-9502-3310	Major Fund-General Restricted-XCC PM Department 9502-Uniforms & Safety Equipme	Aug-10	950,000.00	950,000.00	0.00	0.00	0.00	0.00	0.00	0.00	950,000.00	100.00%
0001-6001-9502-3320	Major Fund-General Restricted-XCC PM Department 9502-Professional Services	Jul-10	9,500.00	9,500.00	0.00	0.00	0.00	0.00	0.00	0.00	9,500.00	100.00%
0001-6001-9502-3320	Major Fund-General Restricted-XCC PM Department 9502-Professional Services	Aug-10	9,500.00	9,500.00	0.00	7,001.00	0.00	0.00	7,001.00	0.00	2,499.00	26.31%
0001-6001-9503-3130	Major Fund-General Restricted-XCC PM Department 9503-Equipment Maintenance	Jul-10	0.00	0.00	0.00	-28.00	0.00	0.00	-28.00	0.00	28.00	
0001-6001-9504-3310	Major Fund-General Restricted-XCC DEV Department 9504-Uniforms & Safety Equipme	Jul-10	950,000.00	950,000.00	0.00	0.00	0.00	0.00	0.00	0.00	950,000.00	100.00%
0001-6001-9504-3310	Major Fund-General Restricted-XCC DEV Department 9504-Uniforms & Safety Equipme	Aug-10	950,000.00	950,000.00	0.00	0.00	0.00	0.00	0.00	0.00	950,000.00	100.00%
0001-6001-9504-3320	Major Fund-General Restricted-XCC DEV Department 9504-Professional Services	Jul-10	950,000.00	950,000.00	0.00	0.00	0.00	0.00	0.00	0.00	950,000.00	100.00%
0001-6001-9504-3320	Major Fund-General Restricted-XCC DEV Department 9504-Professional Services	Aug-10	950,000.00	950,000.00	0.00	0.00	0.00	0.00	0.00	0.00	950,000.00	100.00%

The following figure is an example of the Accounts Activities layout.

Ledger Vision City Control Budget VCity XCC Absolute Currency USD

Period: Jul-10, Aug-10

Accounts With Activities

		Total Consumption	Funds Available
0001-6001-9501-3310		3,936.50	1,896,064.50
	Jul-10	3,793.50	946,206.50
	Aug-10	142.00	949,858.00
0001-6001-9501-3320		1,359.65	1,898,640.35
	Jul-10	1,000.00	949,000.00
	Aug-10	359.65	949,640.35
0001-6001-9502-3320		7,001.00	2,499.00
	Aug-10	7,001.00	2,499.00
0001-6001-9503-3130		-28.00	28.00
	Jul-10	-28.00	28.00

Account Balances

Budget Account	Budget Account Description	Budget Period	Initial Budget	Budget Adjustment	Total Budget	Total Consumption	Funds Available
0001-6001-9501-3310	Major Fund-General Restricted-XCC PM Department 9501-Uniforms & Safety Equipme	Jul-10	950,000.00	0.00	950,000.00	3,793.50	946,206.50
0001-6001-9501-3310	Major Fund-General Restricted-XCC PM Department 9501-Uniforms & Safety Equipme	Aug-10	950,000.00	0.00	950,000.00	142.00	949,858.00
0001-6001-9501-3320	Major Fund-General Restricted-XCC PM Department 9501-Professional Services	Jul-10	950,000.00	0.00	950,000.00	1,000.00	949,000.00
0001-6001-9501-3320	Major Fund-General Restricted-XCC PM Department 9501-Professional Services	Aug-10	950,000.00	0.00	950,000.00	359.65	949,640.35
0001-6001-9502-3320	Major Fund-General Restricted-XCC PM Department 9502-Professional Services	Aug-10	9,500.00	0.00	9,500.00	7,001.00	2,499.00
0001-6001-9503-3130	Major Fund-General Restricted-XCC PM	Jul-10	0.00	0.00	0.00	-28.00	28.00

Key Insights

Use this report to periodically review the consumption trends by control budget. Each layout displays the data to highlight different aspects of consumption.

- Funds Available Trend: How the budget is consumed
- View Funds Available: How much is left in the budget
- Accounts Activities: Which activities are consuming the budget

This report only captures transactions for which funds are reserved, but not those that have only checked for funds availability.

Report Parameters

The following table describes selected process parameters:

Name	Description
Control Budget	Specify the name of the budget for reporting.
From/To Budget Period	Specify which periods to include in the report.
Include Additional Attributes	Indicate whether to include and retrieve additional attributes. If you're not using these attributes in your layout, don't retrieve them.
Budget Account Filter	Specify the budget accounts for reporting.

Frequently Asked Questions

The following table lists frequently asked questions about the budgetary control analysis reports.

FAQ	Answer
How do I find these reports?	Schedule and run these reports from the Scheduled Processes work area on the Navigator menu.
Who uses these reports?	Budget Manager
When do I use these reports?	Use these reports to: • Review graphs of your budget and consumption amounts for your fund or project by period • Analyze your budget, consumption and funds available balances and percentages by: o Period, fund, cost center and object o Period and budget account • Review budget consumption details with budget account, period and transaction details • Review budget accounts and periods with budgeted amounts but no consumption

FAQ	Answer
What type of reports are these?	Oracle Business Intelligence Publisher

Related Topics

- Oracle Fusion Budgetary Control Predefined Reports

Budgetary Control Results Reports

This topic includes details about the budgetary control results reports.

Overview

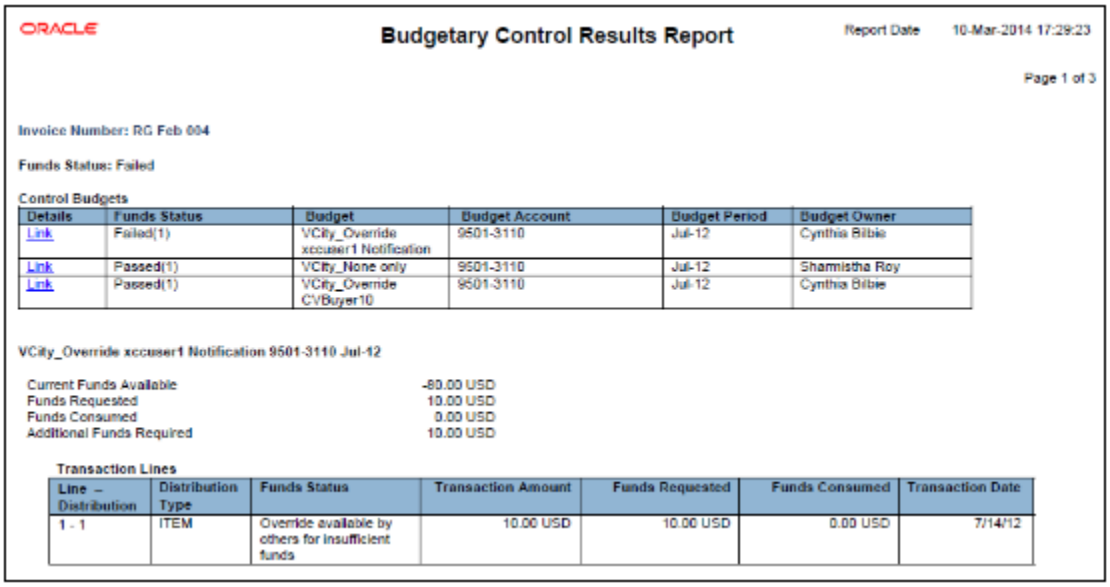
The budgetary control results reports list these for a transaction or a group of transactions as a result of budgetary control validation.

- control budget
- account
- period impacted

Budgetary control results reports have two layouts:

- Budgetary Control Results Report
- Budgetary Control Results for Batch Report

Here's an example of the Budgetary Control Results Report.



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Budgetary Control Results Report

Report Date 10-Mar-2014 17:29:23

Page 1 of 3

Invoice Number: RG Feb 004

Funds Status: Failed

Control Budgets

Details	Funds Status	Budget	Budget Account	Budget Period	Budget Owner
Link	Failed(1)	VCity_Override xccuser1 Notification	9501-3110	Jul-12	Cynthia Bibie
Link	Passed(1)	VCity_None only	9501-3110	Jul-12	Shamistha Roy
Link	Passed(1)	VCity_Overnde CVBuyer10	9501-3110	Jul-12	Cynthia Bibie

VCity_Override xccuser1 Notification 9501-3110 Jul-12

Current Funds Available	-80.00 USD
Funds Requested	10.00 USD
Funds Consumed	0.00 USD
Additional Funds Required	10.00 USD

Transaction Lines

Line – Distribution	Distribution Type	Funds Status	Transaction Amount	Funds Requested	Funds Consumed	Transaction Date
1 - 1	ITEM	Override available by others for insufficient funds	10.00 USD	10.00 USD	0.00 USD	7/14/12

And here's an example of the Budgetary Control Results for Batch Report.

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Budgetary Control Results Report

Report Date 18-Jul-2014 17:44:47

Page 1 of 1

Budgetary Control Attempt Identifier: 11024

Funds Status	Requisition Count
Budget period closed for control budget	1

Transactions for Funds Status: Budget period closed for control budget

Requisition Number	Preparer	Requestor
MRP_BCEA_223	Kurt Eastin	Kurt Eastin

End of Report

Key Insights

The Budgetary Control Results Report process is automatically submitted when budgetary control validation is performed online but the transaction is too large to display online. Access the Budgetary Control Results Report from the output file of the Budgetary Control Results Report process.

The Budgetary Control Results for Batch Report process is automatically submitted when budgetary control validation is performed for a batch of transactions. Access the Budgetary Control Results for Batch Report from the output file of the Budgetary Control Results for Batch Report process.

Report Parameters

When you run the Budgetary Control Results Report directly, provide the combination of transaction type, transaction, and view.

This table describes the process parameters:

Name	Description
Transaction Type	Specify the type of transaction to include for reporting. For example, purchase order or invoice.
Transaction	Enter the transaction number to include for reporting.
View	Indicate whether to display the budgetary control results from the transaction perspective, or for users with the proper access privileges, from the budget impact perspective.

When you run the Budgetary Control Results for Batch Report directly, provide the budgetary control attempt identifier.

This table describes the process parameter:

Name	Description
Budgetary Control Attempt Identifier	Enter the identification of a budgetary control validation process run for reporting by batch processing.

Frequently Asked Questions

Here are some frequently asked questions about the budgetary control results reports.

FAQ	Answer
How do I find these reports?	Schedule and run these reports from the Scheduled Processes work area on the Navigator menu.
Who uses these reports?	Budget Manager
When do I use these reports?	Use these reports to review the results of the budgetary control validation for a transaction or group of transactions.
What type of reports are these?	Oracle Business Intelligence Publisher

Related Topics

- Oracle Fusion Budgetary Control Predefined Reports

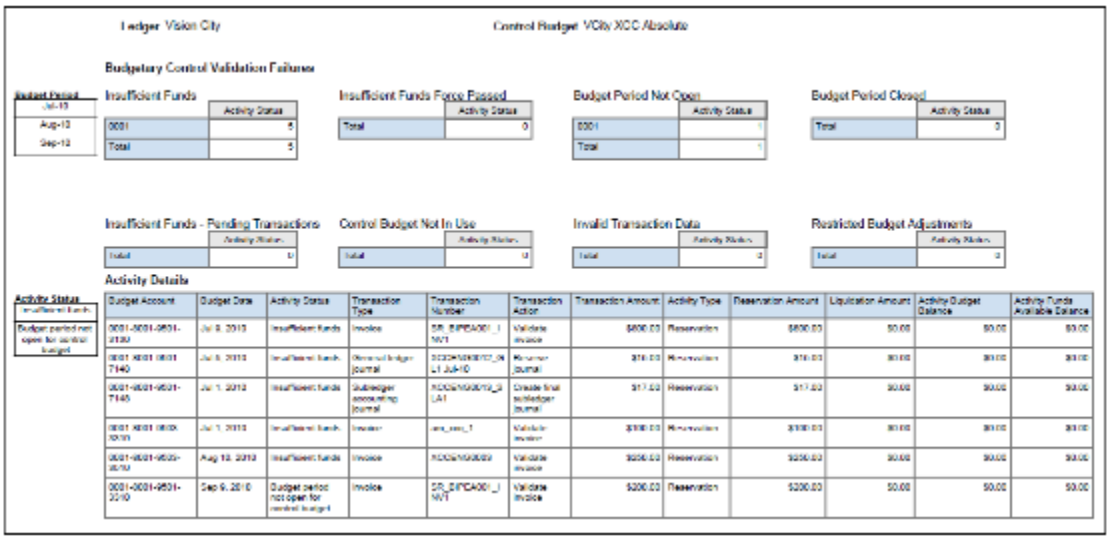
Budgetary Control Exception Analysis Report

This topic includes details about the Budgetary Control Exception Analysis Report.

Overview

The Budgetary Control Exception Analysis Report lists budgetary control failures for fund reservations. This interactive report enables you to filter the records by period and failure type, and display the transaction detail in the detailed table.

The following figure is an example of the report.



Key Insights

Use the Budgetary Control Exception Analysis Report to review all the budgetary control reservation failures in your organization. Leverage the categorization of validation failures to prioritize resolutions. You can create user-defined layouts to support your specific reporting needs.

This report only captures transactions that failed the attempts to reserve funds, but not those that failed the attempts to check for funds availability.

Report Parameters

The following table describes the process parameters:

Name	Description
Control Budget	Specify the name of the budget for reporting.
From/To Budget Period	Indicate the beginning and ending period of the control budget.
Include Additional Attributes	Indicate whether to include a full list of attributes for filtering data in the report.
Budget Account Filter	Specify the budget accounts for reporting.

Frequently Asked Questions

The following table lists frequently asked questions about the Budgetary Control Exception Analysis Report.

FAQ	Answer
How do I find this report?	Schedule and run this report from the Scheduled Processes work area on the Navigator menu.
Who uses this report?	Budget Manager
When do I use this report?	Use this report to review budgetary control failures for a range of budget periods.
What type of report is this?	Oracle Business Intelligence Publisher

Related Topics

- Oracle Fusion Budgetary Control Predefined Reports

Budgetary Control Subject Areas, Folders, and Attributes

To create real-time analyses for Budgetary Control, you should be familiar with the subject areas.

Subject Areas

To create an analysis, you begin by selecting a subject area from which you select columns of information to include in the analysis. For example, for an ad hoc analysis of transactions consuming budget, you begin by selecting a Budgetary Control - Transactions Real Time subject area. Subject areas are based around a business object or fact.

Budgetary Control has two budgetary control specific subject areas:

- Budgetary Control - Balances Real Time
- Budgetary Control - Transactions Real Time

Folders

Each subject area has one fact folder and a number of dimension folders. Fact folders contain attributes that can be measured, meaning that they are numeric values like journal debit and credit amounts. Fact folders are usually at the end of the list of folders and are usually named after the subject area. Dimension folders contain attribute and hierarchical columns like journal name and accounting period.

Some folders appear in more than one subject area, such as Time. These are referred to as common folders or common dimensions.

Attributes

Finally, each dimension folder contains attributes (columns), such as balance type and posting date. This figure illustrates the structure of subject areas, folders, and attributes.

