Expense Processing User Guide

Oracle FLEXCUBE Universal Banking

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Expense Processing User Guide
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1. Preface

1.1 Introduction

This manual is designed to help acquaint you with the Expense Processing Module of Oracle FLEXCUBE. It provides an overview of the module and guides you, through the various steps involved in processing expenses.

You can further obtain information about to a particular field by placing the cursor on the relevant field and striking the <F1> key on the keyboard.

1.2 Audience

This manual is intended for the following User/User Roles:

Role	Function
Back office data entry clerk	Input functions for contracts.
Back office managers/officers	Authorization functions.
Product Managers	Product definition and authorization.
End of Day operators	Processing during End of Day/ Beginning of Day.
Financial Controller / Product Managers	Generation of reports.

1.3 Documentation Accessibility

For information about Oracle's commitment to accessibility, visit the Oracle Accessibility Program website at http://www.oracle.com/pls/topic/lookup?ctx=acc&id=docacc.

1.4 Critical Patches

Oracle advices customers to get all their security and vulnerability information from the Oracle Critical Patch Update Advisory, which is available at Critical Patches, Security Alerts and Bulletins. All critical patches should be applied in a timely manner to ensure effective security, as strongly recommended by Oracle Software Security Assurance.

1.5 Organization

This manual is organized into the following chapters:

Chapter	Description
Chapter 1	*About this Manual* gives information on the intended audience. It also lists the various chapters covered in this User Manual
Chapter 2	*Expense Processing – An Overview* gives a brief introduction to the module and its features.

Chapter 3	*Maintaining Documents and Vendors* explains the maintenance you need to do before you begin operations on this module.
Chapter 4	*Defining Attributes Specific to an XP Product* talks about defining the attributes specific to setting up an XP product.
Chapter 5	*Processing an Expense Contract* deals with the procedure involved in entering the details of an XP transaction.
Chapter 6	*Appendix A - Accounting Entries and Advices for the Expense Processing module* contains a list of suggested accounting entries and advices for the module.
Chapter 7	*Function ID Glossary* has alphabetical listing of Function/Screen ID's used in the module with page references for quick navigation.

1.6 Related Documents

You may need to refer to any or all of the User Manuals while working on the XP module:

- Procedures
- Settlements
- Interest
- Charges and Fees
- Tax
- User Defined Fields

1.7 Glossary of Icons

This User Manual may refer to all or some of the following icons.

Icons	Function
	Exit
	Add row
	Delete row
	Option List

2. Expense Processing – An Overview

2.1 Introduction

Banks incur many expenses while performing their day to day functions. The expense processing (XP) module of Oracle FLEXCUBE deals with vendor payment for any type of expenses that the bank incurs. Some salient features of the module are:

- The XP Module processes and monitors expenses – advance payments, reimbursement claims, account payables.
- It also maintains details of purchase orders related to the expenses incurred by the organisation.
- It allows payments to be done against advances, captures retention money collected and paid, etc.
- It is primarily a back-office system. It comprises a comprehensive contract processing and management reporting system.

This chapter contains the following sections:

- Section 2.2, "Maintenances to Process Expenses"
- Section 2.3, "Product Creation for Processing Expenses"
- Section 2.4, "Processing an Expense Contract"
- Section 2.5, "Defining Advices for a Contract"
- Section 2.6, "Recording the Value of the Items on a Contract"
- Section 2.7, "Making Payments"

2.2 Maintenances to Process Expenses

The following maintenances need to be done for processing expenses in Oracle FLEXCUBE

- List of Documents and Details for following categories:
  - Transport
  - Invoice
  - Insurance
  - Others
- Vendor Maintenance
- Budget Code Maintenance

2.3 Product Creation for Processing Expenses

You can create an XP product in the XP Product Definition screen with basic information XP specific preferences as under:

- Indicating Preference for specifying Contract Level Expense GL’s
- Budget tracking details for the booking/payment amount
- Specifying vendor restriction
- Specifying document details

2.4 Processing an Expense Contract

You can capture the details of an expense contract in the XP Contract Details screen.

The Contract Details screen is divided into three sub-screens, each invoked by clicking a tab. The sub-screens are:

- The Contract Main screen
- The Contract Document screen
- The Contract Advice screen

In the Contract Main screen, you can capture the basic details of the contract you are entering. System will perform Validations for Budget tracking. You can specify document details in Document Screen. A screen is available to record individual item details under a single asset code in cases where many similar assets are grouped under one category.

2.5 Defining Advices for a Contract

The advices that can be generated for the different events in the lifecycle of a contract are defined for the product to which the contract is linked. For example, you may have specified the following advices for an XP product:

- Booking Advice
- Payment Advice
- Amendment Advice

These advices will default to contracts associated with the product. If any of the advices is not applicable to the contract you are processing, you can suppress its generation by ticking the suppress field.

2.6 Recording the Value of the Items on a Contract

A contract can have several items towards which you would incur an expense. You can record the value of each item on a contract in the Expense Processing Items screen.

2.7 Making Payments

The following operations can be performed on a payment, through the Expense Processing Payments screen:

- Making a payment
- Deleting a payment
- Reversing a payment

In Oracle FLEXCUBE, you can process refunds for a fully liquidated expense contract.

3. Maintaining Documents and Vendors

Before you begin operations in the Expense Processing (XP) module of Oracle FLEXCUBE, you must maintain certain basic information. For example, you must maintain:

- A list of documents and details
- A list of valid vendors

This data is maintained first because it is required to create XP products, process XP Contracts, and so on. In other words, this information is the foundation on which you build a superstructure called products to which, in turn, you can link expense contracts.

This chapter contains the following sections:

- Section 3.1, "Document Code Maintenance"
- Section 3.2, "Vendor Maintenance"
- Section 3.3, "Budget Code Maintenance"
- Section 3.4, "Budget Details Maintenance"

3.1 Document Code Maintenance

This section contains the following topics:

- Section 3.1.1, "Maintaining Documents and Clauses"
- Section 3.1.2, "Specifying the Clauses that should be part of the Document"

3.1.1 Maintaining Documents and Clauses

Payments towards the different items of an expense contract are typically made on the basis of documents. Most of these documents are standard and common to any expense contract that you enter into. Therefore, you need not specify the details of the document every time you enter into an expense contract. Instead, you can maintain the details of all documents in the ‘Bills & Collections Document Code Maintenance’ screen.

When creating a product, you only need to indicate the document codes that should be part of the contracts involving the product. All the details maintained for the document will be automatically picked up. This reduces your effort, as you do not need to enter the contents of the document each time you use it.

Further, all contracts involving a product will acquire the document specifications. During contract processing, however, you can choose to ignore the default document list altogether, or modify the default list of documents suitably.

You can invoke the ‘Bills & Collections Document Code Maintenance’ screen from the Application Browser by typing ‘BCDDOCCD’ in the field at the top right corner of the Application tool bar and clicking the adjoining arrow button.

Document code

In Oracle FLEXCUBE, every document that you maintain is identified by a unique code called a Document Code.