In the preceding figure, the following components are shown:

- Subject area: Budgetary Control - Transactions Real Time
- Dimension - Presentation Folder: Request Details
- Dimension - Attributes: Funds Status, Funds Status Code, Justification, Name, and Override Request
- Fact - Presentation Folder: Control Budget Account
- Fact - Measures: Budget Account Description, Chart of Accounts, Concatenated Segments, and Enabled

Related Topics

- Financials Data Structure for Analytics

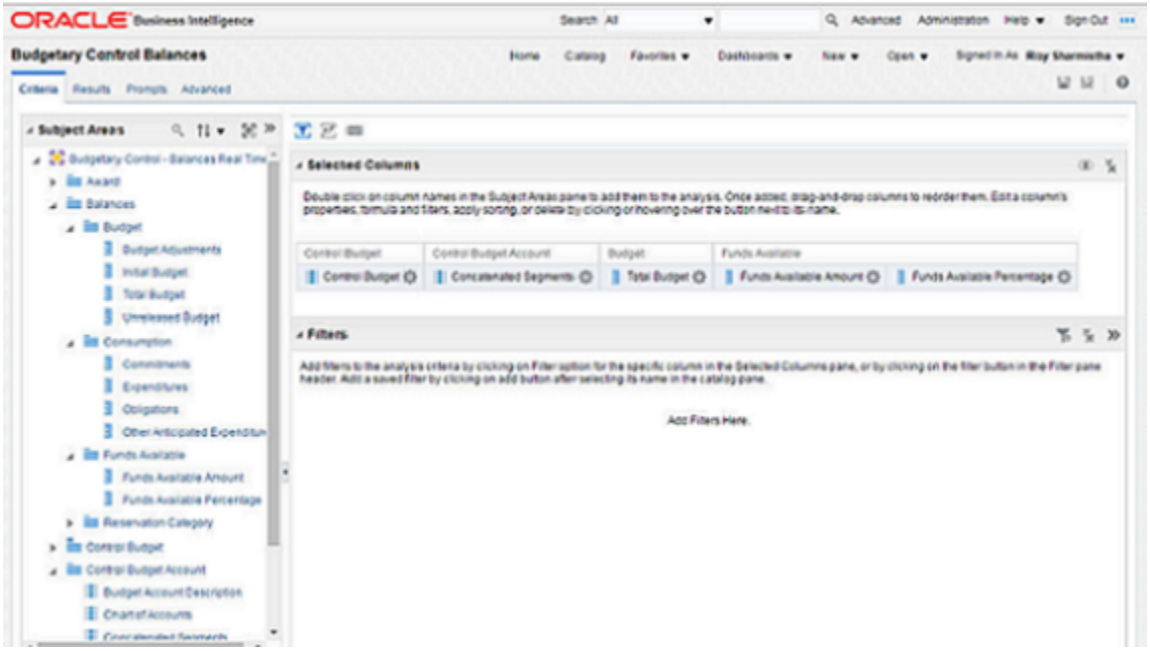
Balances Real Time Subject Area for Budgetary Control

This topic includes details about the Budgetary Control - Balances Real Time subject area.

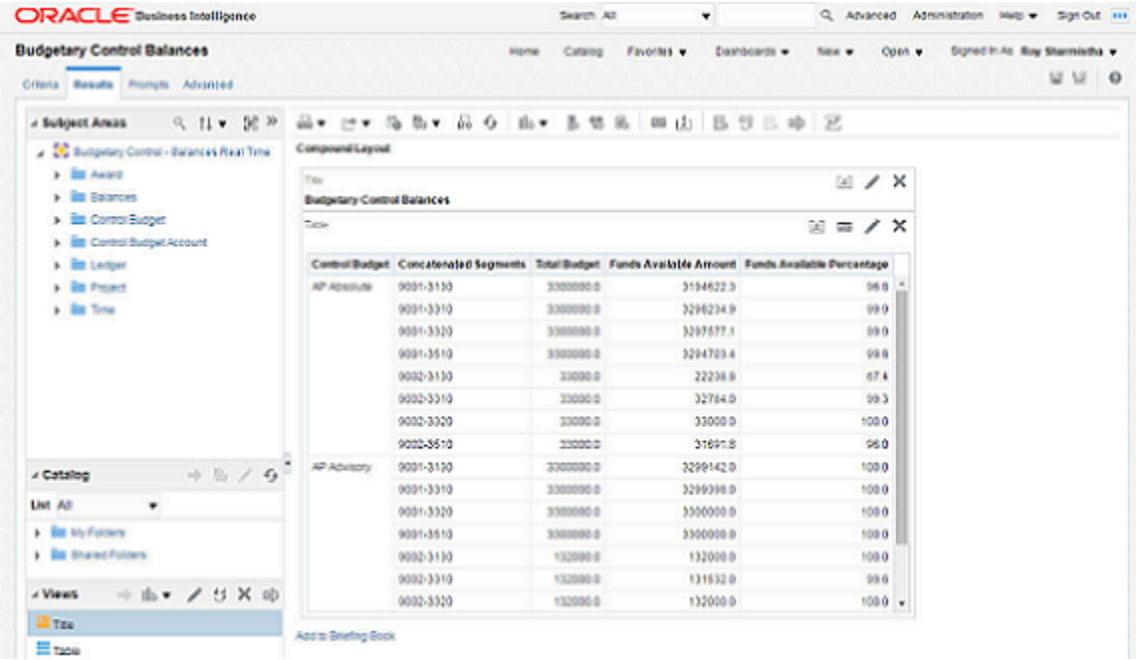
Overview

The Budgetary Control - Balances Real Time subject area provides the real-time details of budgetary control balances, such as budget, consumption, reservation category and funds available amounts, and control budget details.

The following figure is an example of the criteria in the subject area report builder.



The following figure is an example of the results in the subject area report builder.



Key Insights

Use the Budgetary Control - Balances Real Time subject area to build for ad hoc queries on budgetary control balances for analysis by budget account and period and across ledger, project, award. Obtain details of the balances by linking a query from budgetary control transactions subject area.

Frequently Asked Questions

The following table lists frequently asked questions about the Budgetary Control - Balances Real Time subject area.

FAQ	Answer
How do I find this subject area?	In Oracle Business Intelligence Enterprise Edition, select Analysis from Analysis and Interactive Reporting. Select the Budgetary Control - Balances Real Time subject area and select the applicable attributes for your ad hoc reporting needs.
Who uses this information?	Budget Manager
When do I use this subject area?	Use the subject area Budgetary Control - Balances in Oracle Business Intelligence Enterprise Edition to perform your ad hoc queries on budgetary control transactions and their budget impacts.
What type of subject area is this?	Oracle Transaction Business Intelligence

Related Topics

- Oracle Fusion Budgetary Control Predefined Reports

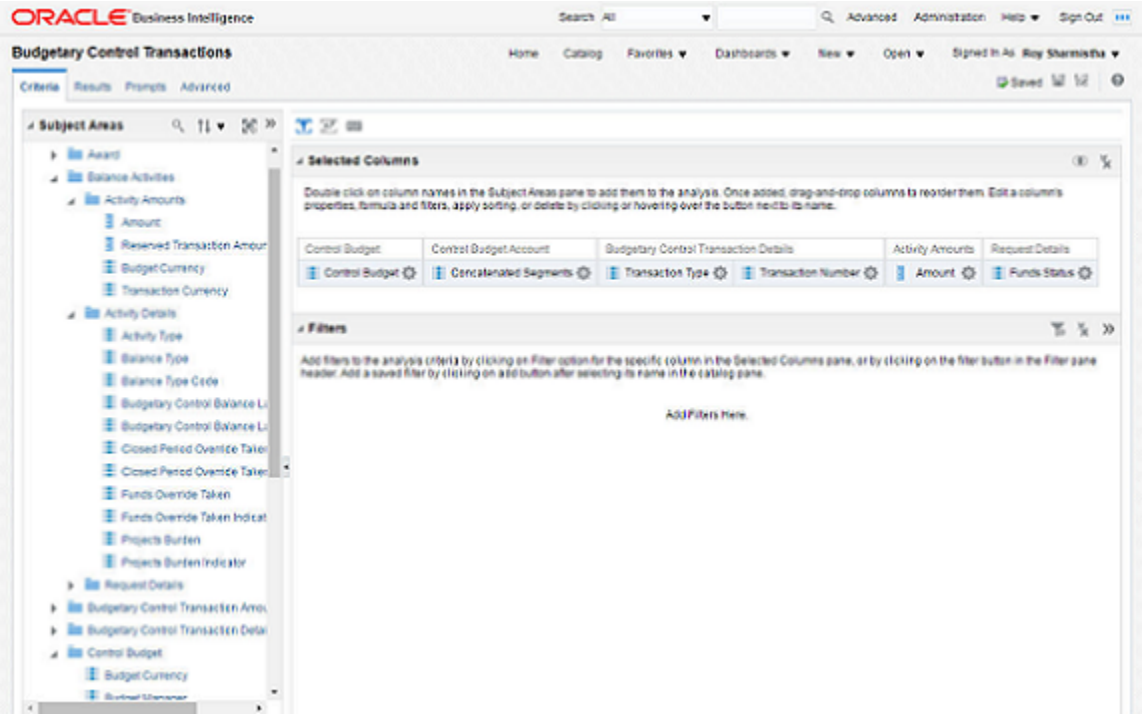
Transactions Real Time Subject Area for Budgetary Control

This topic includes details about the Budgetary Control - Transactions Real Time subject area.

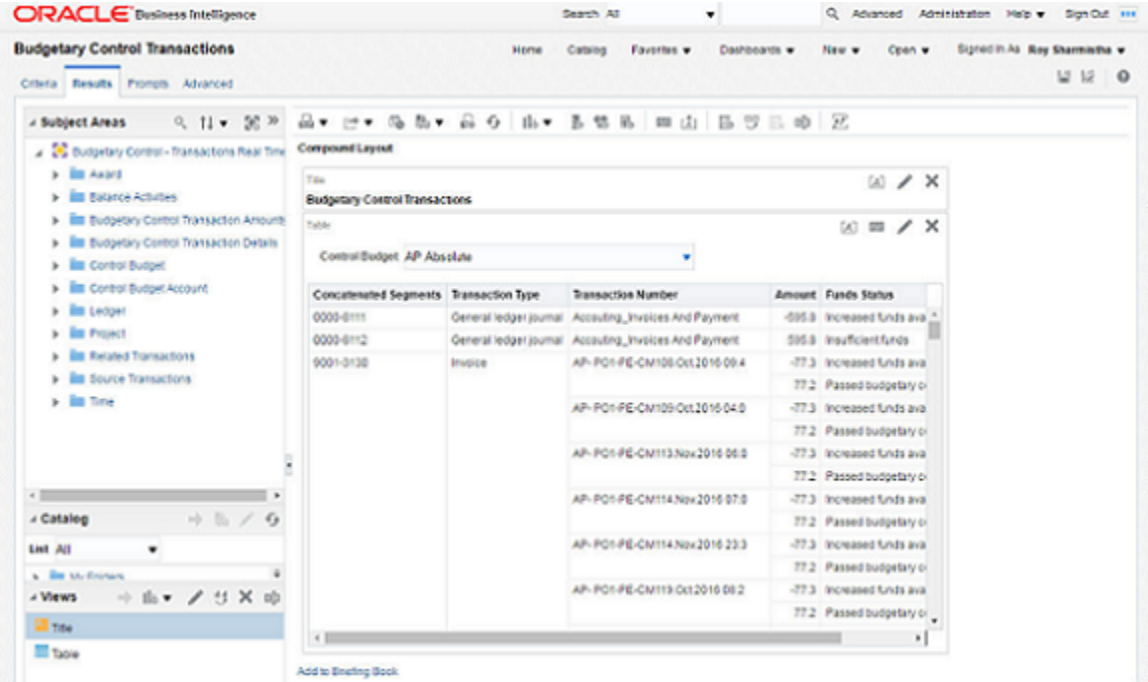
Overview

The Budgetary Control - Transactions Real Time subject area provides the real-time details of transactions and their budget balances impact for ad hoc analysis of budget consumption and funds available.

The following figure is an example of the criteria in the subject area report builder.



The following figure is an example of the results in the subject area report builder.



Key Insights

Use the Budgetary Control - Transactions Real Time subject area for ad hoc queries on budgetary control transactions and their budget impacts. Create cross control budget reports with transaction attributes.

Frequently Asked Questions

The following table lists frequently asked questions about the Budgetary Control - Transactions Real Time subject area.

FAQ	Answer
How do I find this subject area?	In Oracle Business Intelligence Enterprise Edition, select Analysis from Analysis and Interactive Reporting. Select the Budgetary Control - Transactions Real Time subject area and select the applicable attributes for your ad hoc reporting needs.
Who uses this information?	Budget Manager
When do I use this subject area?	Use the subject area Budgetary Control - Transactions in Oracle Business Intelligence Enterprise Edition to perform your ad hoc queries on budgetary control transactions and their budget impacts.
What type of report is this?	Oracle Transaction Business Intelligence

Related Topics

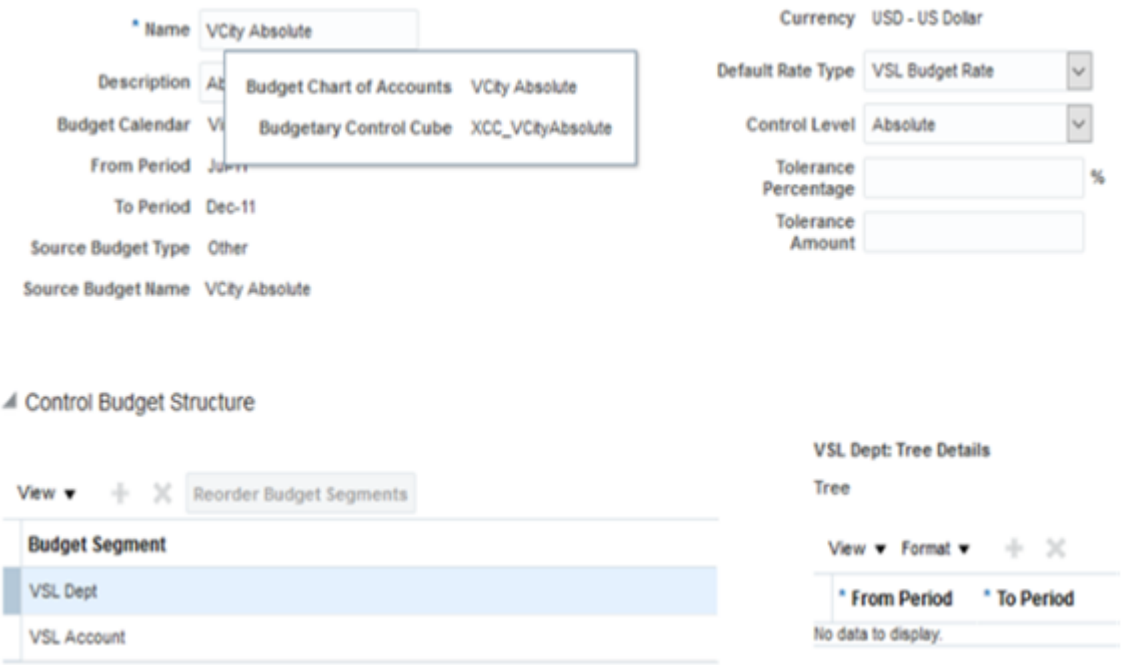
- Oracle Fusion Budgetary Control Predefined Reports

Financial Reporting and Smart View

You can define financial reports to report on your budget, consumption, and funds available balances using Financial Reporting Studio and SmartView.

The reports are built using balances stored in multi-dimensional data cubes that display real time data. The balances are based on the budget calendar and control budget structure (chart of account segments you control by) for chart of accounts based control budgets. A separate data cube is maintained in Budgetary Control for every unique combination of budget calendar and control budget structure.

You can find the name of the data cube for a control budget by going to the Edit Control Budget page and hovering your cursor over the name of the control budget, help text will appear displaying the chart of accounts name and data cube name for your control budget as displayed in this image.



Deep Links in Budgetary Control

Fusion Applications Support direct navigation to certain areas in the application using Deep Links.

Use Deep Links to open a page with certain criteria or link it to a BI report. For more information about deep links see related topics at the end of this section.

Deep Link to Review Budgetary Control Transactions

You can directly drill from budgetary control balances analysis to Review Budgetary Control Transactions using a deep link to review the transactions that make up the balance. Add the deep link in Column properties of the Interaction tab for each balance type. The deep link URL and the parameters can be defined as show here.

Deep Link:

```
https://pod-name/fscmUI/faces/deeplink?
objType={1}&action={2}&objKey=controlBudgetName=@{controlBudgetName};budgetAccount=@{budgetAccount};periodName=@{per
```

Note: Replace <pod-name> with your pod name to use this Deep Link.

Review Budgetary Control Transactions Deep Link Parameters

Name	Prompt	Value
1	objType	XCC_REVIEWTRANSACTIONS
2	action	VIEW/NONE VIEW navigates to the Review Budgetary Control Transactions page to display the transactions that made up the particular balance from which you drill. NONE navigates to the Review Budgetary Control Transactions page without passing the current balance record context as search parameters.
controlBudgetName	controlBudgetName	Select column value Control Budget.Control Budget Name
budgetAccount	budgetAccount	Select column value: Control Budget Account.Concatenated Segments
periodName	periodName	Select column value: Control Budget Account.Concatenated Segments
balanceAmount	balanceAmount	For each consumption balance type column for which deep link is enabled, select the corresponding column value: • "Consumption"."Commitments" • "Consumption"."Obligations" • "Consumption"."Other Anticipated Expenditures" • "Consumption"."Expenditures"
balanceType	balanceType	For each consumption balance type column for which deep link is enabled, enter the corresponding column value: • Commitment • Obligation

Name	Prompt	Value
		• Other encumbrance • Expenditure

Note: A sample of Budgetary Control Balances Analysis with deep links to Review budgetary control Transactions is available on customer connect.

Related Topics

- Balances Real Time Subject Area for Budgetary Control
- Deep Links

Budgetary Control Maintenance

Clear Budgetary Control Budget Interface Records

Use the Clear Budgetary Control Budget Interface Records process to purge data from the single period and multiple period budgetary control interface tables.

Process Parameters

This table describes selected process parameters:

Name	Description
Source budget type	Select the source budget type of the interface records you want to purge.
Source budget name	Specify the source budget name of the interface records you want to purge.
Budget entry name	Specify the budget entry name of the interface records you want to purge.

Clear Budgetary Control Funds Check or Failures Requests

The Clear budgetary Control Funds Check or Failure Requests process purges budgetary control transactions that don't impact the budgetary control balances, such as prior attempts to check or reserve funds, to improve system performance.

Process Parameters

This table describes selected process parameters:

Name	Description
Control budget	Specify either a single control budget name or all budgets.
Purge funds checked	This value can't be updated and is set to Yes. This option purges funds check budgetary control activities for the specified control budget or All control budgets based on minimum days to purge value specified in the last parameter of this program.
Purge failed funds reservation	Specify Yes or No. Select Yes to purge failed funds reservation activities for the specified control budget or All control budgets based on minimum days to purge value specified in the last parameter of this program.
Purge and archive outdated funds reservation	Specify Yes or No. Select Yes to archive and purge the superseded activities for the specified control budget or All control budgets based on minimum days to purge value specified in the last parameter of this program. Superseded activities are the ones that are backed out by a later successful funds reservation or canceled budgetary control activities due to transaction getting canceled or withdrawn. These will be archived and purged only after their budget balances impact is transferred to the Essbase cube if one exists.
Number of days to keep data	Any value greater than 0. Any entry older than the number of days specified will be considered for purging.

3 Encumbrance Accounting

Enable Encumbrance Accounting

You can enable encumbrance accounting for ledgers, business units assigned to a ledger, and transaction types.

Encumbrance journals are created based on the subledger accounting method assigned to the ledger.

You can assign one of the following predefined subledger accounting methods:

- Standard accrual
- Accrual with encumbrance accounting

The differences between the subledger accounting methods are shown in the following table:

Enable Encumbrance Accounting	Subledger Accounting Method	Requisition/PO Journal Entries Automatically Created	GL/SLA Manual Encumbrance Journal Entries Allowed
No	Standard accrual	No	No
Yes	Accrual with encumbrance accounting	Yes	Yes
Yes	Standard accrual	No	Yes

Related Topics

- Project and Grants Management
- Analytics for Roles

Budgetary Control and Encumbrance Accounting

The encumbrance journal entries for requisitions and purchase orders.

Encumbrance accounting is independent from Budgetary Control and is managed by these application.

- Subledger Accounting
- General Ledger

Note: Balances stored in Budgetary Control aren't the same as balances stored in General Ledger. For example, the funds available balance is only maintained in Budgetary Control. Budget and funds available balances for Budgetary Control aren't stored in General Ledger.

Subledger Accounting

Subledger Accounting supports the encumbrance accounting process by providing the following functions:

- Creates the encumbrance journal entries for requisitions and purchase orders.
- Creates the actual journal entries for receipts and invoices, and the encumbrance journal entries reversing the purchase orders.

These journal entries are created when you submit the accounting program.

General Ledger

General Ledger supports the encumbrance accounting process by providing the following functions:

- Stores the encumbrance and actual journal entries.
- Stores and maintains the encumbrance and actual account balances based on the ledger's accounting calendar and chart of accounts.

When accounting is created for transactions and the encumbrance or actual journal entries are created in General Ledger, the General Ledger account balances are updated for the specific account combinations and accounting period. You can also load budget balances in General Ledger for use in financial reporting, but not for Budgetary Control.

Related Topics

- Enable Budgetary Control
- Enable Encumbrance Accounting
- Example of Setting the Control Budget Filter

Invoice Encumbrance Accounting

Overview of Invoice Encumbrance Accounting

Configure Subledger Accounting (SLA) when you need to report actual balances at payment rather than invoice validation.

When utilizing invoice encumbrance accounting, there is no expense accounting entry for the invoice. Matched invoices will continue to liquidate purchase orders and invoice encumbrance will be created. The expense entry occurs upon payment of the invoice.

In order to provide visibility into the invoices pending payment, an invoice encumbrance is created and purchase order obligation is liquidated when the invoice is validated. The invoice encumbrance is liquidated when the invoice is paid.

Setting Up Invoice Encumbrance Accounting

Configure SLA rules to create the invoice encumbrance and its corresponding liquidation entries during payment accounting.

If you have a custom subledger accounting method and journal entry rule set for invoices and payments, you can add the new rules directly. Otherwise you will need to copy the predefined users subledger accounting method and journal entry rule set and then add the new rules.

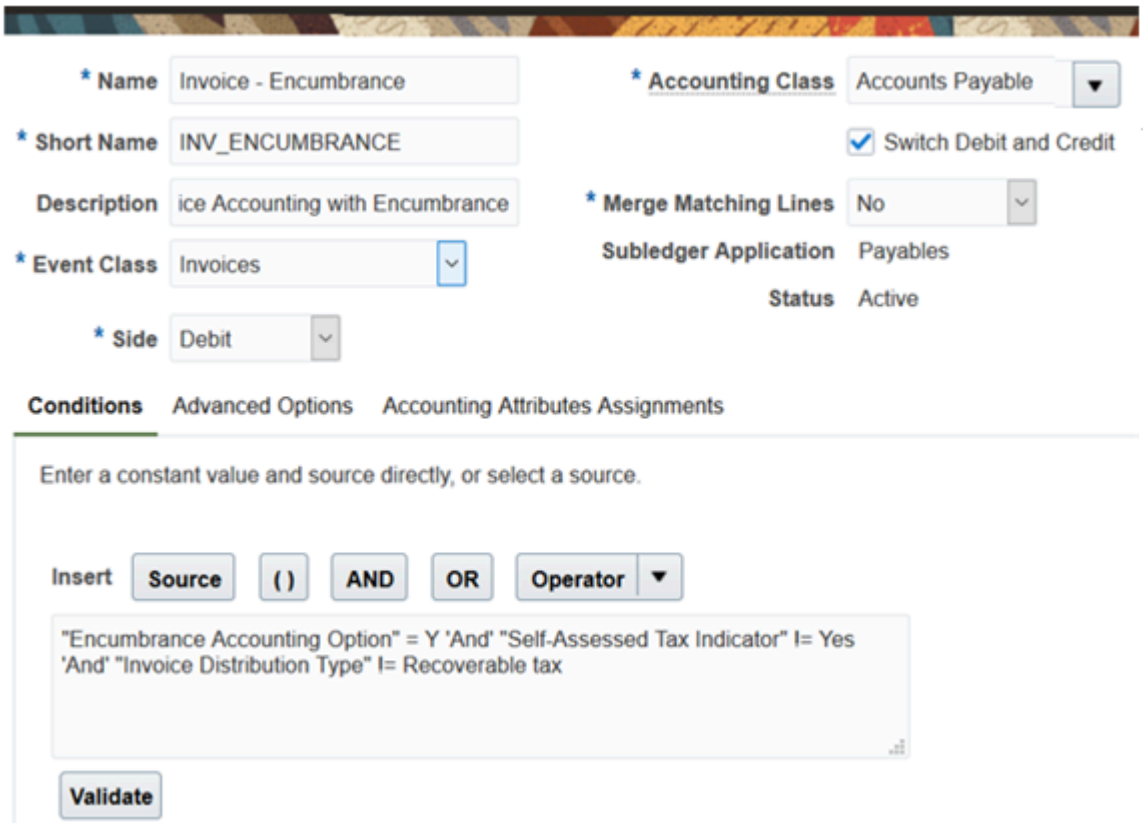
To create invoice encumbrance accounting, perform these tasks:

> **Note:** Only journal lines required for the normal invoice and payment accounting are shown here. You can create similar journal lines for accounting events for other invoice types such as a credit memo and debit memo, as required.

Create Journal Line Rules for Invoice Encumbrance

Create a new journal line rule that creates encumbrance accounting entries for an invoice.

1. In the setup manager, search for the Manage Journal Line Rule task.
2. Click on the Create icon and enter values for these fields:

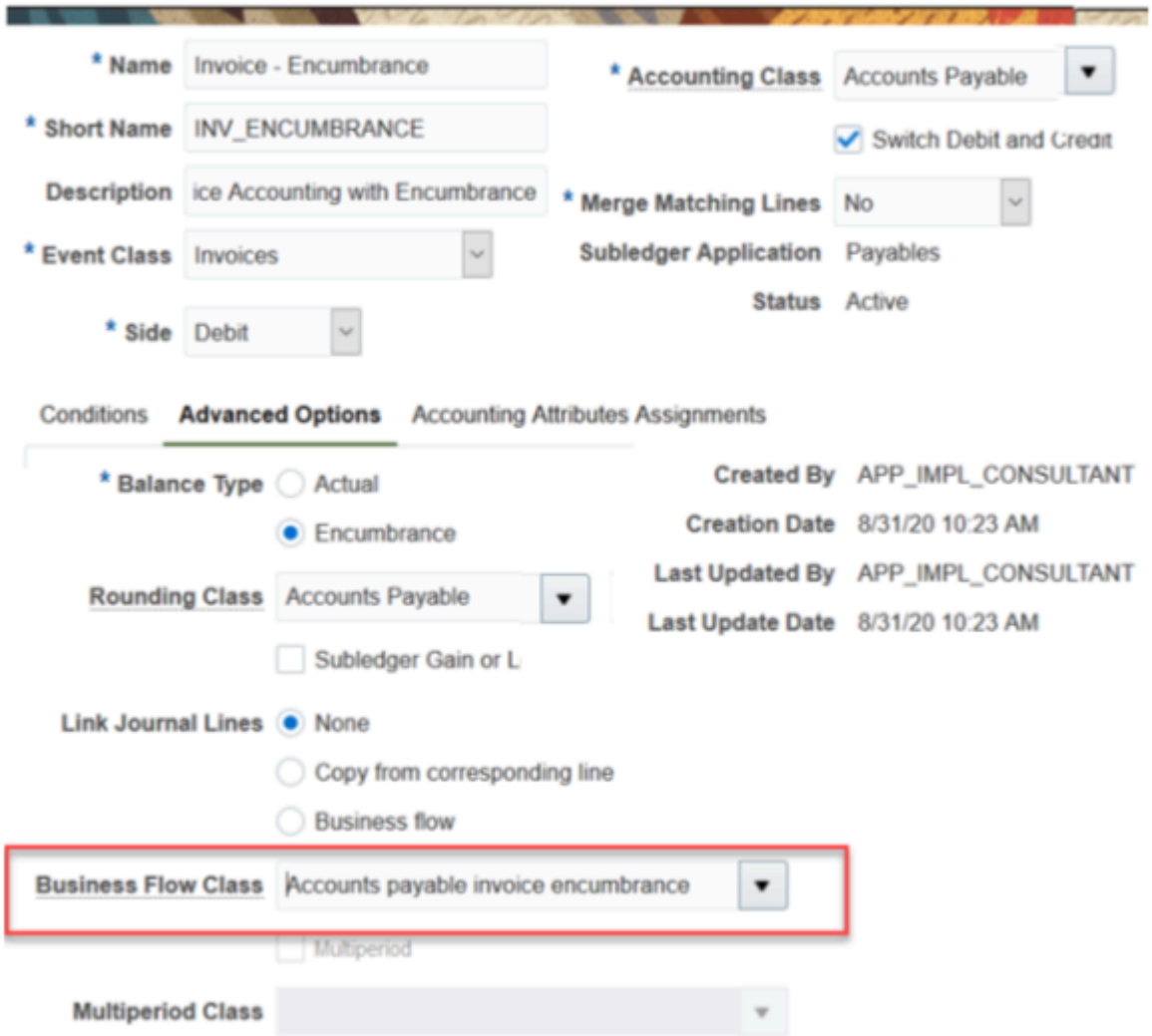


Field	Values
Name	Enter a name for the journal line rule
Short Name	Enter a short name for the journal line rule

Field	Values
Description	For example, Invoice-Encumbrance
Event Class	Invoices
Side	Debit
Accounting Class	For example, Accounts Payables
Conditions	Based on your business requirements. For example, Encumbrance Accounting = Y And Self-Assessed Tax Indicator != Yes And Invoice Distribution Type != Recoverable tax

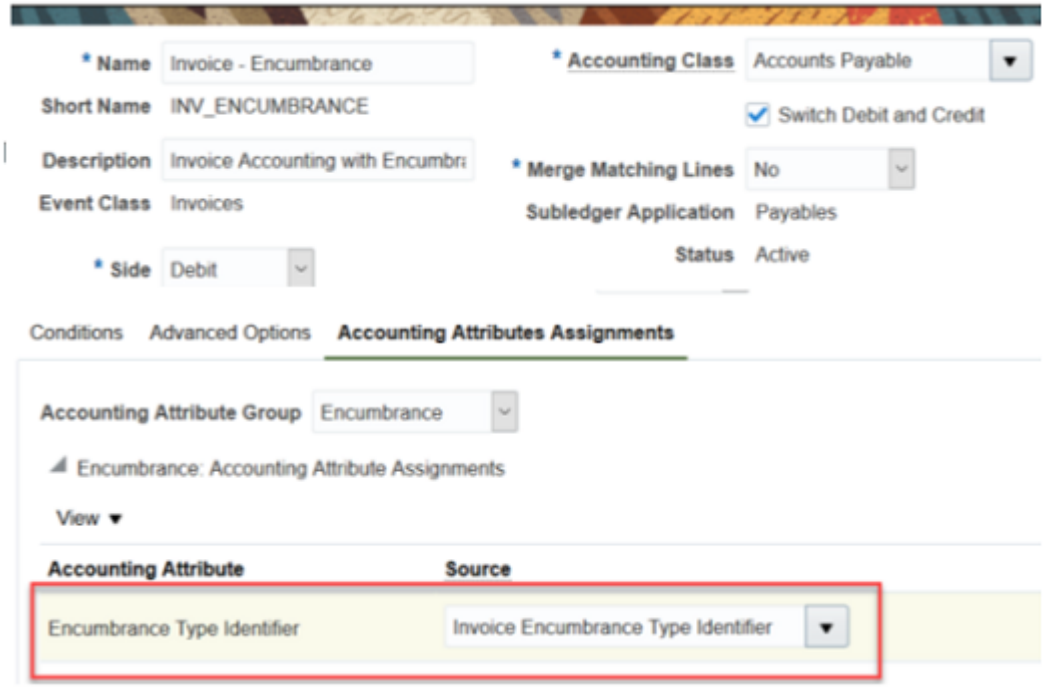
Click Validate to validate the condition.

3. Click on the Advanced Options tab and enter values for these fields:



Field	Values
Balance Type	Encumbrance
Business Flow Class	Accounts payables invoice encumbrance

4. Click on Accounting Attributes Assignments and enter values for this field:



Field	Values
Encumbrance Type Identifier	Invoice Encumbrance Type Identifier

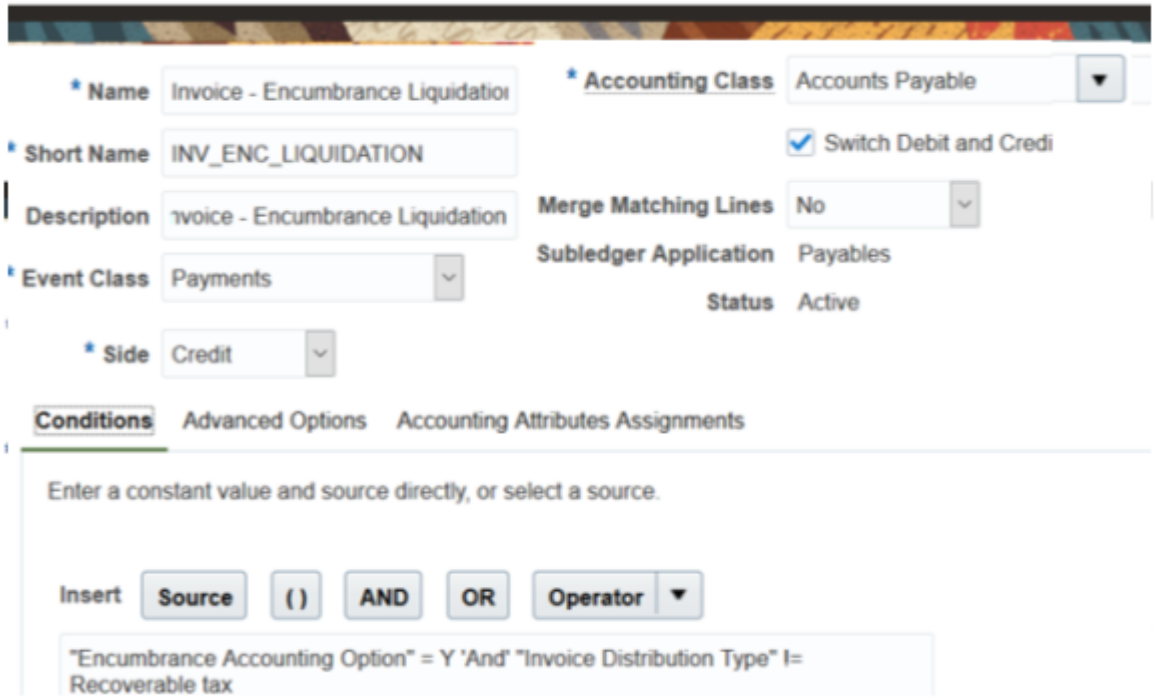
5. Save the changes.