While creating a product, or at the time of entering the details of an expense contract, you only need to specify the code assigned to the document. The document details will be automatically picked up and defaulted.

Document Type

You can classify the document you are maintaining into any of the following types:

- Transport
- Insurance
- Invoice
- Claim
- Others

Validate Shipping Guarantee

Check this field if you want to validate the shipping guarantee.

Language Code

Specify the language of the document description. Click the adjoining option list to select a valid language code..

Document Short Description

The documents that can be part of an expense contract are sometimes large and hence difficult to identify. Therefore, you can specify a short description or a title that will enable you to identify the document quickly.

The short description that you specify is for information purposes only and will not be printed on any customer correspondence.

Document Long Description

After you specify a code to identify the document, you can proceed to maintain the description of the document. The description of the document is printed on the applicable advices generated for a contract. This will be in the language specified for the document.

Once the document code is stored, the description of a document can be edited only through the 'Document Codes Maintenance' screen. However, you can view the description of a document code when you are linking it to a product or contract.

3.1.2 Specifying the Clauses that should be part of the Document

For each document, you can specify several clauses. A clause is a statement that should be included in the document. The clauses that you specify for a document will automatically be included in the document.

To specify the clauses that should be part of a document, click add row icon. Identify the Clause Code in the Clause Code field. (Only clauses maintained in the Clause Code Maintenance screen will appear on the picklist in this field.) To add another clause to a document, click add row icon again.

To remove a clause specified for a document, click delete row icon.

3.2 Vendor Maintenance

Typically, you would enter into expense contracts with a standard set of vendors. Therefore, you need not specify the details of the vendor every time you enter into an expense contract. You can maintain the details of all the vendors with whom you deal in the 'Vendor Maintenance' screen.

When processing a contract, you only need to indicate the Vendor ID. All the details maintained for the Vendor will automatically be picked up. This reduces your effort, as you do not need to enter the details of the vendor every time you enter into a contract.

If the Vendor you are maintaining is a customer of your bank with a valid CIF ID, you can specify the Customer ID as the Vendor Code. In this case, the settlement and other details maintained for the customer will automatically default when you enter into an expense contract with the vendor.

Further, in the 'Vendor Maintenance' screen, you can blacklist vendors. Your staff cannot enter into contracts with vendors that you have blacklisted. This guards against entering into unviable contracts.

You can invoke the 'Vendor Maintenance' screen by 'XPDVNDMT' in the field at the top right corner of the Application tool bar and clicking the adjoining arrow button.



In this screen, you can maintain the following details for a Vendor:

Vendor Code

Specify the vendor code here, to uniquely identify the vendor.

Is Vendor a Customer

Check this box to indicate that the vendor is a customer of the bank.

Short and Long Descriptions

You may provide short (brief) and long (detailed) descriptions of the vendor whose details are being maintained here.

Vendor Address 1-4

Enter the address of the vendor here.

Country

Specify, using the adjoining list, the country from which the vendor operates.

Phone and Fax

Enter here the phone and fax numbers of the vendor.

Blacklisted Information

If the vendor is a blacklisted vendor, then check the ‘Vendor is Blacklisted’ box. Additionally, specify the ‘Reasons for Blacklisting’

Once a vendor is recorded as blacklisted, you cannot enter into contracts with them. This guards against accidentally entering into unviable contracts.

Stock Details

Under the ‘Stock Details’ section, you can specify whether the vendor is an inventory supplier or not. If the vendor is an inventory supplier then you can record the list of stocks that can be serviced by the vendor.

For more details on the Stock Details section, refer the Instruments Inventory Tracking manual.

3.3 Budget Code Maintenance

In Oracle FLEXCUBE, you can define unique budget codes and maintain budget details for each code. These details would include the budget limit, the financial year for which the budget is being calculated etc. Based on the limit defined and the amount expended, the system will automatically calculate the utilized amount and the available balance for a fiscal year, under a specific budget code. This facility will enable you to monitor the expenses incurred at your branch.

You can invoke ‘Budget Code Maintenance’ screen by typing ‘XPDBCODM’ in the field at the top right corner of the Application tool bar and clicking the adjoining arrow button.



In this screen, you can capture the following detail:

Budget Code

You can capture a code that will uniquely identify the budget throughout the system. The code can consist of a maximum of ten characters and can be a combination of alphabets and numbers.

Budget Description

You can also capture a brief description of the budget code being defined. The description will further help you in identifying the type of budget. The description can consist of a maximum of 35-alphanumeric characters.

3.4 Budget Details Maintenance

For each budget code defined through the 'Budget Code Maintenance' screen, you have to maintain budget details such as the budget limit, the fiscal year for which the budget tracking would be done, the name of the branch etc.

You can maintain budget details through the 'Budget Maintenance' screen by typing 'XPDBDMNT' in the field at the top right corner of the Application tool bar and clicking the adjoining arrow button. You can maintain the following details in this screen:

Branch Code

You can maintain budget details for the current branch alone. The code of the current branch will be displayed here.

Financial Year

Select the fiscal year for which the budget details are being maintained. You can select the relevant year from the option-list provided.

Budget Code

All the budget codes maintained at your branch through the Budget Code Maintenance screen will be available in the option-list provided. Select the appropriate code from this list.

Budget Description

Upon selection of the budget code, the associated description will be displayed alongside.

Debit Turnover

Here, you have to define the limit up to which your branch can utilize towards expenses, under the selected budget code. This value will be stored in the local currency of your branch. The currency code will be displayed alongside.

Utilization

This field will indicate the total amount utilized under a budget code for the given financial year. Oracle FLEXCUBE will automatically update the amount utilized as and when an expense contract is booked in the system.

Available

The value in this field will indicate the total amount available under a budget at any given point of time. This value is also automatically updated by the system. The available balance will be calculated as follows:

Available = Turnover – Utilized

Note

You can track the budget by associating a budget code at the time of booking an expense contract. During the booking of an expense contract, the system will check whether you have maintained the budget details for the associated budget code for the fiscal year of the transaction date of the contract. If the details are not maintained, the system will not allow you to proceed with the booking of the contract.

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4. Defining Attributes Specific to an XP Product

In this chapter, we shall discuss the manner in which you can define attributes specific to an XP product.