Create Custom Journal Line Rules for Liquidation of Invoice Encumbrance

Create a new custom journal line rule that will liquidate the invoice encumbrance accounting entries for an invoice when the payment is accounted. You can make this journal line rule applicable to the payment based on the conditions you configure for the rule.

1. In the setup manager, search for the Manage Journal Line Rule task.

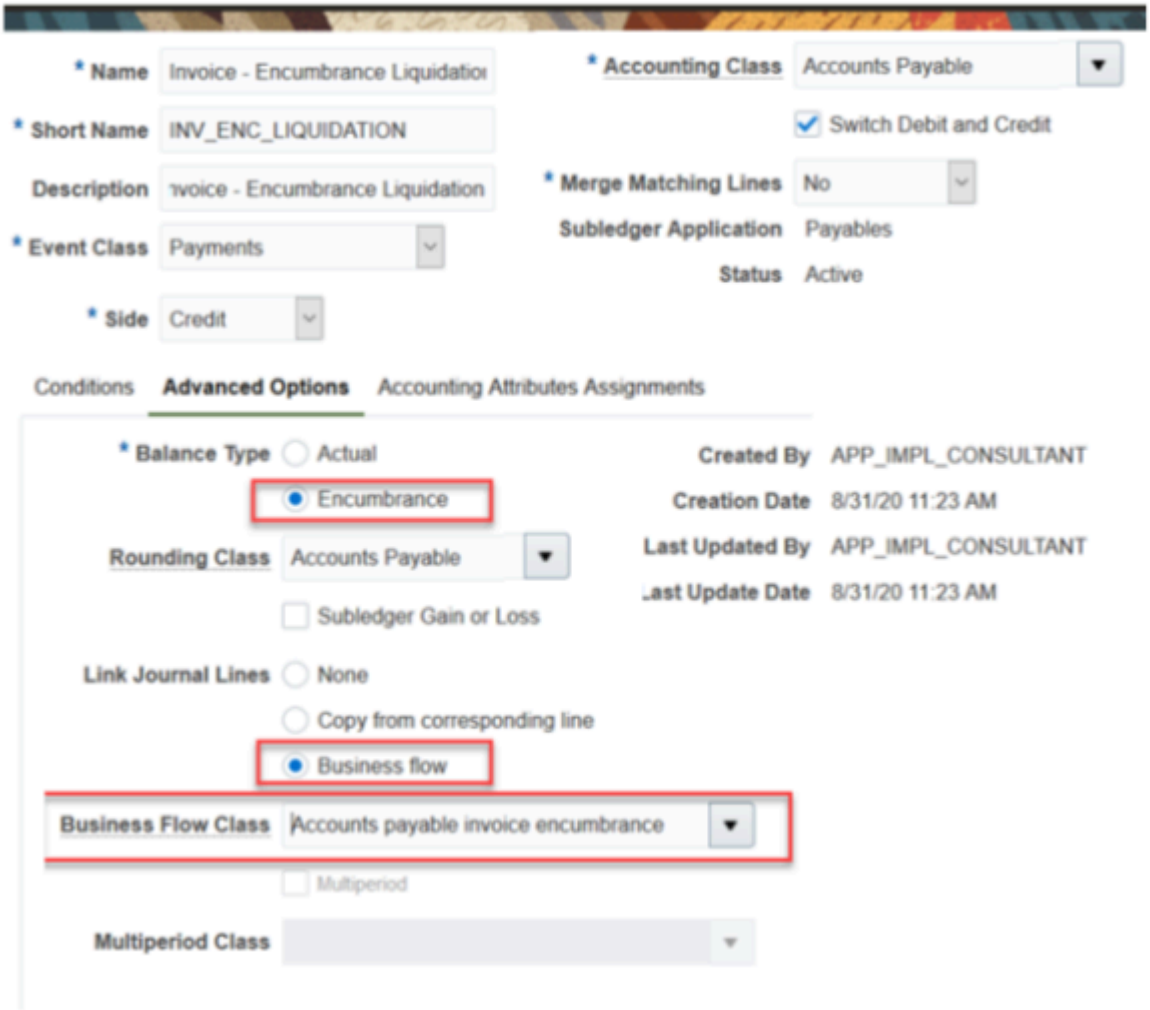
2. Click on the Create icon and enter values for these fields:



Field	Values
Name	Enter a name for the journal line rule
Short Name	Enter a short name for the journal line rule.
Description	For example, Invoice-Encumbrance Liquidation
Event Class	Payments
Side	Credit
Accounting Class	Per your requirement. For example, Accounts Payables
Conditions	Based on your business requirements. For example, Encumbrance Accounting Option = Y And Invoice Distribution Type!= Recoverable tax

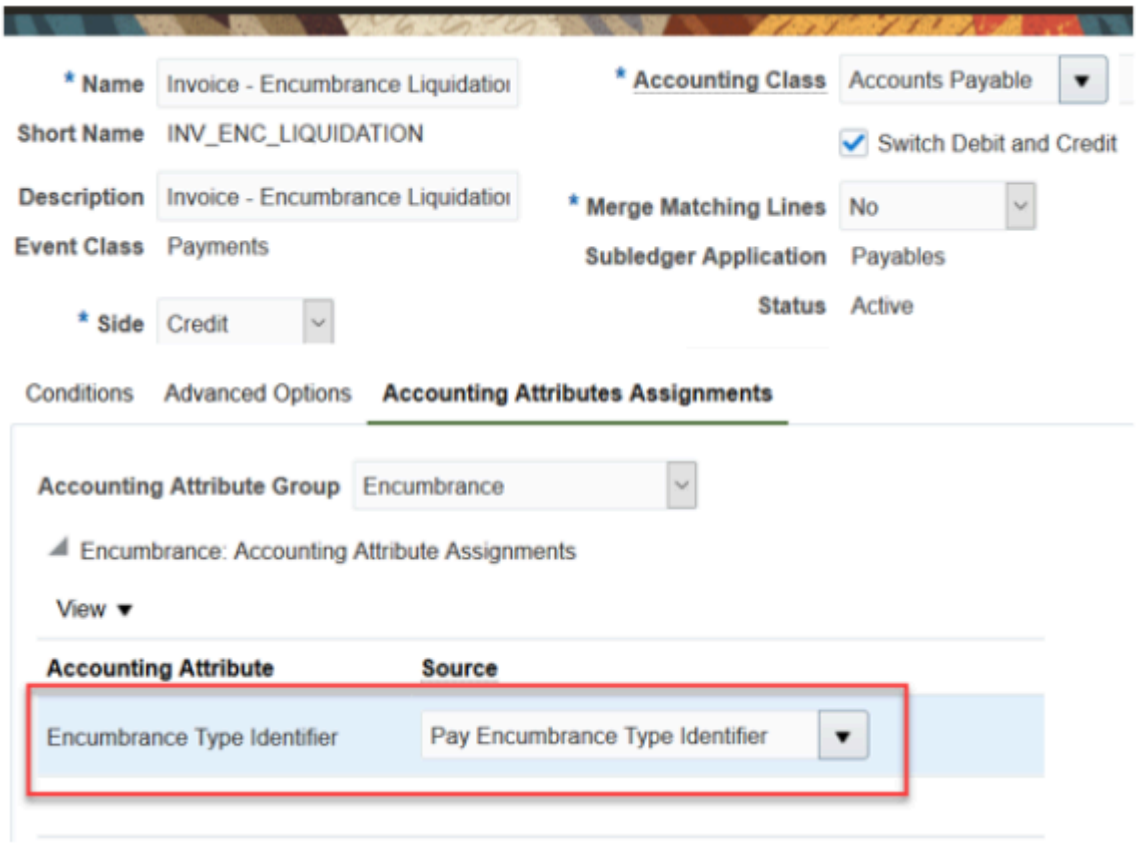
Click Validate to validate the condition.

3. Click on the Advanced Options tab and enter values for these fields:



Field	Values
Balance Type	Encumbrance
Business Flow Class	Accounts payables invoice encumbrance

4. Click on Accounting Attributes Assignments and enter values for this field:



Field	Values
Encumbrance Type Identifier	Pay Encumbrance Type Identifier

5. Save the changes.

Other Configuration Tasks

After you create the journal lines, complete these tasks:

1. Assign the new custom journal line rules created in previous steps to your Journal Entry Rule Set (JERS).
2. Assign the custom JERS to your custom accounting method.
3. Activate the JERS by submitting this program:

   Activate Subledger Journal Entry Rule Set Assignments
4. Assign the custom accounting method to the ledger.

4 Source Budget Integration with Budgetary Control

Project and Grants Management

Project Control is used to configure how you want to manage the financial and budgeting aspects of a project. Budgetary Control integrates with Project Control to let you to monitor and control spending against the project budget.

Control budgets are created automatically in Budgetary Control based on the settings of the financial plan type and budget version in Project Control. Refer to this section for more information on integration with Project Management and Grants:

Related Topics

- Overview of Oracle Project Control Configuration

Enterprise Performance Management

Overview of Enterprise Performance Management

You can use Oracle Fusion Cloud Enterprise Performance Management (Cloud EPM) and its predecessor (Enterprise) Planning and Budgeting Cloud Services ((E)PBCS) with Financials enabled to prepare original budget using the Planning feature, and revise budget using either the Planning or Budget Revisions feature.

Cloud EPM and (E)PBCS are collectively referred to as EPM in this topic.

You can use the Data Exchange feature, also known as Data Management, to load the EPM budget to Cloud Financials.

You can also use the Data Exchange feature to load actual, encumbrance and consumption from Cloud Financials to EPM to help you prepare and revise budget.

Loading Budget from EPM to Cloud Financials

How you load budget from EPM to Cloud Financials depends on the EPM feature you use as described in this table.

Budget Entry	EPM Feature Used	How to Load Budget to Cloud Financials
Prepare original budget or revise budget	Planning	• Set up and run data integration from Planning application to Budgetary Control in Data Exchange in EPM to validate transactions online.

Budget Entry	EPM Feature Used	How to Load Budget to Cloud Financials
		• Set up and run data integration from Planning application to General Ledger in Data Exchange in EPM to report from General Ledger. You can skip for budget already loaded to an EPM Financials module type control budget, which synchronizes with General Ledger. See the Integrating Oracle ERP Cloud Oracle General Ledger Applications and Integrating Budgetary Control topics in the Administering Data Management for Oracle Fusion Cloud Enterprise Performance Management guide.
Revise Budget	Budget Revisions	• Set up data integration from budget revision requests to Budgetary Control in Data Exchange in EPM. • Initiate Funds Reserve from Manage Revisions. Budget Revisions update both Budgetary Control and General Ledger. See the Integrating Budget Revisions with Budgetary Control topic in the Administering Data Integration for Oracle Fusion Cloud Enterprise Performance Management guide.

Related Topics

- Integrating Oracle ERP Cloud Oracle General Ledger Applications
- Integrating Budgetary Control
- Setting Up Budget Revisions and Integration with Budgetary Control
- Working with Budget Revisions and Integrating with Budgetary Control
- Integrating Budget Revisions with Budgetary Control

Set Up Financials Cloud for Loading Budget from EPM

Control Budget

Create a control budget with a source budget type of either EPM Financials module or Hyperion Planning, both of which can support budget loaded from EPM.

Consider the differences in the budget entry methods supported and synchronization with General Ledger explained in the Load Budgets topic before you classify your control budget.

Hyperion Planning type control budgets can be subsequently reclassified as EPM Financials module type to take advantage of the EPM Budget Revisions feature. You may need to create another control budget that summaries the budget data by segments, higher level segment values, and by year or by year to align with how budget is controlled. For more information on Control Budgets, see the Control Budgets topic.

Related Topics

- Control Budgets
- Load Budgets

Calendar and Chart of Accounts

The calendar and chart of accounts in Financials doesn't need to match the EPM dimensions and granularity as described in this table. However, the currency must be the same.

Dimension	Mapping EPM to Budgetary Control	Mapping Budgetary Control to General Ledger (for Source Budget Type=EPM Financials Module)
Calendar	No manual setup is required, period mappings are generated by EPM.	No setup required; Application derives accounting period using the first day of control budget period.
Chart of Accounts	Set up data integration between Planning application and Budgetary Control in Data Exchange in EPM. See the Writing Back Cloud EPM Budget Balances to the Budgetary Control Process Description topic in the Administering Data Integration for Oracle Fusion Cloud Enterprise Performance Management guide.	For accounting segments that aren't budgeted - not in control budget segments, set up Mapping Between Chart of Accounts and Budget Accounts using the Manage Budgetary Control setup task. For more information, see the Mapping Between Chart of Accounts and Budget Accounts.

Budget Scenario

If you load budget to an EPM Financial modules type control budget, it will be synchronized to General Ledger into a budget scenario with the same name as the control budget.

You need to create this budget scenario.

- Use the Define Budget Scenarios task in the Setup and Maintenance work area to create the budget scenario. Add a value identical to the source budget name of the control budget to the Accounting Scenario value set.
- Run the Create Scenario Dimension Members process to update the General Ledger cube with the new budget scenario name.

See to the Define Scenario Dimension Members topic in the Considerations for GL Balance Cube Dimension Values That Are Customer-Specific section of the Implementing Enterprise Structures and General Ledger guide.

Related Topics

- Considerations for GL Balance Cube Dimension Values That Are Customer-Specific

Additional Budget Revision Attributes

Budget revisions can be configured to capture additional header and lines attributes.

You can view Budget revision details on the Review Budget Entries page. To view these additional attributes, you must configure the descriptive flexfields. Use the Manage Descriptive Flexfield task in the Financial Setup Manager to enable and deploy these descriptive flexfields:

- Budget Header Descriptions
- Budget Line Descriptions

Related Topics

- Overview of Descriptive Flexfields

5 Budget End Process

Overview of Budget End Process

At the end of the budget cycle, you must define control budget for the next budget cycle and review surplus funds and open transactions to determine if they will be carried forward to the next budget cycle.

The regulations for handling the obligated or surplus funds vary by jurisdiction.

For example, surplus funds could lapse or be carried forward for consumption in the next budget. Transactions that have obligated funds but not yet invoiced could be carried forward, canceled, or the books could be left open until the expected invoice is received.

These are the main steps to determine how to process surplus funds and open transactions.

- Determine accounts and transactions that should not be carried forward
- Determine if surplus funds to carry forward
- Run Carry Forward processes
- Review impacts of the carry forward
- Process Encumbrance Balances: Applicable only if you're using encumbrance accounting

The configuration of the control budget impacts the budget end processing and how to view prior year data.

Control Budget Implementation

Decide whether you want to create a new control budget for the fiscal year, or simply extend the end date of the existing control budget to include the new fiscal year.

You can choose based on below decision points.

Define a new Control Budget if these conditions are satisfied:

- The control budget attributes, that is the budget manager, control level, supplemental rules etc., are changing from one fiscal year to the next.
- Security access to old budget is changing compared to new budget.
- You want a clear view of whether old budget is impacted, or new budget is impacted by transactions.
- You want to see each year's as distinct and separate with a clean cutoff.

Extend the end date of the current control budget if these conditions are satisfied:

- The control budget attributes, that is the budget manager, control level, supplemental rule etc., stay the same from one fiscal year to next year.
- Security access to old budget stays the same compared to new budget.
- You perform lot of analysis across fiscal years. Smart view and financial reporting work more efficiently when data resides in the same control budget because the user only needs to change the time dimension to view

data across the years. Having data in multiple control budgets would require users to specifically select the control budget when querying data across fiscal years.

Accounts and Transactions That Should Not Be Carried Forward

Determine the accounts and transactions that are holding funds that should not be carried forward to the next budget cycle.

Return the funds that are held for these transactions to the surplus or funds available by taking appropriate actions on requisitions and purchase orders.

Requisitions

Commitment balances are not carried forward automatically. Any open requisition should be canceled or converted to a purchase order. Below are the suggested actions on requisition based on their status.

Requisition Header Status	Commitment Balance?	Actions
Approved	Yes, until there is an associated PO and the PO is approved	Approve the requisition if it's associated with a purchase order. Otherwise cancel, withdraw, or return it.
Canceled	No, requester canceled the requisition	None
Incomplete	No, created but not submitted	Approve, submit, and create as PO, or delete
Pending Approval	No, submitted but not approved	Approve, submit, and create as PO, or withdraw
Rejected, Returned, Withdrawn	No, rejected by approver, returned by buyer, or withdrawn by requester	None

Purchase Orders

For each requisitioning business unit, review the purchase orders that have funds reserved. A sample of the Purchase Order Balance by Control Budget report is available on Customer Connect. You can copy and modify the sample report or create your own.

The Purchase Order Balance by Control Budget report shows the following details:

- **Purchase Order Obligation Balance**
  - **By Budget Account**
  - **By Budget Period**
  - **By Purchase Order**
- **Purchase Order Details**

Suggested cleanup actions on Purchase orders

Purchase orders that are canceled, closed, closed for invoicing, closed for receiving, or finally closed can still hold an obligation balance if the quantity delivered is greater or less than the quantity billed, depending on how the receipt is accrued.

These are the suggested actions on Purchase Orders with period end accrual.

Purchase Order Header Status	Obligation Balance?	Actions
Canceled	Yes, when quantity delivered > quantity billed	Invoice the quantity that has been delivered but not yet invoiced.
Closed	Yes, when quantity > quantity billed or quantity billed < quantity ordered	No additional invoices or receiving are expected. If the quantity delivered exceeds the quantity billed, it should be returned. Cancel remaining quantity ordered but not billed or delivered.
Closed for Invoicing	Yes, when quantity delivered > quantity billed or quantity billed < quantity ordered	No additional invoices are expected. If the quantity delivered exceeds the quantity billed it should be returned. Cancel remaining quantity ordered not billed or delivered.
Closed for Receiving	Yes, when quantity delivered > quantity billed or quantity billed < quantity ordered	No additional receiving is expected. Invoices are needed for the quantity that has been delivered but not invoiced.
Finally Closed	Yes, when quantity delivered > quantity billed	No further receiving/invoicing or PO adjustments can be made. Any received quantity that does not have an invoice must be returned.
Incomplete	No, transaction has not been approved	Complete and approve, or delete, or ensure that the budget date is in the next year.
		Remove hold.

On Hold	Yes, transaction is approved but invoices or receipts are not allowed until the hold is removed	
Open	Yes, when there is remaining quantity unbilled	Can be carried forward.
Pending Approval	Yes, when the reservation point is submission	Approve or cancel.
Pending Acknowledgment	Yes, this PO is approved but is awaiting supplier approval	Cancel the PO (this will return the requisition commitment). Cancel the requisition or obtain supplier approval.
Rejected, Withdrawn	No, transaction has not been approved	If created from a requisition, ensure that the requisition has been fulfilled by another PO, or cancel the requisition.

These are the suggested actions on Purchase Orders with perpetual Receipt Accrual or Accrue on Receipt

Purchase Order Header Status	Obligation Balance?	Actions
Canceled	Yes, when quantity delivered < quantity billed	Receive and deliver the quantity that has been billed, but not yet delivered.
Closed	Yes, when quantity delivered < quantity billed or quantity billed < quantity ordered	No additional invoices or receiving are expected. If the quantity delivered is less than the quantity billed, a debit memo or credit memo should be created. Cancel remaining quantity ordered but not billed or delivered.
Closed for Invoicing	Yes, when quantity delivered < quantity billed or	No additional invoices or receiving are expected. If the quantity delivered is less than the quantity billed, a debit memo or credit memo should be created.

	quantity billed < quantity ordered	Cancel remaining quantity ordered but not billed or delivered.
Closed for Receiving	Yes, when quantity delivered < quantity billed or quantity billed < quantity ordered	No additional invoices or receiving are expected. If the quantity delivered is less than the quantity billed, a debit memo or credit memo should be created. Cancel remaining quantity ordered but not billed or delivered.
Finally Closed	Yes, when quantity delivered < quantity billed	No further receiving/invoicing or PO adjustments can be made. Any invoiced quantity that does not have a receipt must be received and delivered.
Incomplete	No, transaction has not been approved	Complete and approve, or delete, or ensure budget date is in the next year.
On Hold	Yes, transaction is approved but invoices or receipts are not allowed until the hold is removed	Remove hold.
Open	Yes, when the remaining quantity is undelivered	Can be carried forward.
Pending Approval	Yes, when the reservation point is submission	Approve or cancel.
Pending Acknowledgment	Yes, this PO is approved but is awaiting supplier approval	Cancel the PO (this will return the requisition commitment). Cancel the requisition or obtain supplier approval.
Rejected, Withdrawn	No, transaction has not been approved	

		If created from a requisition, ensure the requisition has been fulfilled by another PO, or cancel the requisition.

Surplus Funds to Carry Forward

If your organization allows surplus funds to be carried forward to the next budget cycle, determine which control budget accounts have surplus funds available.

To ensure the funds available balance is accurate, confirm the following items:

- Commitment balance is zero, and requisitions have either been canceled or converted to purchase orders.
- Obligation balance is the amount to be carried forward. Purchase orders that are not going to be carried forward have been processed to reverse obligations and increase funds available.
- Obligation balances from manual encumbrance journal entries have been reviewed.

For the specific budget year and control budget, review the funds available balance for each account. A sample of the Funds Available Balance report is available on Customer Connect. You can copy and modify the sample report or create your own.

You can use the Funds Available Balance report to view balances by control budget account for a specific control budget and budget year. You can also see the balances for each period.

Automated Surplus Funds Carry Forward

To carry forward surplus funds to the next budget year as budget amounts, use the automated Carry Forward Funds Available Balances process from the Budgetary Control Dashboard. This process will import as budget amounts the funds available balance from a source control budget period to a target control budget period you select. Funds available isn't reduced in the source control budget. Project and EPM budget changes must originate from their source modules so the Carry Forward Funds Available process isn't available for project and EPM control budgets.

The source and target control budgets can be the same. If they are different, the target control budget must meet the following criteria:

- Budget chart of accounts must be the same for both the source and target control budgets.
- Interval for the target control budget's calendar must be the same or greater than the source control budget.
  - For example, if the source control budget has quarters as the period interval, then the target control budget can only have periods with intervals equal to or greater than quarters. The target control budget can't have monthly periods.
- If hierarchies or trees are assigned to segments of the source control budget, then the same segment on the target control budget must also be assigned a hierarchy and must be tracked at the same or higher level.

This table lists the parameters for Carry Forward Funds Available process.

Parameter	Description

From Control Budget	Carries forward surplus funds available from this control budget
From Budget Period	Carries forward surplus funds available from this budget period of the control budget.
Balance	Surplus funds available for the budget period is calculated with this balance type.
Target Control Budget	Surplus funds available are carried forward to this control budget.
Target Budget Period	Surplus funds available are carried forward to this budget period of the target control budget
Classify Target Budget As	Determines whether the surplus funds available carried forward to the target control budget are classified as initial budget or budget adjustment.
Budget Account Filter	Surplus funds available are carried forward to the budget accounts that match the filter conditions selected

Note: If the source budget of the target control budget is the source for multiple control budgets, then the import process will import the amounts to all the control budgets that use that same source budget assuming the budget period matches all the control budgets.

You can see the results of carry forward in Budget Import Results Report which is triggered automatically after each carry forward.

Budget Import Results

The budget Import, Budget Import Results Report and Budget Import Analysis Report are run automatically. Budget entries are imported in the target budget period either as initial budget, if the budget period status is Available for Budgeting or budget adjustments, if the budget period status is Open.

Use the Budget Import Results Report, the Budget Import Analysis Report or the Review Budget Entries page from the Budgetary Control Dashboard to verify the budget amounts carried forward. The budget accounts and amounts can also be verified from the Review Budgetary Control Balances page or the Funds Available Report.

Purchase Order Carry Forward

Purchase order obligation balances can be moved from one budget to another by changing the budget date of the purchase order distribution.

Complete your reporting for obligation balances before this step if your year-end reports must reflect the obligation balance before it is carried forward. After you run the Carry Forward Purchase Order Budgetary Control Balances

process, the obligation balance in the prior budget year will be zeroed out if the Default Date Rule setting isn't set to system date.

> **Note:** Ensure that all invoices are accounted. For example, if you finally close and subsequently reopen a PO matched to an invoice before the invoice is accounted, you will receive an error when Payables attempts to create accounting for the invoice.

If your open purchase order volume is low, or you need to review every purchase order individually and you must perform one of these steps:

- Final close and reopen the purchase order manually at the time of shipment.
- Split the distribution lines to move balances to a specific budget date.
  - Use this method if the criteria for carry forward varies greatly across purchase orders.

To carry forward the budget for these purchase orders, use the Enter Budgets in Spreadsheet or Budgetary Control Budget Import FBDI process.

For the purchase orders that don't require individual review and manual action, use the automated carry forward process.

Automated Purchase Order Carry Forward

For the purchase orders that don't require individual review and manual action, use the automated carry forward process from the Budgetary Control Dashboard.

The Carry Forward Purchase Order Budgetary Control Balances process automates these tasks:

- Final closes purchase orders for a specific ledger and reopens them with a new budget date.
  - Final closes and reopens the uninvoiced amount when accrue on receipt is set to no or the undelivered amount when accrue on receipt is set to yes.
  - Budget period must be open for both the final close and reopen budget dates.
- Optionally carries forward budget for the purchase order balance.
- Lists carry forward purchase orders and budget details.

This table lists the process parameters:

Parameter	Description
Ledger	Lists the ledgers for the control budgets that the user has the privilege to view.
PO Charge Account Filter	Optionally run the process for a group of purchase order shipments by filtering on charge account segment values.
Finally Close Through Budget Date	Carries forward all the open purchase order shipments with a budget date up to this date.
Reopen Budget Date	Moves the purchase order shipments that are carried forward to this new budget date.

Run Mode	Preview, shows the anticipated results without carrying forward the purchase orders Final, carries forward the purchase orders.
Keep funds available unchanged in the carry forward from year	Optionally reduces budget in the carry forward from year when selected in final mode. Note: Selecting this option does not reduce the budget for project and EPM control budgets because updates to budget balances must originate from the source module. A manual budget update can be made with the information from Carry Forward Purchase Orders Report.
Include budget for purchase orders in the carry forward to year	Optionally creates budget for the purchase order obligation amounts carried forward when selected in final mode. Note: Selecting this option does not create the budget for project and EPM control budgets because updates to budget balances must originate from the source module. A manual budget update can be made with the information from Carry Forward Purchase Orders Report.
Classify Carried Forward Budget As	Determines whether the budget created in carry forward to year is classified as initial budget or budget adjustment.

Example of Purchase Orders With Period End Accrual

Purchase Order	Schedule	Budget Date	Ordered	Unit Price	Received	Invoiced	Obligation Balance
PO100	1	15-JUL-2018	8	$8	0	3	$40
PO101	1	22-AUG-2018	7	$3	7	7	$0
PO102	1	03-JAN-2019	5	$6	2	0	$30
PO103	1	15-AUG-2019	6	$4	0	0	$24
PO103	2	19-JAN-2020	5	$3	0	0	$15

Example of Parameter Values And Purchase Orders To Be Carried Forward

Finally Close Through Budget Date	Reopen Budget Date	Keep Funds Available Unchanged for the Carry Forward From Year	Include Budget for Purchase Orders in the Carry Forward To Year	Purchase Orders Carried Forward / Obligation Balance / Budget Period	Budget Balance / Budget Period
31-DEC-2018	01-JAN-2019	Yes	Yes	PO100 / $40 / JAN-19	<$40> / DEC-18 $40 / JAN-19
31-DEC-2018	01-JAN-2019	No	Yes	PO100 / $40 / JAN-19	$40 / JAN-19
31-DEC-2018	01-JAN-2019	Yes	No	PO100 / $40 / JAN-19	<$40> / DEC-18

31-DEC-2018	01-JAN-2019	No	No	PO100 / $40 / JAN-19	
30-JUN-2019	01-JUL-2019	Yes	Yes	PO100 / $40 / JUL-19 PO102 / $30 / JUL-19	<$70> / JUN-19 $70 / JUL-19
31-DEC-2019	01-JAN-2020	No	No	PO100 / $40 / JAN-20 PO102 / $30 / JAN-20 PO103 (Schedule 1) / $24 / JAN-20	<$70> / JUN-19 $70 / JUL-19

Example of Purchase Orders With Accrue At Receipt

Purchase Order	Budget Date	Ordered	Unit Price	Received	Invoiced	Obligation Balance
PO100	15-JUL-2018	8	$8	0	3	$64
PO101	22-AUG-2018	7	$3	7	7	$0
PO102	03-JAN-2019	5	$6	2	0	$20

Example of Parameter Values And Purchase Orders To Be Carried Forward

Finally Close Through Budget Date	Reopen Budget Date	Keep Funds Available Unchanged for the Carry Forward From Year end	Include Budget for Purchase Orders in the Carry Forward To Year	Purchase Orders Carried Forward / Obligation Balance / Budget Period	Budget Balance / Budget Period
31-DEC-2018	01-JAN-2019	Yes	Yes	PO100 / $64 / JAN-19	<$64> / DEC-18 $64 / JAN-19
31-DEC-2018	01-JAN-2019	No	Yes	PO100 / $64 / JAN-19	$64 / JAN-19
31-DEC-2018	01-JAN-2019	Yes	No	PO100 / $64 / JAN-19	<$64> / DEC-18
31-DEC-2018	01-JAN-2019	No	No	PO100 / $64 / JAN-19	
30-JUN-2019	01-JUL-2019	Yes	Yes	PO100 / $64 / JUL-19 PO102 / $20 / JUL-19	<$84> / JUN-19 $84 / JUL-19

The Carry Forward Purchase Orders for Budgetary Control Balances program considers the purchase orders with these criteria:

- Budget date of all distributions for a shipment is before the Finally Close Through Budget Date value, and is not fully billed when accrue on receipt is set to no or not fully delivered when accrue on receipt is set to yes.
- Any purchase order shipments with the following criteria won't be automatically carried forward:
  - At least one distribution's budget date is after the Finally Close Through Budget Date value.
  - At least one distribution's PO charge account doesn't match the PO Charge Account Filter value.
  - Final close or reopen doesn't have any impact on budgetary control.

The PO Charge Account Filter allows you to manage the budget options differently for groupings of purchase orders by specifying conditions on any of the accounting flexfield segments.

Example of Budget Option Requirements

Fund values	Carry Forward Obligation	Carry Forward Budget	Keep Funds Available Unchanged in Carry Forward From Year
A through D and L through S	Yes	Yes	Yes
E through K and T through Z	Yes	No	Yes

To achieve these requirements, you must submit the Carry Forward Purchase Order Budgetary Control Balances program multiple times.

Example of Submission Parameters

PO Charge Account Filter Fund Values	Include Budget for Purchase Orders in the Carry Forward To Year	Keep Funds Available Unchanged for the Carry Forward From Year
Between A and D	Yes	Yes
Between L and S	Yes	Yes
Between E and K	Yes	No
Between T and Z	Yes	No

Carry Forward Purchase Order Report

Once the Carry Forward Purchase Order Budgetary Control Balances process completes, the Carry Forward Purchase Order report lists the budget impact of the purchase orders that were carried forward.

You can also rerun the report from the Report and Analytics task in the Financials > Budgetary Control folder.

This report has four layouts:

- Summary

- Control Budget Impact
- Control Budget Account Impact
- Carry Forward Exclusions

Carry Forward Purchase Order Report Summary

The summary tab shows these items:

- Number of purchase orders and schedules carried forward and not carried forward
- Control budget amounts by period
- Budget import summary
  - The budget import status will indicate cases where the budget wasn't imported.

Suggested Actions On Budget Not Imported

Import Status	Description	Actions
Not Attempted	The budget import wasn't attempted. **Reasons:** There is more than one control budget with the same source budget, or the control budget is a project or EPM control budget.	Manually enter the budget amounts by control budget using the Enter Budgets in Spreadsheet task. If the control budget is a project or EPM control budget, manually enter the budget amounts in the source module.
Failure	There was a budgetary control validation error during the budget import. **Failures**: budget period isn't open, budget adjustments aren't allowed	After correcting the validation error manually import the budget amounts Manually enter the budget amounts by control budget using the Enter Budgets in Spreadsheet task. Or by source budget using the budget interface.