This chapter contains the following sections:

- Section 4.1, "Expense Processing Product Definition"

4.1 Expense Processing Product Definition

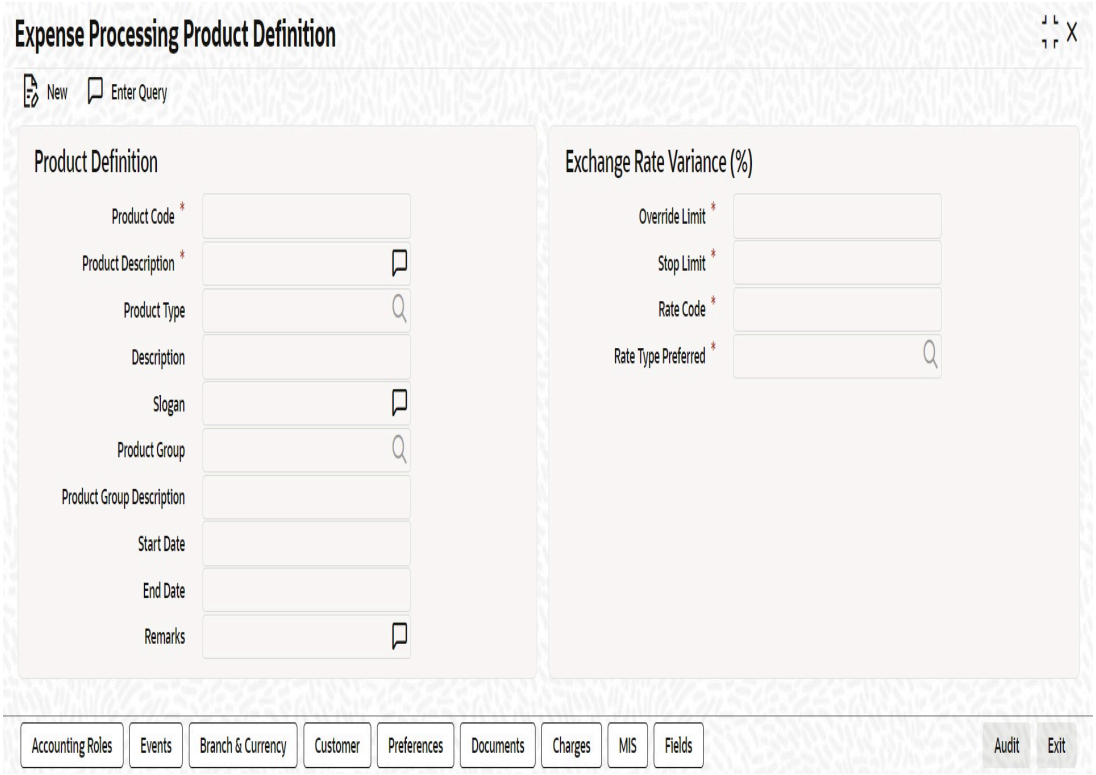
This section contains the following topics:

- Section 4.1.1, "Maintaining Expense Processing Product Details"
- Section 4.1.2, "Preferences Button"
- Section 4.1.3, "Customer Button"
- Section 4.1.4, "Documents Button"

4.1.1 Maintaining Expense Processing Product Details

You can create an XP product in the XP Product Definition screen, invoked from the Application Browser. In this screen, you can enter basic information relating to a XP product such as the Product Code, the Description, etc.

You can invoke 'XP Product Definition' screen by typing 'XPDPRMNT' in the field at the top right corner of the Application tool bar and clicking the adjoining arrow button.



In this screen, you can enter basic information relating to a XP product such as the Product Code, the Description, etc.

For further information on the generic attributes that you can define for a product, please refer the following Oracle FLEXCUBE User Manuals under Modularity:

- Product Definition
- User Defined Fields
- Settlements

Specifying Product Details

Product Code

A product code identifies a product throughout Oracle FLEXCUBE. This code should be four characters in length. When defining a new product, you should enter a code that is unique across the different modules of Oracle FLEXCUBE.

Description

It may be difficult to recognize a product just by its code. In the Description field, therefore, suitably describe the product code so that it can be easily identified. This description will be displayed along with the code throughout Oracle FLEXCUBE.

Product Module

By default, the system will display ‘XP’ as the product module.

Description

By default, the system will display ‘Expense Processing’ in this field.

Product Type

Product categories are referred to as ‘product types’. When you create a product, you must specify the type to which it belongs. Indicate the type to which the product you are creating belongs. Click the adjoining icon and select a product type from the option list. The option list will contain all the product types maintained at your bank.

Description

The description maintained for the selected product group is displayed.

Product Slogan

Enter a punch line for the product. This slogan will be printed on the advices sent out to vendors involved in contracts entered under the product.

Product Group

Every product should be classified under a specific group. Indicate the group to which the product you are creating belongs. Select a product group from the option list. The option list will contain all the product groups maintained at your bank.

Description

The description maintained for the selected product group is displayed.

Start Date

A product can be used over a period. Here you should indicate the start date of the period.

The settlement date of contracts associated with the product should be the same as or later than the Start Date you specify for the product.

The start and end date of a product come in handy, when you define a product that is applicable for a specific period.

End Date

A product can be used over a period. Here you can indicate the end date of the period.

The settlement date of contracts involving a product should be:

- the same as or later than the Start Date

- the same as or earlier than the End Date of the product

If you do not specify an End Date, a message is displayed prompting you to indicate whether you are creating an open-ended product. In this case, the product can be used until it is closed.

Remarks

Enter additional information about the product intended for the internal reference of your bank. Your remarks will not be printed on any correspondence with the vendor.

Specifying Exchange Rate Variance Details

Override Limit

For a special customer, or in special cases, you may want to use an exchange rate (a special rate) that is greater than the exchange rate maintained for a currency pair. The variance is referred to as the Exchange Rate Variance.

When creating a product, you can express an Exchange Rate Variance Limit in terms of a percentage. This variance limit would apply to all contracts involving the product.

Stop Limit

For a special customer, or in special cases, you may want to use an exchange rate (a special rate) that is greater than the exchange rate maintained for a currency pair. The variance is referred to as the Exchange Rate Variance.

When creating a product, you can express an Exchange Rate Variance Limit in terms of a percentage. This variance limit would apply to all contracts involving the product.

Rate Code

Select the rate code from the drop down list. The available values are:

- Mid Rate
- Buy / Sell Rate

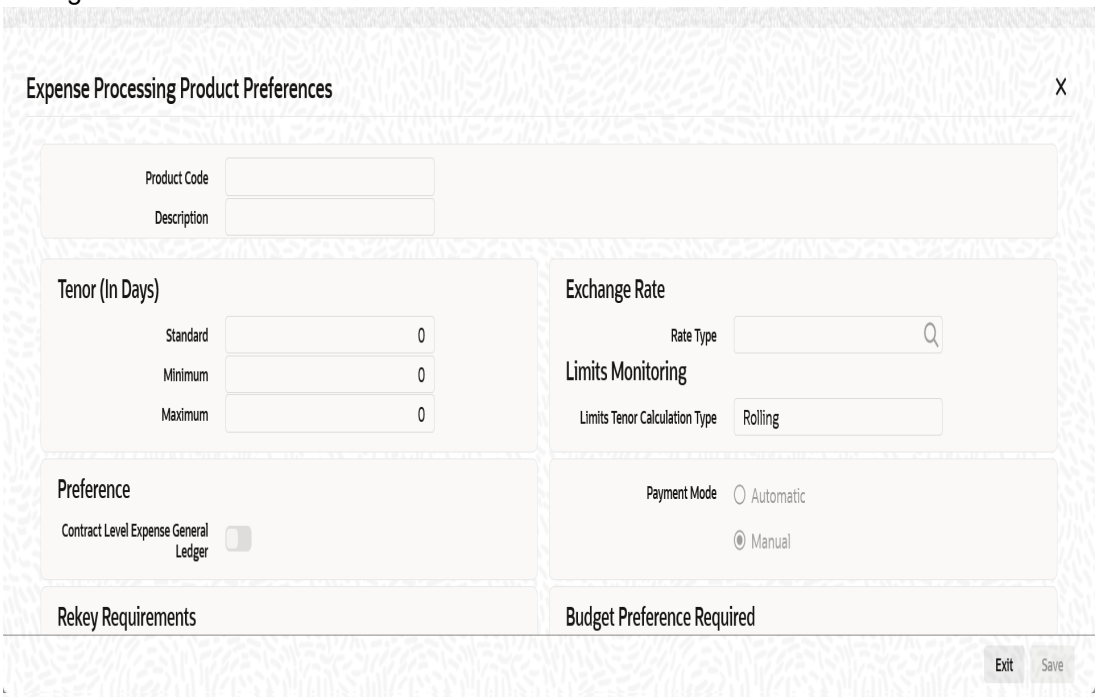
Rate Type

Specify the Rate Type. Typically, the rate type is Standard.

4.1.2 Preferences Button

Preferences are the attributes defined for a product that can be changed for contracts involving the product. You can define the preferences for a product in the ‘Expense Processing - Preferences’ screen. Click ‘Preferences’ in the ‘Expense Product Definition’ screen to invoke the ‘Expense Processing - Preferences’ screen.

By default, an expense contract acquires the attributes defined for the product with which it is associated. However, the attributes that are defined as the product's 'preferences' can be changed for a contract.



By default, the product code along with a brief description that you specified for the product in the 'XP Product Definition' screen is displayed in the 'Product Code' field.

The following are the preferences that you can define for a product.

Specifying the Tenor Details

The standard tenor for a product is always expressed in days and will apply to all contracts involving the product. If you do not specify the tenor of a contract while capturing it, the standard tenor defined for the product will apply. However, the standard tenor can be changed during contract processing.

Indicating Preference for specifying Contract Level Expense GLs

This option which is set at the product level once chosen cannot be amended after the first time it is authorized. If you enable this option, you have to mandatorily specify the GL heads for various items captured in the items details screen of the contract at contract level. If a single vendor provides multiple services to your bank but different expense heads need to be charged, you will have to check against this field.

Indicating the Contract Details to be Rekeyed

All contracts entered in the system should be ratified or 'authorized' by a user with the requisite rights.

To ensure that the authorizer of a contract calls the correct contract, you can specify that the values of certain fields should be entered before the other details of the contract are displayed for authorization. You can make this specification when building a product by choosing the Rekey option. Your specification will apply to all contracts involving the product.

The fields for which values have to be provided at the time of authorization are called rekey fields. You can specify any or all of the following as re-key fields:

- Amount
- Currency
- Vendor
- Transaction Date
- Maturity Date

If you do not specify re-key fields, the details of the contract will be displayed immediately when the authorizer calls the contract for authorization.

Specifying the Default Exchange Rate Type

When defining a product, you can specify a default 'exchange rate type'. For example, you can specify the exchange rate type as 'Spot Rate'. This rate type will default to all contracts involving the product.

When you enter an expense contract, the exchange rate (maintained in the currency table) corresponding to the Exchange Rate Type specified for the product will default.

Limits Monitoring

When defining your preferences for a product, you should specify the method in which you would like to calculate the tenor for tracking limits for contracts involving the product.

The tenor calculation type can be either:

- Fixed
- Rolling

A Fixed tenor implies that a contract will be tracked by the appropriate credit line throughout its tenor. If you specify a Rolling tenor, a contract will be tracked under the appropriate lines, according to its diminishing tenor.

Specifying the Payment Mode

You have to specify the mode of payment based on which the booking amount will be paid to the vendor. This specification will get defaulted to all contracts booked under the product. The following options are available:

- Automatic - If the payment mode is automatic, the system will automatically trigger the payment on the payment date as specified at the time of capturing the contract details.
- Manual – In the manual mode, you have to make the payment manually using the 'Payment' screen.

Based on the payment mode, the system will process the payment in the following manner:

Automatic Processing

As stated above, in this type of payment, the system will make an auto payment of the booking amount when you book an expense contract. The payment will be triggered automatically on the payment date maintained at the contract level. By default, the current system date will be the payment date but you have the option to specify a future date also. If you specify a payment date that is less than or equal to the current system date, the system will automatically trigger the XPMT (Expense Payment) event immediately after the XBOK (Expense Booking) event.

As the XPMT event indicates a complete payment to the vendor, the system will mark the contract status as 'Liquidated' immediately after this event.

Note

The payment date specified at the contract level will undergo a holiday check as per the 'Local Holiday Calendar' maintained for your branch. If the payment date falls on a holiday, the system will generate an override message to indicate the same.

Manual Processing

In the manual mode of payment, at the time of booking the contract, the system will park the expense entries in provisional/temporary GLs. You will be required to make the payment manually through the 'Payment' screen.

Note

If the mode of payment is manual, you will not be allowed to capture the payment date at the contract level.

Batch processing for Auto payment

You have to execute the auto payment batch process at the beginning of each day to process all contracts having payment mode as 'Auto'. This batch will process all pending payments as per the specification maintained for the branch. If you have specified the 'Processing Till' as 'Today' (in the Branch Parameter Maintenance screen), the system will process all pending payments for the current date alone. If the value is maintained as 'Next working day-1', the batch process will pick up all active contracts falling within the current date and the day before the next working date.

For instance, let us assume that the current date is 1st January 2002 and the next working day is maintained as 4th January 2002 (2nd and 3rd being holidays). Further, the 'Processing Till' date is specified as 'Next working date –1'. The BOD batch process will pick up all the contracts pending payment for the period 1st Jan 2002 to 3rd Jan 2002.

The system will then trigger the XPMT event for all the selected contracts to indicate full payment. The contract status will be updated to 'liquidated'.

Maintaining Budget Tracking Preferences

Oracle FLEXCUBE provides you with the facility to track the budget expended towards the booking amount when processing expense contracts at your branch for a given financial year. The system will track the budget against the financial year within which the transaction booking date falls. You will not be allowed to change the booking date after the authorization of the contract. Irrespective of the date of operation on the contract, the system will track the budget against the budget code that you associate during the booking of an expense contract. Budget tracking will always be done in the local currency of the branch. Foreign currency amounts will be converted to the local currency equivalents using the conversion rates maintained at your branch.

To enable this feature; you have to maintain the budget tracking details at the time of defining the preferences for an expense product.

Budget Tracking Required

The system will track the budget for the booking amount only if you enable this option. This specification will be defaulted to all the contracts booked under the product. However, you can change it at the contract level.

If you opt for budget tracking, you will have to indicate the budget code and the tracking event as well.