- Purchase order listing with one or more schedules not carried forward
  - Purchase orders with a mix of schedules carried forward and not carried forward due to the PO charge account filter or schedules with different budget dates.
  - No schedules are carried forward for purchase orders with a final close or reopen error since all schedules of a purchase order must pass final close and reopen.

Control Budget Impact

The Control Budget Impact tab lists these items:

- Control budget amount impact by period
- Control budget amount impact by budget account and period
- Details of the purchase orders carried forward
  - Purchase Order Error Details
  - Excluded Purchase Order Details due to Finally Close

Control Budget Account Impact

The Control Budget Account Impact tab lists these items:

- Control budget amount impact by budget account and period

- Control budget amount impact by budget account and the purchase orders carried forward
- Details of the purchase orders carried forward by control budget and budget account

Carry Forward Exclusions

The Carry Forward Exclusions tab lists these items:

- Excluded Purchase Orders due to Final Close or Reopen Errors

Message	Description	Actions
The purchase order can't be finally closed because it didn't pass budgetary control validations.	There was a budgetary control validation error during the final close of the purchase order. The message details include the error. **Failures:** control budget status isn't in use, budget period isn't open.	After correcting validation error, rerun the Carry Forward Purchase Order Budgetary Control Balances or Manually final close and then reopen the purchase order with the new budget date.
The project burden of the purchase order can't be finally closed because it didn't pass budgetary control validations.	There was a budgetary control validation error for the project burden during the final close of the purchase order. The message details include the error.	After correcting validation error, rerun the Carry Forward Purchase Order Budgetary Control Balances or Manually final close and then reopen the purchase order with the new budget date.
The purchase order can't be reopened because it didn't pass budgetary control validations.	There was a budgetary control validation error during the reopen of the purchase order. The message details include the error. **Failures:** control budget status isn't in use, budget period isn't open	After correcting validation error, rerun the Carry Forward Purchase Order Budgetary Control Balances or Manually final close and then reopen the purchase order with the new budget date.
The project burden of the purchase order can't be reopened because it didn't pass budgetary control validations.	There was a budgetary control validation error for the project burden during the reopen of the purchase order. The message details include the error.	After correcting validation error, rerun the Carry Forward Purchase Order Budgetary Control Balances or Manually final close and then reopen the purchase order with the new budget date.
There is no budgetary control activity to carry forward.	There was no budgetary control activity during final close of the purchase order.	No action required or

Message	Description	Actions
		Manually final close and then reopen the purchase order with the new budget date if you want to reserve funds for this purchase order in the new budget year.
The reopen sub process failed because it can't find a control budget to reserve funds. The final close sub process is returned/reset to previous values.	There was no budgetary control activity during the reopen of the purchase order. Typical reasons: Period range of the control budget the balance is being carried forward to hasn't been extended, control budget hasn't been created, or the Control level is set to None.	Update the control budget and rerun the Carry Forward Purchase Order Budgetary Control Balances or When the control level is set to none correctly, manually final close and then reopen the purchase order with the new budget date if you want the budget date to be updated to the new budget year.
A purchase order carry forward activity exists for the summary budget but not for the source budget. The budget won't be updated for the summary budget.	The purchase order impacted the summary control budget but not the detail control budget as the detail control budget is set with control level as none. The budget can't be created as for the summary control budget since it comes from the detail control budget.	Update the control budget settings so that the detail and summary control budget are consistent. After correcting the setup, rerun the Carry Forward Purchase Order Budgetary Control Balances or Manually final close and then reopen the purchase order with the new budget date.
A purchase order carry forward activity exists for the source budget but not for the summary budget. The budget should not be updated for the summary budget.	The purchase order impacted the detail control budget, but didn't impact the summary control budget and therefore isn't created as the budget balances will be out of sync.	Update the control budget settings so that the detail and summary control budget are consistent. After correcting the setup, rerun the Carry Forward Purchase Order Budgetary Control Balances or Manually final close and then reopen the purchase order with the new budget date.

- Excluded Purchase Order Schedules due to Finally Close Through Date or Purchase Order Charge Account Filter

Message	Description	Actions
The schedule can't be finally closed because the distribution budget date is after the carry-forward cutoff date.	The budget date of one of the distributions is after the budget date selected for the final close.	No action required as carry forward is not required for a shipment with budget date after carry-forward cutoff date or If some of the distributions are before the budget date, manually update the distribution with the new budget date.
The schedule can't be finally closed because the distribution charge account doesn't match the account selection criteria that's specified for this process.	The PO charge account of one of the distributions doesn’t match the PO Charge Account Filter values selected.	No Action required as these are the filters selected while running the process or If some of the distribution within the shipment are required to be carried forward, manually update the distribution with the new budget date.

Budget Import Results Report

The budget import and the Budget Import Results Report are run automatically when the Include Budget for Purchase Orders option is selected for the carry forward process.

Use the Budget Import Results Report or the Review Budget Entries page from the Budgetary Control Dashboard to verify the budget amounts carried forward are correct.

Important Considerations

Consider the following for automated purchase orders carried forward:

- Reopen Budget Date
- Carry Forward Amount
- Projects Control Budget Impact
- EPM Control Budget Impact
- Budget Consumption of Carried Forward Transactions

Reopen Budget Date

The movement of the obligation to the Reopen Budget Date:

- Increases funds available in the carry forward from year because the obligation balance is decreased for the finally closed budget date. If you want to keep the funds available unchanged in the carry forward from year, select Keep fund available for the carry forward from year so that the budget balance is decreased for the finally close through budget date.
- Doesn't validate that there are sufficient funds available in the carry forward to year. If you don't include budget for the carry forward obligation for the reopen budget date, the purchase orders that were carried forward will consume funds from the current budget balance for that period. Integrated Banking Services with product

Carry Forward Amount

The carry forward amount, which is the uninvoiced amount or the undelivered amount, is determined as of the time the Carry Forward Purchase Order Budgetary Control Balances program is submitted, not as of the finally close through budget date.

To ensure the balances are carried forward properly, it is important to follow these steps:

- Run the program as close to year end as possible.
- Not open the periods in the new year for payables until after the process is completed when using period end accrual and the default date rule setting as current transaction budget date or system date.

Projects Control Budget Impact

The budget balances for project control budgets are maintained in Projects Portfolio Management and synchronized to budgetary control using the baseline process.

Carry Forward Purchase Order Budgetary Control Balances process does not automatically update the budget balances for projects as the budget change must originate from the project budgets. A manual update and baseline of the project budget in Project Management can be made with the information from the Carry Forward Purchase Orders Report.

Project Expenditure Item date is maintained during the Carry Forward Purchase Order Budgetary Control Balances process, only the budget date on the purchase order distribution is updated by the process.

EPM Control Budget Impact

The budget balances for EPM control budgets are maintained and loaded from EPM.

The Carry Forward Purchase Order Budgetary Control Balances process does not automatically update the EPM budget balances and the budget change must originate from EPM. A budget revision with the funds reservation action can be made in EPM with the information from the Carry Forward Purchase Orders Report.

Budget Consumption of Carried Forward Transactions

If you didn't include budget for the carried forward transactions, the transaction will consume funds available from your new budget.

You can increase the funds in the new budgets through reversals and cancellation of the carried forward transactions.

For the liquidation of carried forward transactions, the application will use one of the following dates depending on the Default Date Rule setting for the business unit:

- Prior related transaction budget date for which carried forward transactions has changed to the new budget date

- Current transaction budget date
- System date

Encumbrance Accounting for the Budget End Process

Encumbrance Accounting

When encumbrance accounting is enabled, you must also run the Create Accounting process after the Carry Forward Purchase Order Budgetary Control Balances process completes.

This process creates the encumbrance journals in general ledger moving the purchase order balances to the new period.

Period End Accrual

The accrual entries are reversed at the beginning of the next period.

The following scenario requires some special handling and only applies if all three criteria are met:

- You use period end accrual and have Budgetary Control enabled for the period end accrual journal entries.
- You are carrying forward purchase order obligations in Budgetary Control to a new year.
- You have purchase orders that you are carrying forward where the quantity delivered is greater than the quantity billed. If all of the purchase orders that you are carrying forward have quantity delivered equal to or less than quantity billed, and there is nothing to accrue, then these special handling don't apply.
    - Other Obligation Balances Single Accounting Year Control Budgets
    - Other Obligation Balances Cross Accounting Year Control Budgets

For more instructions on the special handling needed for this scenario refer to the Period End Accrual section of the Budgetary Control and Encumbrance Accounting Implementation Guide.

Other Obligation Balances Single Accounting Year Control Budgets

Obligation amounts can originate from manual encumbrance journal entries in the general ledger with the encumbrance type of Obligation.

There could also be obligation amounts not carried forward depending on the accrual method and also if the quantity delivered is greater or less than the quantity billed. Run the Trial Balance Report for the encumbrance balance type to review if there is a remaining obligation balance.

To keep the budgetary control and accounting balances synchronized for control budgets with periods that span one accounting year or less, create a journal entry to move the desired account balance to the new period.

1. Run the Trial Balance Report.

2. Create the manual journal entry to carry forward the balances

3. Verify the amounts in reports or Review Budgetary Control Balances page from the Budgetary Control Dashboard.

Other Obligation Balances Cross Accounting Year Control Budgets

The encumbrance balances for income statement accounts are reset to zero in the general ledger when the next accounting year begins.

When all control budgets have periods that span more than one accounting year, to keep the accounting and budgetary control balances synchronized, run the Encumbrance Year-End Carry Forward task on the Budget Manager Dashboard. This process only moves the accounting balances and has no effect on the budgetary control balances. When some control budgets have periods that span one accounting year or less and some control budgets have periods that span more than one accounting year, special consideration will need to be made to make sure the accounting and budgetary control balances are synchronized for all control budgets. You can run this in Preview mode to preview the changes before you committing the changes by running it in Final mode.

You need to specify Carry forward rule while running Encumbrance Year-End Carry Forward process. You can create Carry forward Rules to specify the range of accounts which you want to Carry Forward.

Reporting and Inquiry for the Budget End Process

After the carry forward process, you can verify the impact on transactions and balances, and report on how the carried forward funds are expended.

You can also review the carry forward actions using the document history of the purchase order.

Example

Purchase order 89 was carried forward from 2015 to 2016 affecting control budgets Vision City FY 2015 and Vision City FY 2016 respectively. The budget date on the purchase order will be the carry forward date. For PO 89, this date is 1/1/16.

The document history is as follows:

Use the Budgetary Control Analysis report to review the three new transaction actions for the carry forward:

- Carry forward final close purchase order
  - Reverses the obligation from the prior period
- Carry forward reopen purchase order
  - Reinstates the obligation into the new period
- Carry forward budget adjustment
  - Carries forward the budget for the corresponding obligation

6 Case Studies

Budgetary Control Implementation: Vision City

This topic describes a case study on Budgetary Control Implementation.

In this case study we will discuss the Budgetary Control Implementation for an imaginary city called Vision City.

Vision City

Vision City is a small fictional city in northern California. The city purchases Oracle ERP Cloud to address these requirements:

- Better analytics during budget preparation and planning to budget execution cycle
- Improved analysis and monitoring of budget consumption
- Increased visibility of budget issues for transaction users
- Streamlined legal and management reporting

Key Funds and Funding Sources

The main revenue sources for the city are sales tax and property tax. The citywide expenditure is divided into these funds:

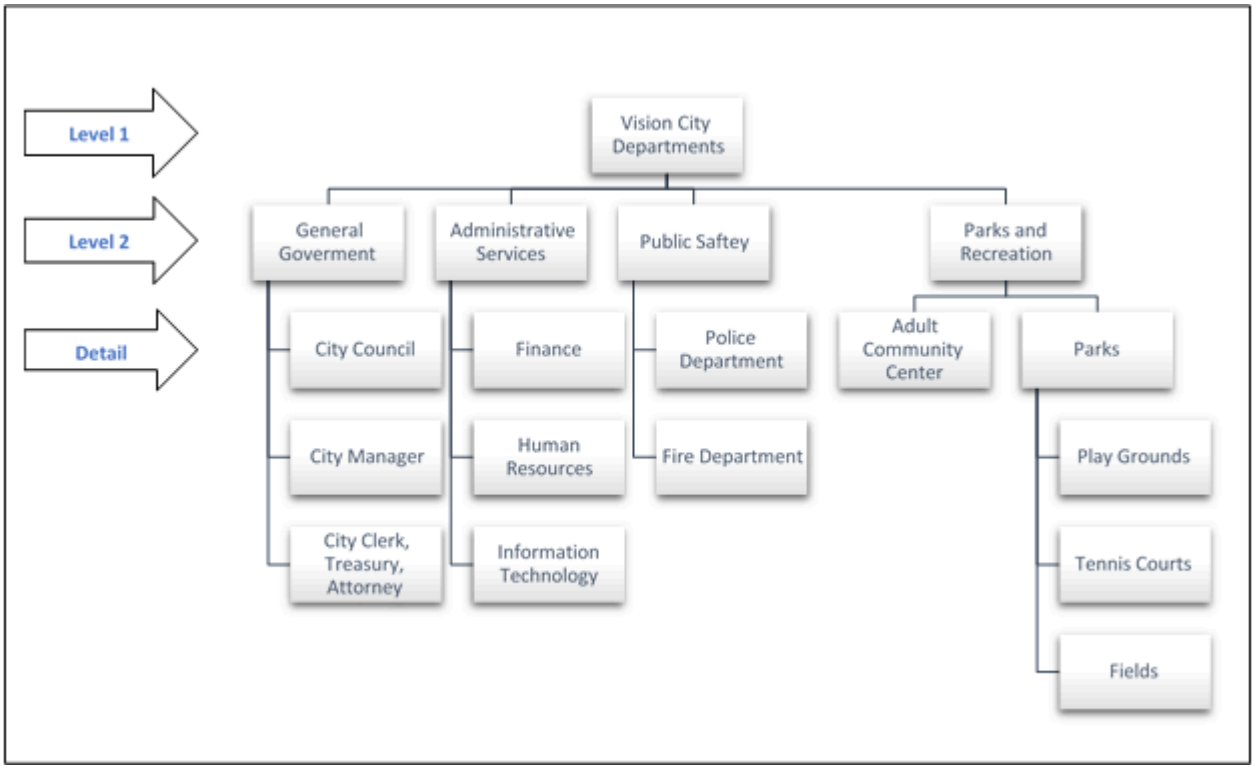
- General Fund
- Wastewater Fund
- Capital Funds
- Internal Service Fund
- City Debt Fund

The main citywide expenditures that must be budgetary controlled are in the General Fund. These five areas of expenditures are funded by the General Fund:

- General Government
- Public Safety (Police and Fire)
- Parks and Recreation
- Community Development
- Public Works

Vision City Organization

The Vision City government is organized into departments, with lower-level departments rolling up to higher-level or parent departments as depicted in this chart.



The city has department managers that control purchase approvals and budget spending at the detail level in the department hierarchy. Public reporting on the General Fund spending on administration is separated from operations. The finance department on behalf of the city council requires reporting on the type of expenditures at the object or natural account level.

Financial Management Cycle

The financial management cycle of the city mainly revolves around the budget planning for the next year and staying on track in the current year. The budget is a financial plan on how the city will receive and spend money during the fiscal year.

The financial management cycle has these four phases:

- Planning and Budgeting: Prioritize objectives and determine the allocation of funds to meet these objectives.
- Budget Implementation: Map objectives to specific programs and departments in the city's organizational structure for recording, expense monitoring, and control.
- Expenditure Monitoring: Ensure that the budget amounts allocated are correctly reflected in Oracle ERP Cloud and proper controls are set up for expenditures.
- Inquiry and Reporting: Generate periodic reports for public and department heads to reflect prior period budget versus expenditure. Perform budget transfers and approve any budgetary control override requests.

Each department head is responsible for approving expenditures and controlling their budget to ensure they are meeting the associated objectives.

Planning and Budgeting

The planning and budgeting phase starts in August and continues until March. The proposed budget is prepared in April and is available for public review and hearings in May and June. The final adopted budget is released on July 1st.

The planning and budgeting phase has these four steps:

- Create a Plan for the Next Year
- Define Strategic Goals and Objectives
- Prepare Budget
- Review Budget

Create a Plan for the Next Year

This step of the planning and budgeting phase is to determine budget priorities and expected funding for the next year. Departments review funding and feasibility of projects. Department managers or their representatives review prior year objectives and budget expenditures. Department managers also review reports such as Performance Highlights from Prior Year Benchmarks and Results by Department.