Budget Code

You have to indicate the budget code under which the tracking should be done. All the budget codes defined through the Budget Code Maintenance screen will be available in the option-list provided. You can select the appropriate code from this list. The selected code will be associated will all contracts processed under this product. However, you have the option to select a different budget code at the contract level.

Note

This field will be enabled only if the 'Budget Tracking Required' option is selected.

Tracking Event

You have to specify the event for which the budget for the booking amount should be tracked. The following options are available:

- Booking
- Payment

Note

This field will be enabled only if the 'Budget Tracking Required' option is selected.

Depending on the tracking event that you select, the system will track the budget as explained below.

Booking

If you select the track event as 'Booking', the system will track the booking amount at the following events:

- Booking of the contract (XBOK)
- Contract amendment (XAMD)
- Deletion of the contract
- Contract reversal

During the XBOK event, the system will debit the expense GL for the booking amount. Consequently, the utilized amount will increase and the available balance will decrease under the selected budget code.

At the time of contract amendment, if you increase the amount, the expense GL will be debited for the amount incremented. Similarly, if there is a decrease in the amount, the system will credit the expense GL for the amount reduced. In both the cases, the system will update the utilized amount accordingly.

Deletion and reversal of the contract will result in a decrease in the utilized amount. Consequently, there will be an increase in the available balance.

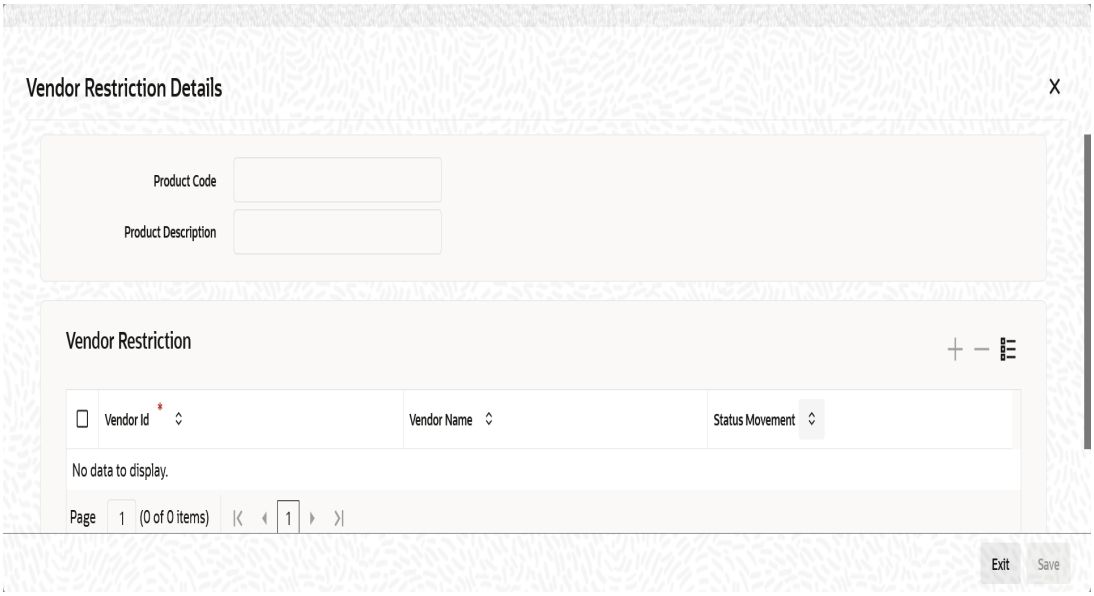
Payment

If the track event is selected as 'Payment', the system will track the amount paid to the vendor. The tracking will be done against the budget for the following events:

- Booking of payment
- Deletion of unauthorized payment
- Reversal of payment

4.1.3 Customer Button

Just as you can maintain branch and currency restrictions for a product, you can maintain a list of blacklisted vendors. You can specify vendor restrictions for a product in the 'Vendor Restrictions Details' screen. To invoke this screen, click 'Customer' in the 'XP Product Definition' screen.



By default, the product code along with a brief description that you specified for the product in the 'XP Product Definition' screen is displayed in the 'Product Code' field.

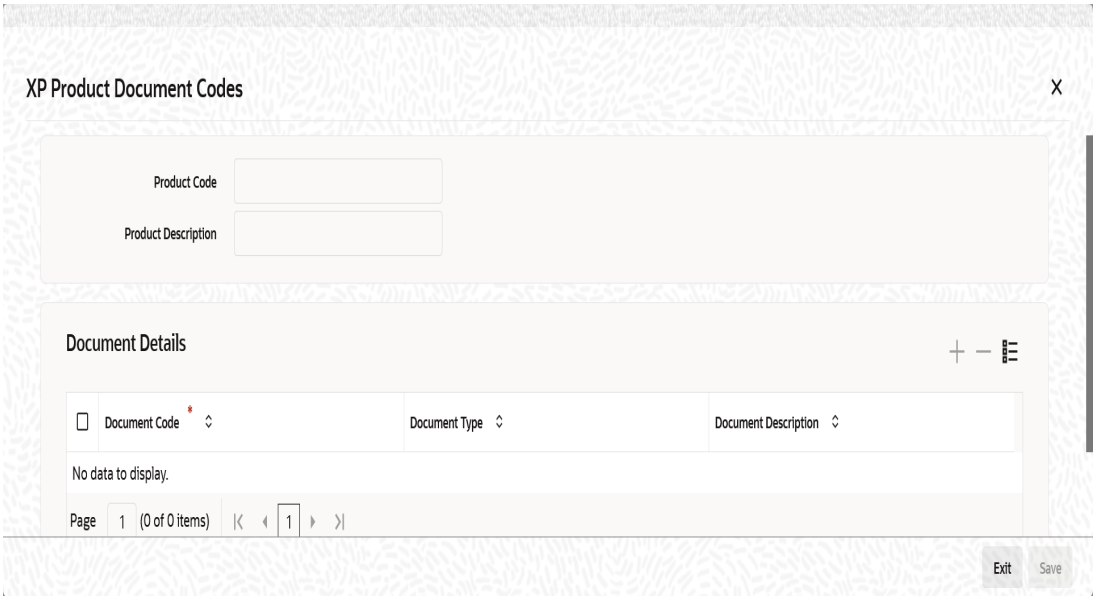
To specify the vendor IDs that you would like to disallow, identify the vendor that you would like to disallow in the 'Vendor Identification' field. (Only vendors you have maintained in the 'Vendor Maintenance' screen will appear on the option list in this field.) To add another vendor to the list, click add button again.

Click delete button to delete the highlighted vendor on the list.

4.1.4 Documents Button

Payments towards the different items of an expense contract are typically made on the basis of documents. When creating a product, you can indicate the documents that should be part of the contracts involving the product. Invoke the 'XP Product Document Codes' screen, to

make this specification. Click ‘Documents’ in the ‘XP Product Definition’ screen to invoke the screen.



By default, the product code along with a brief description that you specified for the product in the ‘XP Product Definition’ screen is displayed in the ‘Product Code’ field.