Define Strategic Goals and Objectives

Goals are finalized and budget allocations are refined. The finance department proposes multiple funding scenarios and forecasts revenue and funding.

Prepare Budget

The budget manager prepares a preliminary budget for review. The budget amounts are allocated to departments and programs. Department managers allocate budgets to the programs for which they're responsible.

Review Budget

The proposed budget is reviewed by the city manager and council. In addition, it's released to the public for review. A final budget is published and adopted for the new fiscal year.

Budget Implementation

After the budget is adopted, it's available for consumption at the beginning of the fiscal year. The control on spending is now enforced.

The public safety is the highest expenditure in the city and it is outsourced and the funds are managed by a supplier, and monthly reports on expenditures are provided to the city. This case study focuses on the two main functions under the city's direct control, namely General Government and Parks and Recreation.

Expenditure Monitoring

Vision City requires all expenditures to be subject to budgetary control validation. They elect to enable funds control at the time of requisition to ensure requesters are aware of any budget issues before they submit requisitions to approvers. Any variances from the requisition to the purchase orders and invoices will also be subject to budgetary control as well as any manual journal entries that impact the budgeted accounts.

Some organizations may elect to bypass budgetary control at requisition time and only enforce controls during purchase order preparation. This may give buyers greater control to complete purchase requests that otherwise would have been rejected. Vision City, however, prefers the requester to be notified as early as possible when there is insufficient budget for their request.

Inquiry and Reporting

During the budget year, the budget manager performs these tasks:

- Monitors the overall health of the budget
- Alerts department managers of potential budget issues
- Overrides insufficient funds
- Runs budget transfers or adjustments
- Prepares periodic reports for management
- Prepares periodic reports for public

Key Implementation Considerations: Enterprise Structures

The budget managers at Vision City define its chart of accounts using the Rapid Implementation spreadsheet.

The chart of accounts has these segments:

- Fund: Enables reporting by fund, and their balancing segment, ensures all transactions must balance by fund
- Department: Mirrors the organizational structure including the hierarchical relationships
- Program, Object, and Location: Provides detailed tracking and analysis
- Future Use: Allows easy expansion in the future if needed

Budget managers enter the segment names, values, and hierarchies in the Rapid Implementation spreadsheet and set July 1 as the beginning of their fiscal year. After that they generate a .csv file and upload it to Oracle Financials Cloud, creating all required enterprise structures, including a ledger and business unit that are linked to the newly-defined chart of accounts.

Key Implementation Considerations: Budgeting

Budget Entry and Approval

Vision City has historically managed its budgets in spreadsheets. They considered continuing with this approach that involves simply loading their budgets into Oracle Financials Cloud periodically using the open interface for budgets. However, Vision City instead opts to use the Oracle EPM Planning and Budgeting Cloud Service (EPM Planning), which is seamlessly integrated with Oracle Financials Cloud and offers management and control capabilities beyond what Vision City has with spreadsheets.

Vision City budgets by fund, object, department, and program and defines their EPM Planning budgeting application based on these three segments. They include additional segments in their chart of accounts for tracking expenditures at more granular levels, but they don't budget at these levels.

They define mapping rules to write budget information from EPM Planning directly to Oracle Financials Cloud for use in budgetary control and actual-budget analysis. Since they don't budget at the Location and future use level, they automatically enter 000 as the value for these segments in their budgets. They also define mapping rules for transferring actual balances from Oracle Financials Cloud to EPM Planning for use in the budgeting process.

Using Budgets for Budgetary Control

Before loading budgets to Oracle Financials Cloud, Vision City first defines control budgets. The control budget specifies how the budget will be used to control expenditures, including these parameters:

- Transaction types: Requisitions, purchase orders, invoices, manual journal entries, and purchase receipts.
- Level of control:
  - Absolute: Reject the transaction if there is insufficient budget.
  - Advisory: Allow the transaction to proceed but notify the user of any budget violations.
  - Track: Allow the transaction to proceed without notifying users of budget violations, but still report on budget versus consumption report.
  - None: Don't track activity.
- Exception conditions: Set one level of control as the default but then use a different level of control in exception conditions, such as a specific fund or group of departments. While it wouldn't make much sense to use None as the control level for an entire control budget, there are definite cases where it makes sense to use None as the default level and then set up exception conditions to enforce stricter control in certain cases.
- Tolerance: Whether users can spend beyond the allowed budget, and if so, by how much.
- Overrides: Whether users can allow a rejected transaction to proceed, and if so, which users and under what conditions.

Vision City defines two control budgets: one for spending control and the other for management reporting.

Control Budget Attribute	Monthly Reporting	Annual Control
Calendar (July 1-June 30)	12 periods (one for each month)	1 period (year)
Segments – hierarchy	Fund Object Department Program Location Future Use	Fund Department (level 2) Program
Control Level	Track - record transaction impact on funds balances only	Absolute – stop transactions when there are insufficient funds
Source Budget Type	Other	Control Budget
Source Budget	Monthly Reporting	Monthly Reporting (This budget summarizes balances from the monthly budget and is not maintained separately)
Tolerance/Override	None	The budget manager in finance can approve and override insufficient funds
Exceptions	Revenue, Asset, and Liability accounts are excluded from budgetary control, therefore the control level is None	Public safety departments are outsourced and expenditures are controlled by the provider, therefore their transaction control level is Advisory

Control Budget Attribute	Monthly Reporting	Annual Control
		Waste Water Fund is a custodial fund and is not subject to budgetary Control, therefore the transaction control level is set to None Revenue, Asset, and Liability accounts are excluded from budgetary control, therefore the control level is None

Vision City enters its budgets in EPM Planning and loads the budget data into the Monthly Reporting control budget. The other control budget (Annual Control) uses Monthly Reporting as its budget source. Therefore, Vision City does not enter two sets of budgets; one control budget derives its amounts from the other. This setup allows Vision City to do reporting and analysis at a more granular level than transaction control.

Budget Adjustments

Though Vision City has standardized on EPM Planning as its budgeting solution, they opted to manage budget adjustments directly in Oracle Financials Cloud. Oracle Financials Cloud offers a spreadsheet interface for budget adjustments. Vision City allows a small group of budget managers to enter budget adjustments. They have also opted to use the **Other** source budget type that allows them to perform these tasks:

- Enter budget in a third-party software and load it using FBDI
- Enter budget using Enter Budgets in the Spreadsheet task
- Enter budget transfer using Budget Transfer section from the Review Budgetary Control Balances page

In the future, Vision City will adopt the EPM Budget Revision process and plan to reclassify the source budget type to EPM Financials Module. Using the EPM Financials Module Source Type will allow them to perform these tasks:

- Enter Budget in EPM using Planning and load to Oracle Financials Cloud using Data Exchange
- Revise budget in EPM using Budget Revisions and load it using the Funds Reservation action

When the reclassification occurs, EPM Planning will become the single source of truth for budget, and as a result, Vision City will no longer be able to use the FBDI, Spreadsheet, or Budget Transfer to manage budget adjustments. Instead, all adjustments will be initiated in EPM Budget Revisions and sent to Oracle Financials Cloud using the delivered integration.

Vision City has opted to load budgets in General Ledger to support financial reporting across both revenue and expenditure accounts. Vision City only controls expenditure accounts within Budgetary Control, and hence only loads expenditure accounts into Budgetary Control. They have set up a supplemental rule that excludes, None, all Revenues and Balance Sheet accounts in both their control budgets. Since Vision City needs to report on revenues and expenditures in a single financial report, they have elected to use General Ledger for all their financial reports and Budgetary Control for managerial reporting purposes.

Vision City has set up two general ledger budget scenarios to allow for reporting of Initial and Adjusted budget balances separately.

- Initial, to load the original budget

- Monthly Reporting, to sync with the Monthly Reporting Control Budget as adjustments are made

> **Note:** When Vision City implements Budget Revisions, the delivered integration will automatically sync budget adjustments to General Ledger when a budget scenario exists with the exact name as the control budget. So, Vision City opted to use the control budget name as the scenario name, making sure that there will be no impact when budget revisions are implemented in the future.

As Vision City makes budget adjustments using the Enter Budgets in Spreadsheet tasks from the Budgetary Control Dashboard, they will use these options to keep the Monthly Control Budget in sync with the Monthly Reporting general ledger budget scenario:

Field	Option
Budget Usage	Budgetary Control Validation and General Ledger reporting
Budget Entry Classification	Budget Revision
Control Budget	Monthly Reporting
Budget Scenario	Monthly Reporting
Enter Budget Amounts	Addition to or subtraction from current budget

Vision City will also load the revenue budget to both general ledger budget scenarios. At the beginning of the fiscal year, they will load revenue accounts to the Initial budget scenario and the Monthly Reporting general ledger budget scenario. As budget adjustments are made to revenue accounts throughout the year, the adjustments will be made to only the Monthly Reporting general ledger budget scenario. For the revenue accounts, changes can be loaded using the Create Budgets in Spreadsheet task from the General Accounting Dashboard or by using the FBDI Import Budget Data from a flat file.

Key Implementation Considerations: Transaction Control

Any transaction that consumes funds from the General Government, Administrative Services, or Parks and Recreation department must pass a funds reservation before it can proceed. Funds reservation is performed automatically during requisition or purchase order approval, invoice validation, creation of purchase receipt distributions, or posting for a manual journal entry. Users can optionally check funds before submitting a transaction to ensure it goes through. Vision City opts not to enforce budgetary control during requisitioning, so the first control point is purchase order approval.

Transactions that consume funds from a Public Safety department are only subject to Advisory control, so a funds reservation is not required for these transactions to continue processing. Transactions are also checked against the Monthly Reporting control budget, but as this is track only, budget violations aren't enforced.

Budgetary Control Infolets

The Budget Consumed and Funds Available infolets allow the budget manager to quickly view and track the funds consumption and funds availability of critical control budgets and budget accounts. These infolets provide insight into your budget position based on real-time transactions, and alert the budget manager to potential risks. Each budget manager can configure up to five different instances of each infolet.

The Budget Consumed infolet displays the budget consumption for a group of budget accounts you choose. You can expand the infolet to see the budget accounts with the highest consumption percentages for the control budget. On the expanded view, you can also view the funds available details by clicking the budget account link.

The Funds Available infolet displays the funds available amount and percentage based on the unused portion of the current period budget for a budget account you specify. You can click the funds available amount link to view the additional funds available details for the budget account.

Budget Manager Inquiry and Reporting

The Budgetary Control Dashboard allows budget managers to monitor summary fund and department balances, and drill down to specific accounts and transactions. To Review Budgetary Control Balances for that account combination, click a balance link on Budget Monitor. You can further drill down to Review Budgetary Control Transactions for a specific period and balance type. This page allows the budget manager to drill to any specific transaction.

Budgetary Control Exceptions Report

An exceptions report tracks the health of the budget. Transactions with budgetary control failures are grouped and reported.

Overrides

When there are insufficient funds and a transaction fails because of funds control, a transaction user can request an override. This will automatically notify the budget manager and the notification includes a link to the transaction details. The budget manager dashboard lists the overrides under **Requiring My Attention** and **Requested By Me**, and provides the budgetary control results for the override requests.

Department Head Inquiry and Reporting

The city chose Oracle ERP Cloud to improve analysis and monitoring of budget consumption for the department heads who approve and monitor budget consumption. The main use cases for the department heads include:

- Periodic reports to ensure budget is on track
- Ad hoc analysis to "look for funds" when budget is low
- Budget planning for the next year

The budgetary control transaction details can be monitored from the Budgetary Control Analysis report. This interactive Business Intelligence Publisher (BI Publisher) report is shipped with these three layouts and is fully configurable:

- Funds Available Trend
- View Funds Available
- Account Activities

Vision City has also opted to create a custom Budget Inquiry role to allow all Department Heads and staff the ability to use the budget monitor without having the administrative budgetary control tasks. See My Oracle support document *2501873.1* for detailed steps.

Vision City has also used the Add Reporting Tree to Budgetary Control Cubes to the Monthly Reporting Control Budget for the object and department segments to use the hierarchy for summarized reporting.

Funds Available Trend Layout

The Funds Available Trend layout shows the balances by fund, department and object, and the corresponding transaction details of the balance.

View Funds Available Layout

The View Funds Available layout shows the budget, commitment, obligation, expenditure, and funds available balance by budget account. It can be further filtered by budget period or fund.

The commitment column typically represents the open balance from requisitions, though it also includes manual encumbrance journals with this encumbrance type. The obligation column represents the open balance from purchase orders, also including the appropriate manual encumbrance journals. The expenditure column includes invoices and actual journal entries.

Account Activities Layout

The Account Activities layout shows account balances and details of the specific transactions that have consumed the budget for each account. The interactive layout allows further filtering by budget account and budget period.

An Oracle Transactional Business Intelligence (OTBI) subject area called **Budgetary Control - Transactions Real Time** is also available for advanced ad hoc queries. This subject area contains budgetary control and source transaction attributes.

Periodic Public and Management Reporting

Oracle Financial Reporting Center delivers a unique multidimensional reporting and analysis platform that provides real time access to financial information. Users can quickly report and analyze data from different perspectives from the same application that is used for operational accounting.

The reports allow users to:

- Dynamically drill down from balances to active transactions
- Perform multidimensional analysis and drill down from anywhere
- Ensure that all users are making decisions from the same source of information

The city provides its users with three reports based on the funds balances from the budgetary control balances. These are secured by budget and published periodically by the budget manager for department heads.

- Balances by Department
- Budget versus Actual
- Year on Year Comparison

Year-End Public and Management Reporting

Oracle Financial Reporting Center streamlines reporting for management and public reporting on accounting balances, enabling Vision City to:

- Securely distribute and access active or prepublished financial reports from a central location

The city creates this financial report by using the general ledger balances:

- Trial Balance

These government-wide Financial Statements are created from their secondary full accrual ledger:

- Statement of Net Position
- Statement of Activities

These governmental Fund Financial Statements are created from their primary modified accrual ledger:

- Balance Sheet
- Statement of Revenues, Expenditures, and Changes in Fund Balances
- Statement of Activities
- Budgetary Comparison Schedule

> **Note:** Vision City has adopted Modified accrual accounting as their budgetary basis with no exceptions.

Conclusion

Oracle ERP Cloud provides Vision City with a robust application for managing its entire purchasing cycle with strict controls to ensure it stays within budget, and much more. It provides rich visibility and insight into how the budget is used, more than the city has ever before been able to derive. This added insight leads to more efficient allocation of scare funds, and a better use of taxpayer and other resources. The employees of Vision City will spend less time worrying about transaction controls and purchasing processes, and more time focusing on delivering city services to the citizens of Vision City.

Year-End Carry Forward with GL Account and Project Level Control: City of Sunshine

The City of Sunshine is in North America and has one year budgets with budget year from Jul-1 to June-30. Spending is budgetary controlled at the project and the general ledger account level.

Budget ordinance allows for some purchase order obligation and the equivalent budget amounts to be carried forward into the next year. Surplus funds can't be carried forward to the new year.

At the year end, these business processes occur that impact the budget and funds available balances.

- Requisitions are canceled
- Purchase receipts that aren't invoiced are accrued
- Purchase orders that don't meet the budget ordinance for continuation into the next year are canceled
- Invoices on hold that are matched to purchase orders are either processed or canceled

Since purchasing and payables invoicing processes are centralized, but receipt entry is decentralized, the finance department includes cross subject area experts in the year end planning.

Preparing for Purchase Order Carry Forward

In order to prepare for the PO Carry forward process, City of Sunshine begins planning the year end close process and identifies the key participants in the process and the steps performed. From April 1 to April 30, the Year-End Close committee meets to discuss deadlines and begin the planning process. The committee includes these members:

- Savannah (General Accounting Manager)
- Sally (Budget Manager)
- Brett (Purchasing Manager)

- Mike (Accounts Payable Manager)
- Key Subject Matter Experts

Three key phases are identified in the process:

- Preparation stage: Stage where key tasks are performed to get ready for the Carry Forward Purchase Order Budgetary Control Balances process (60 days before fiscal year end).
- Process stage: Stage where key processes (Create Uninvoiced Receipt Accrual and Carry Forward Purchase Order Budgetary Control Balances) are run (first 1-2 days after fiscal start date).
- Completion stage: Stage where any remaining tasks after successfully running the Carry Forward Purchase Order Budgetary Control Balances process are completed (1 + days after the process is run).

These are the key tasks performed by participants at each stage:

Preparation Stage: May 1 to June 30

This table describes the key tasks that participants perform at the process stage.