Your specifications in this screen will default to all contracts involving the product. When processing an expense contract, however, you can choose to ignore the default altogether, or modify the default list of documents suitably.

To specify the documents that should accompany expense contracts involving the product, identify the document code in the ‘Document Code’ field. (Only documents maintained in the ‘Document Maintenance’ screen will appear on the option list in this field.) To add another document to the list, click add row icon again.

5. Processing an Expense Contract

You can capture the details of an expense contract in the 'Expense Processing Contract Detailed' screen. Before we proceed to discuss the details of the screen, we shall briefly recall the workflow in the XP module.

First of all, you maintained the Vendors you deal with and the Documents that should accompany an expense contract in the 'Vendor Maintenance' screen and the 'Bills & Collections Document Code Maintenance' screen, respectively. This information is used when defining an Expense Product.

Products help you group together or categorize expense contracts which share broad similarities. Under a product you have defined, you can enter specific expense contracts. By default, a contract inherits the attributes of the product to which it is associated. This means that you do not have to define the attributes that default from the product every time you input a contract involving the product.

You can capture the payments made against the different items of a contract in the XP Payments screen.

This chapter contains the following topics:

- Section 5.1, "Expense Processing Contract"
- Section 5.2, "Payments for an Expense Contract"

5.1 Expense Processing Contract

This section contains the following topics:

- Section 5.1.1, "Invoking the Contract Screen"
- Section 5.1.2, "Contracts Tab"
- Section 5.1.3, "Documents Tab"
- Section 5.1.4, "Advices Tab"
- Section 5.1.5, "Asset Details Button"
- Section 5.1.6, "Events Button"
- Section 5.1.7, "Refund Button"

5.1.1 Invoking the Contract Screen

You can invoke the 'Expense Processing Contract Detailed' screen from the Application Browser. To enter the details of a fresh contract, click on New from the Actions Menu, or 'New' icon in the toolbar. The XP contract screen with no values in the fields will be displayed.

If you are calling a contract that has already been created, click on 'Summary'. The details of the contracts that you have entered will be displayed in a tabular form. From the summary screen, you can open an existing contract by double clicking on it.

You can invoke ‘Expense Processing Contract Detailed’ screen by typing ‘XPDTRONL’ in the field at the top right corner of the Application tool bar and clicking the adjoining arrow button.



The Contract Details screen is divided into three convenient sub-screens, each invoked by clicking on a tab. The sub-screens are:

- The Contract Main screen
- The Contract Document screen
- The Contract Advice screen

5.1.2 Contracts Tab

In the Contract Main screen, you can capture the basic details of the contract you are entering.

Specifying the Vendor

Vendor Id

You must, first of all, specify the vendor with whom you are entering into the expense contract. A list of vendors is maintained in the ‘Vendor Maintenance’ screen. You can only enter into contracts with vendors who are not blacklisted.

Vendor Description

A brief description of the vendor you specify, as entered in the ‘Vendor Maintenance’ screen, will be displayed for your reference.

Specifying the Credit Terms

Initiation Date

Specify the date on which the contract is initiated. Click the adjoining calendar button to specify the date.

Maturity Date

Specify the maturity date of the contract. Click the adjoining calendar button to specify the date.

Invoice Credit Period

Specify the Credit Period, as specified in the Invoice, if any.

Interest Rate

Enter the penalty Interest Rate that should be levied on the outstanding contract amount in case of default.

The specified penalty interest will be levied on completion of the Invoice Credit Period. The interest will be levied for the entire tenor of the contract.

Specifying the Limit Details

Limits Tracking Required

Check this option if you would like to track the expense contract you are capturing under a credit line.

Credit Line

If you opted to track the contract you are entering under a credit line, identify the Credit Line here. Choose the ID of the Credit Line from the option list.

Entering the Amount

Amount

Enter the total amount of the expense contract.

Currency

In case of a cross-currency contract, specify the currency of the contract.

Conversion Rate

In case of a cross-currency contract, specify the conversion rate that should be used.

Amount in LCY

Using the conversion rate specified, the amount in local currency will be displayed for your reference.

Outstanding Amount

The system also deducts all payments that you have made to the vendor towards delivery of different items on the contract, and displays the outstanding amount.

Total Refund Amt

The system will display the total of all the refunds made for a contract.

The other Details

In addition to these details, you can specify the following details:

Payment Mode

You have to indicate the mode of payment based on which the booking amount will be paid to the vendor. This specification will get defaulted from the product under which the contract is being booked. However, you have the option to change it at the contract level. The following payment options are available:

- Automatic - If the payment mode is automatic, the system will automatically trigger the payment on the payment date as specified at the time of capturing the contract details.

- Manual – In the manual mode, you have to make the payment manually using the 'Payment' screen.

Payment Date

If you have maintained the payment mode as 'Automatic', you have to maintain the payment date also. The system will automatically process the payment on the date that you specify here.

The payment date will undergo a holiday check as per the 'Local Holiday Calendar' maintained for your branch. If the payment date falls on a holiday, the system will generate an override message to indicate the same

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Note

If the mode of payment is manual, you will not be allowed to capture the payment date at the contract level.

The system will process the payment based on the payment mode and the payment date.

For more details on payment processing, refer the Products chapter of the XP User Manual.

Ordered By

Specify the names of your officers who ordered the purchase of the goods/services respectively.

Approved By

Specify the names of your officers who authorized the purchase of the goods/services respectively.

Product/Service

Specify a brief description of the produce/service underlying the expense contract.

Specifying Budget Details

Budget Track Required

The system will track the budget for the booking amount only if you enable this option. This specification will be defaulted from the product under which the contract is booked. However, you can change it at the contract level.

Budget

You have to indicate the budget code under which the tracking should be done. This specification will also be defaulted from the product associated with the contract. However, you have the option to select a different budget code at the contract level. The budget codes defined through the Budget Code Maintenance screen will be available in the option-list provided. You can select the appropriate code from this list.

Note

This field will be enabled only if the 'Budget Tracking Required' option is selected.

Refer the Products chapter of the Expense Processing User Manual for information on maintaining budget codes and budget details.

Validations performed for budget tracking are given below:

- At the time of booking an expense contract, the system will check whether you have maintained the budget details for the associated budget code for the fiscal year of the transaction date. If the details are not maintained, the system will not allow you to book the contract.
- If the available balance under a budget code falls below the amount being disbursed or paid, the system will generate an appropriate override message to indicate the same.
- The system will track the budget for a contract against a single budget code that is initially associated with the contract throughout the life cycle of the contract, irrespective of the fiscal year during which the operation is performed. If the operation falls in a different fiscal year, the system will display a override message.
- An override message will be displayed if an operation leads to negative utilization or negative availability under a budget code.

Credit Terms

Fund Id

The fund Id will be visible only if the current branch is a fund branch. Select the Fund Id from the option list. The settlements processing is enabled only if 'Allow Corporate Access' is checked in the Branch Parameters – Detail View screen.

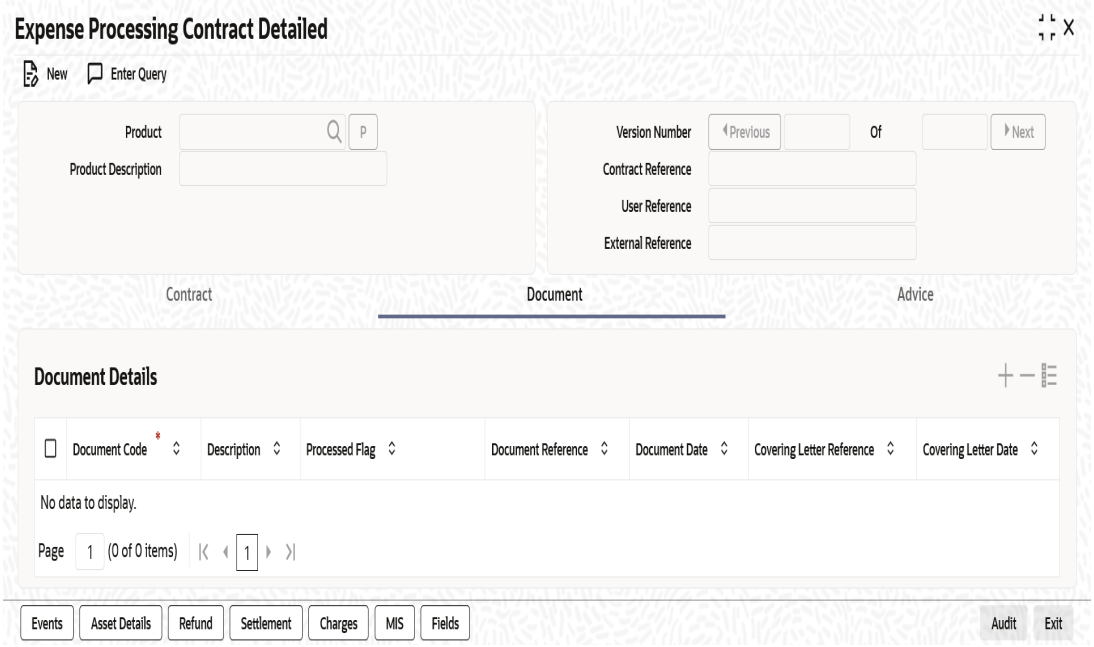
- If 'Allow Corporate Access' is not checked, then the settlement account would be the fund bank accounts linked to fund id.
- If 'Allow Corporate Access' is checked, then the settlement account is fetched from the settlement instruction maintenance for the counterparty.

5.1.3 Documents Tab

An expense contract is normally accompanied by certain standard documents of the following types:

- Transport
- Insurance
- Invoice
- Any other

You can capture the details of these documents in the XP Contract screen. Click ‘Document’ on the ‘Expense Processing Contract Detailed’ screen.



All the documents specified for the product to which the contract is linked will default to this screen. You can add to or delete documents to this default list. To add a document for the contract you are processing, click add row icon button,. Select the code of the appropriate document from the list of document codes maintained in the ‘Documents Maintenance’ screen. The description of the document will be displayed in the Description field.

To delete a document that is not required for the contract you are processing, highlight the document code and click delete row icon button.

For each document that you specify, you have to maintain the following details:

- The Document Reference and Date
- The Covering Letter Reference and Date

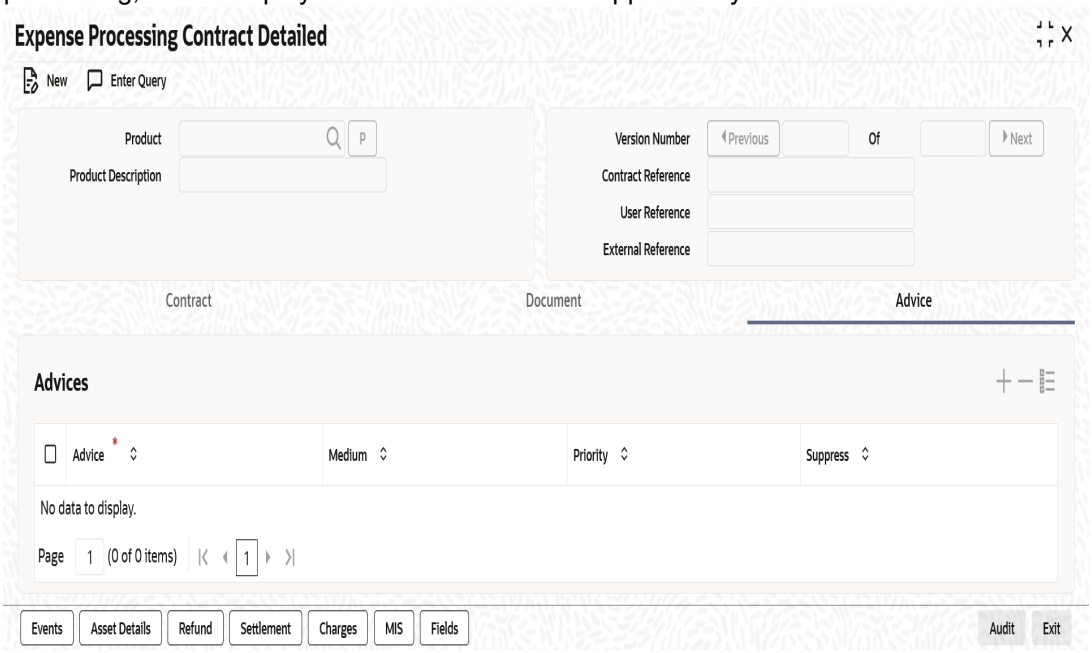
5.1.4 Advices Tab

The advices that can be generated for the different events in the lifecycle of a contract are defined for the product to which the contract is linked. For example, you may have specified the following advices for an XP product:

- Booking Advice
- Payment Advice
- Amendment Advice

These advices will default to contracts associated with the product.

From the ‘Expense Processing Contract Detailed’ screen, click ‘Advice’ tab. The advices screen is displayed. The advices that are defined for the product, for the event you are processing, will be displayed. You can choose to suppress any of these advices.



The address of the vendor to whom the advice is addressed to will be picked up by default, based on the media and address maintenance for the vendor. You can change this.

For a payment message by SWIFT, you can indicate a ‘priority’.

Medium

The medium by which an advice is transmitted and the corresponding address will be picked up based on the media and address maintained for the vendor.

You can, however, change either of these while processing the contract.

Priority

For a payment message by SWIFT, you can change the ‘priority’ of the message from ‘Normal’ to ‘Medium’ or ‘High’. By default, the priority of all advices is marked as ‘Normal’.

Suppress

By default, all the advices that have been defined for a product will be generated for the contracts involving it. If any of the advices is not applicable to the contract you are processing, you can suppress its generation by ticking the suppress field.

5.1.5 Asset Details Button

A contract can have several items towards which you would incur an expense. You can record the value of each item on a contract in the ‘Expense Processing Items’ screen. You can invoke

this screen by clicking Asset Details button in the ‘Expense Processing Contract Detailed’ screen.