Budget Manager (Sally)	Department End Users	Purchasing Manager (Brett)	Accounts Payable Manager (Mike)	General Accounting Manager (Christy)	Project Manager (Mark)
Unarchive the Budgetary Control Carry Forward Sample Reports and modifying the reports as required and reviewing output.				Ensure that all due dates are clearly communicated and that department end users have entered all receipts into the application.	
Ensure that the June (from) period and July (to) periods are open in Budgetary Control.	Identify requisitions that are no longer needed and request closure from purchasing staff. Identify purchase orders that are no longer needed and request closure from purchasing staff. Ensure that all uninvoiced expenses are properly received in the application.	Close all purchase orders that have expired, closure has been requested by departments, or purchase orders with small balances without uninvoiced receipts.			Extend the end date of projects that are ending in current fiscal year and are required for next fiscal year. Request Purchasing manager to close the purchase orders associated with the projects that are ending in current fiscal year and aren't required for next year.
	Ensure that any pending change orders are entered and approved.	Complete or cancel all pending change orders on purchase orders. Cancel requisitions requested from department staff.			

Budget Manager (Sally)	Department End Users	Purchasing Manager (Brett)	Accounts Payable Manager (Mike)	General Accounting Manager (Christy)	Project Manager (Mark)
Establish the budget calendar for the next fiscal year. Load the next fiscal year budget into Budgetary Control, while in Available for Budgeting Status and verifying output.		Ensure that all open purchase requisitions are converted to purchase orders. Analyze purchase orders with Remaining Obligation Balances on reports such as Purchase Order Control Budget Balances Report included in the Budgetary Control Carry Forward Sample Reports.	Ensure that all accounts payable invoices that are matched to a purchase order and receipt are paid.	Establish the accounting calendar for the next fiscal year. Opening the encumbrance period for the next fiscal year.	
Test the Carry Forward Purchase Order Budgetary Control Balances process in a testing environment to determine what parameters will be selected when she is ready to run the process in Production. Ensure that all key participants are available to address any errors when running the process (General Accounting Manager, Accounts Payable Manager, Purchasing Manager, and any other relevant individuals).				Request production to be copied to test pod.	

Process Stage: July 1 to July 2

This table describes the key tasks that participants perform at the process stage.

Budget Manager (Sally)	Department End Users	Purchasing Manager (Brett)	Accounts Payable Manager (Mike)	General Accounting Manager (Christy)
Receive confirmation from Mike that all accounts payable invoices that have been matched to a purchase order and receipt have been paid. Receive confirmation from Savannah that the Create	Ensure that no new transactions (purchase requisitions, change orders, invoices) are submitted until communication from Sally is received.	Ensure that no new purchase requisitions are entered, no new change orders are created, and no new receipts of goods or services are created. Available to answer any questions or address any	Ensure that no new accounts payable invoices that will be matched to a purchase order are entered or paid. Available to answer any questions or address any transaction issues that may	Run the Create Uninvoiced Receipt Accrual process to record an accrual journal entry for all purchase order expenses that have been received but not yet invoiced.

Budget Manager (Sally)	Department End Users	Purchasing Manager (Brett)	Accounts Payable Manager (Mike)	General Accounting Manager (Christy)
Uninvoiced Receipt Accrual process has completed successfully. Receive confirmation from purchasing that there are no pending change orders or active purchase requisitions. Run the Carry Forward Purchase Order Budgetary Control Balances process in Draft mode, review the output of the process, and request corrections for any errors identified. Corrections that required could include canceling or completing any pending change orders or canceling or paying any pending project accounts payable invoices. Receive confirmation from the City Manager to approve processing the budget adjustment based upon the output of the initial process run in Draft mode. Once all errors identified are corrected on July 2 and after business hours to not disturb any in progress transactions, Sally runs the process in final mode with the parameters of option B as City of Sunshine does not require Council approval for the budget adjustment related to the encumbrances carried forward to the following fiscal year. Notify end users that the Carry Forward Purchase Order Budgetary Control Balances has successfully completed. Notify end users that they may now submit invoices for the new fiscal year on the re-opened purchase orders.		transaction issues that may be found while running the process.	be found while running the process.	Review output of the Create Uninvoiced Receipt Accrual process and communicating successful completion of the process to Sally. Run and reviewing the Create Accounting process for Receipt Accounting and posting the activity to the General Ledger. Available to answer any questions or address any transaction issues that may be found while running the process.

Budget Manager (Sally)	Department End Users	Purchasing Manager (Brett)	Accounts Payable Manager (Mike)	General Accounting Manager (Christy)
Run the Carry Forward Purchase Order Budgetary Control Balances process in the Draft mode, review the output of the process and request corrections for any errors identified. Corrections could include canceling or completing any pending change orders or canceling or paying any pending project accounts payable invoices. Receive confirmation from the City Manager to approve processing the budget adjustment based upon the output of the initial process run in the Draft mode.				Being available to answer any questions or address any transaction issues that may be found while running the process.
Once all identified errors are corrected on July 2, Sally runs the process in final mode with the parameters of option B as City of Sunshine does not require Council approval for the budget adjustment related to the encumbrances carried forward to the following fiscal year.				
Notify end users that the Carry Forward Purchase Order Budgetary Control Balances has successfully completed. Notify end users that they may now submit invoices for the new fiscal year on the re-opened purchase orders.				

During testing, Budget Manager Sally runs the process in the Draft mode for one PO Charge account that has one purchase order equal to $1,000 to consider the options for a budget adjustment that is available.

She reviews the output of the process and then compares these options as described in the table.

Options	Keep funds available unchanged in the carry forward from year	Include budget for purchase orders in the carry forward to year	Budget Adjustment -Year 1	Budget Adjustment -Year 2	Encumbrance-Year 1	Encumbrance-Year 2
Option A	Yes	Yes	-$1,000	$1,000	-$1,000	$1,000
Option B	No	Yes	$0	$1,000	-$1,000	$1,000
Option C	Yes	No	-$1,000	$0	-$1,000	$1,000
Option D	No	No	$0	$0	-$1,000	$1,000

Completion Stage: July 3

This table describes the key tasks that participants perform at the completion stage.

Budget Manager (Sally)	Department End Users	Purchasing Manager (Brett)	Accounts Payable Manager (Mike)	General Accounting Manager (Christy)	Project Manager (Mark)
Close the prior year budget period.	Resume normal transaction processing.	Resume normal transaction processing.	Resume normal transaction processing.	Continue to analyze activity during the normal fiscal year end close process.	Update the Expenditure Item Date for carry forwarded purchase orders, if they are required to be reported in next fiscal year in Project Management. Create Budget adjustments for the projects-related purchase orders. Budget adjustments might not be required if the project control budget uses a single budget period across fiscal years. Continue to analyze activity during the normal fiscal year end close process.

Year-End Carry Forward with Project Level Control: City of Marquee

City of Marquee recognizes that the Carry Forward Purchase Order Budgetary Control Balances is a collaborative process that crosses subject areas and incorporates this discussion into the year-end close planning.

These are important features for the city of Marquee.

- Fiscal year end date is June 30.
- Uses a two-way match in accounts payable and does not use receiving.
- Centralized accounts payable function.
- Doesn't accrue for uninvoiced receipt transactions at fiscal year-end, instead accounts payable accrual is based upon invoices paid after year-end.
- Allows departments to submit accounts payable invoices that need to be accrued back to the prior fiscal year until July 31.
- Budget ordinance requires the budget adjustment for carried forward purchase orders to be approved by City Council as an agenda item.
- City of Marquee uses the Project Management module but does not include Project transactions in their Control Budgets. Budgetary reporting for projects exists in the Project Management module.

Preparing for Purchase Order Carry Forward

In order to prepare for the PO Carry Forward Process, City of Marquee begins planning the year end close process and identifies the key participants in the process and the steps performed. From April 1 to April 30, the Year-End Close committee meets to discuss deadlines and begin the planning process. The committee includes these members:

- Jennifer (General Accounting Manager)
- Richard (Budget Manager)
- Sarah (Purchasing Manager)
- Zoe (Accounts Payable Manager)
- Key Subject Matter Experts

These are the three key phases are identified in the process:

- Preparation stage: Stage where key tasks will be performed to get ready for the Carry Forward Purchase Order Budgetary Control Balances process (60 days before fiscal year end to accounts payable accrual date).
- Process stage: Stage where key processes (Carry Forward Purchase Order Budgetary Control Balances) are run (1-2 days after final accounts payable accrual process completion).
- Completion stage: Stage where any remaining tasks after successfully running the Carry Forward Purchase Order Budgetary Control Balances process are completed (1 + days after process is run).

Preparation Stage - from May 1 to July 24

This table describes the key tasks for the preparation stage.

Budget Manager (Richard)	Department Users	Purchasing Manager (Sarah)	Payables Manager (Zoe)	General Accounting Manager (Jennifer)
Establish the budget calendars for the next fiscal year. Load the next fiscal year budget into Budgetary Control while the budget periods are still Available	Identify purchase orders that are no longer needed and request closure from purchasing staff. Ensure that any pending change orders are entered and approved.	Close all purchase orders that have expired, closure has been requested by departments, or purchase orders with small balances. Ensure that all open purchase requisitions are	Ensure that all accounts payable invoices that will be accrued back to the prior year are entered with the accounting and budget dates in the June period or closing fiscal year.	Ensure that all due dates are clearly communicated. Establish the accounting calendar for the next fiscal year.

Budget Manager (Richard)	Department Users	Purchasing Manager (Sarah)	Payables Manager (Zoe)	General Accounting Manager (Jennifer)
for Budgeting. Verify that Budget amounts are Loaded Correctly. Ensure that the June (from) period and July (to) periods are open in Budgetary Control. Unarchive the Budgetary Control Carry Forward Sample Reports and modifying the reports as required and reviewing output. Ensure that all key participants are available to address any errors when running the process (General Accounting Manager, Accounts Payable Manager, Purchasing Manager, and any other relevant individuals). Test the Carry Forward Purchase Order Budgetary Control Balances process in a testing environment to determine what parameters will be selected when she is ready to run the process in Production.	Submit all accounts payable invoices that will be accrued by to the prior fiscal year timely.	converted to purchase orders. Complete or cancel all pending change orders on purchase orders. Analyze purchase orders with Remaining Obligation Balances on reports such as Purchase Order Control Budget Balances Report included in the Budgetary Control Carry Forward Sample Reports.	Reconciling and closing the accounts payable module for the June period.	Open the encumbrance period for the next fiscal year.

Carry Forward Draft Run Comparisons

This table shows carry forward draft run comparisons for various options.

Options	Keep funds available unchanged in the carry forward from year	Include budget for purchase orders in the carry forward to year	Budget Adjustment - Year 1	Budget Adjustment - Year 2	Encumbrance - Year 1	Encumbrance - Year 2
Option A	Yes	Yes	-$1000	$1000	-$1000	$1000
Option B	No	Yes	$0	$1000	-$1000	$1000
Option C	Yes	No	-$1000	$0	-$1000	$1000
Option D	No	No	$0	$0	-$1000	$1000

To allow time for purchasing and accounts payable to process transactions, City of Marquee sets department user dates one week before purchasing and accounts payable due dates.

If a department user identifies an invoice in July for services or goods received in July that will be matched to a purchase order not yet carried forward, the user can select from the following options:

- Create a new purchase requisition that is added to a prior year purchase order with budget dates equal to the new fiscal year. Once the purchase requisition is converted and added to the exiting purchase order, the department user can submit the invoice to accounts payable for payment.
- User can wait until the Carry Forward Purchase Order Budgetary Control Balances process is complete to submit the invoice to accounts payable for payment.

Process Stage - from August 1 – 2

This table describes the key tasks for the process stage.

Budget Manager (Richard)	Department Users	Purchasing Manager (Sarah)	Payables Manager (Zoe)	General Accounting Manager (Jennifer)
Receive confirmation from Zoe that all accrued accounts payable invoices have been paid and the accounts payable period is closed. Receive confirmation from purchasing that there are no pending change orders or active purchase requisitions. Run the Carry Forward Purchase Order Budgetary Control Balances process in the Draft mode, review the output of the process, and request corrections for any errors identified. Corrections that required could include canceling or complete any pending change orders or cancel or pay any pending project accounts payable invoices. Once all errors identified are corrected on August 1 and after business hours to not disturb any in progress transactions, Richard runs the process in final mode with the parameters of option D as City of Marquee requires Council approval for the budget adjustment related to the encumbrances carried forward to the following fiscal year. Notify users that the Carry Forward Purchase Order	Ensure that no new transactions (purchase requisitions, change orders, invoices) are submitted until receiving communication from Richard.	Ensure that no new purchase requisitions are entered, no new change orders are created. Available to answer any questions or address any transaction issues that may be found while running the process.	Ensure that no new accounts payable invoices that will be matched to a purchase order are entered or paid. Available to answer any questions or address any transaction issues that may be found while running the process.	Available to answer any questions or address any transaction issues that may be found while running the process.

Budget Manager (Richard)	Department Users	Purchasing Manager (Sarah)	Payables Manager (Zoe)	General Accounting Manager (Jennifer)
Budgetary Control Balances has successfully completed. Notify users that they may now submit invoices for the new fiscal year on the re-opened purchase orders.				

Completion Stage - from August 3

This table describes the key tasks for the completion stage.

Budget Manager (Richard)	Department Users Purchasing Manager (Sarah) Payables Manager (Zoe)	General Accounting Manager (Jennifer)
Close the prior year budget period. Prepare a budget adjustment for the purchase orders that were carried forward to the next fiscal year after approval is received from the City Council.	Resume normal transaction processing.	Analyze activity during the normal fiscal year end close process.

7 Additional Public Sector Accounting Considerations

Cash Basis Accounting

Understanding When a Cash Basis Ledger Should be Used

Typically, organizations do not use Cash Basis as their main basis of accounting because it is not recognized as a Generally Accepted Accounting Principle (GAAP).

Commercial entities governed by the Financial Accounting Standards Board (FASB), use the Accrual method of accounting. US Public Sector Entities use Modified Accrual and Accrual Accounting for their basis of accounting. International Public Sector countries have adopted International Public Sector Accounting Standards (IPSAS), which is based on accrual accounting and encourages countries to move away from cash basis. International commercial entities follow International Financial Reporting Standards (IFRS) that were developed and maintained by the International Accounting Standards Board (IASB).

However, in the US, Public Sector, organizations may be permitted to elect a budgetary basis other than GAAP. US Governments are required to present a Budgetary Comparison Report in their annual report which must include actual balances on the same basis as their budgetary basis. When governments elect to use a Cash Basis or Modified Cash Basis for their Budgetary Basis, a need to maintain a cash basis ledger arises.

Private Business can occasionally require the need for a cash basis ledger to support internal reporting requirements.

Definition of Cash Basis of Accounting

The term “basis of accounting” is used to describe the timing of recognition, that is, when the effects of transactions or events should be recognized (Government Finance Officers Association, GFOA, 2023).

The Governmental Accounting Standards Board (GASB), in statement 34, defines the cash basis of accounting as:

- Revenues are recognized only when cash is received.
- Expenses are recognized only when cash is disbursed(GASB34, 2023).

For details on how to configure a Cash Basis Accounting Method using subledger accounting rules please read the *How to configure a Subledger Accounting Method for Cash Basis* white paper on Cloud Customer Connect.

GASB 34 Asset Accounting

Oracle cloud can simultaneously post transactions to multiple ledgers using different bases of accounting.

This feature allows fixed assets to be expensed for fund accounting in the primary ledger and also capitalizes and depreciates these fixed assets as required by GASB 34 in a secondary ledger.

To support GASB 34 asset accounting, two fixed assets books are created. The corporate book is associated with the primary ledger using modified accrual basis. When assets are purchased, they are expensed to the proper capital outlay accounts and those purchases are subject to budgetary control. In the secondary ledger, full accrual is used, and those assets are placed in an asset account. A Mass Additions process is run to select all eligible asset purchases and automatically create the assets in Fixed Assets. Transactions are reviewed and added to the fixed asset register and posted to the corporate book.

A secondary tax book is defined and associated with the secondary ledger using full accrual basis. This tax book is synced with the corporate book through a process that copies additions, adjustments, and retirements from the corporate book. Since assets in the corporate book are expensed on a modified accrual basis, no journal entries from the corporate book are posted to the primary ledger. Instead, the journal entries occur in the secondary full accrual ledger.

For details on how to configure Fixed Assets for GASB 34 Accounting, please read the *GASB 34 Asset Accounting with Oracle Financials Cloud White Paper (Doc ID 2132255.1).*