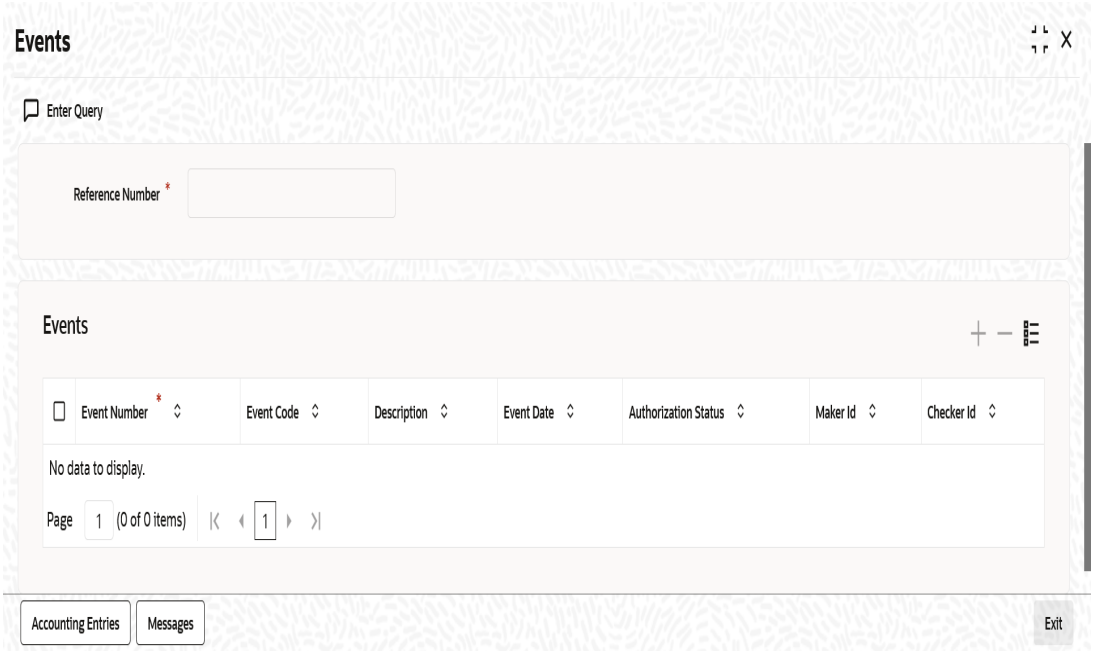


Individually, you can enter the following details for the different items on the contract:

- A Description of the item
- The Quantity of the item. In the case of services, this would contain the value ‘1’.
  - Specifying GL Heads. You have to enter the Expense GL’s for individual items / services GL Heads. GL Head input at contract level is mandatory if the Product level ‘Contract Level Expense GL’s option is set to Yes and if ‘Contract Level Expense GL’s’ option is set to No at Product level this field will be disabled in the Contract input
  - Expense processing would be done using the GL’s specified in the contract.
- Default Product Level GLs
- The Total Value of the item. In the case of services, this would be the total value of the service. In the case of goods, the system checks that cumulative value of the items must not exceed the total contract amount mentioned in the XP Contract Details screen.

5.1.6 Events Button

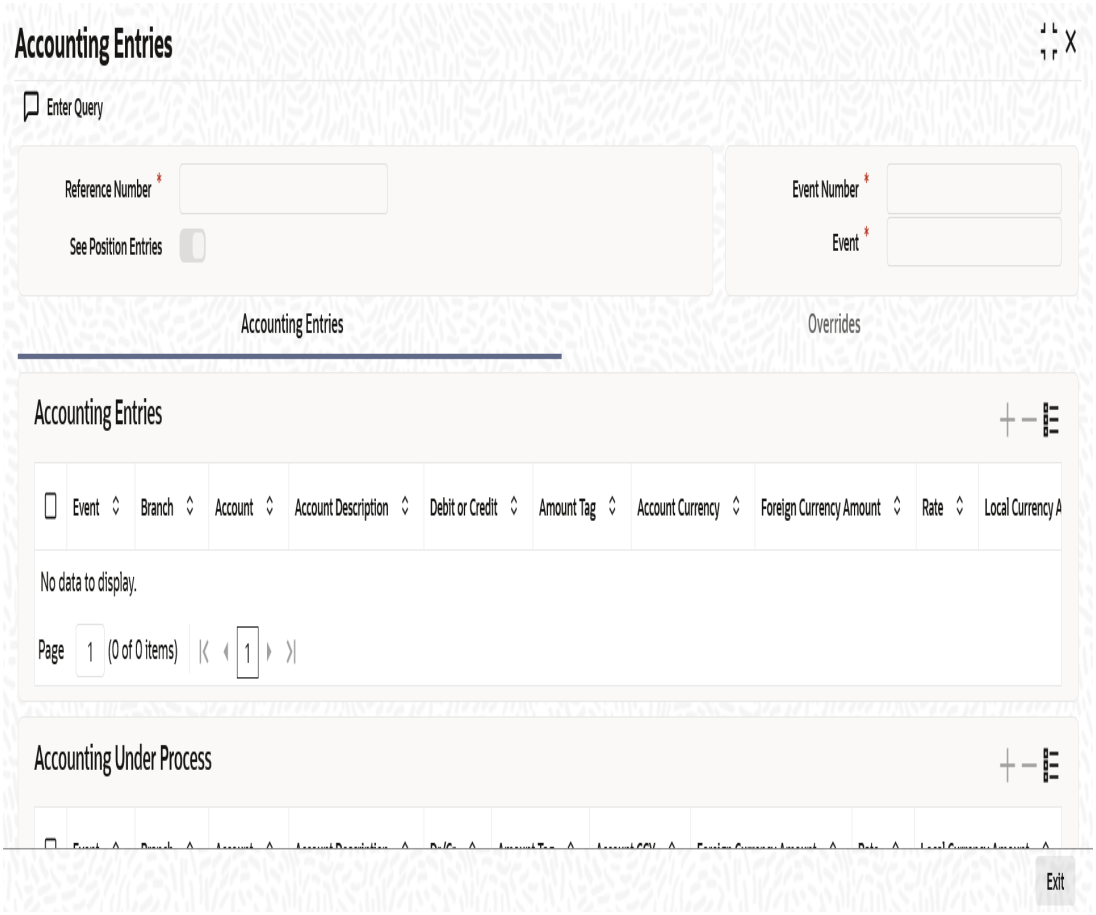
The ‘Event Details’ screen of contract processing shows the details of the accounting entries generated for a contract. Click ‘Events’ in the ‘Expense Processing Contract Detailed’ screen.



The details of events that have already taken place on the contract will be displayed, along with the date on which the event took place.

5.1.6.1 Accounting Entry Button

In this screen, you can view the accounting details for a specific event in the life cycle of an expense contract. To invoke the 'Accounting Entries' screen, click 'Accounting Entries' in the 'Event Details' screen.



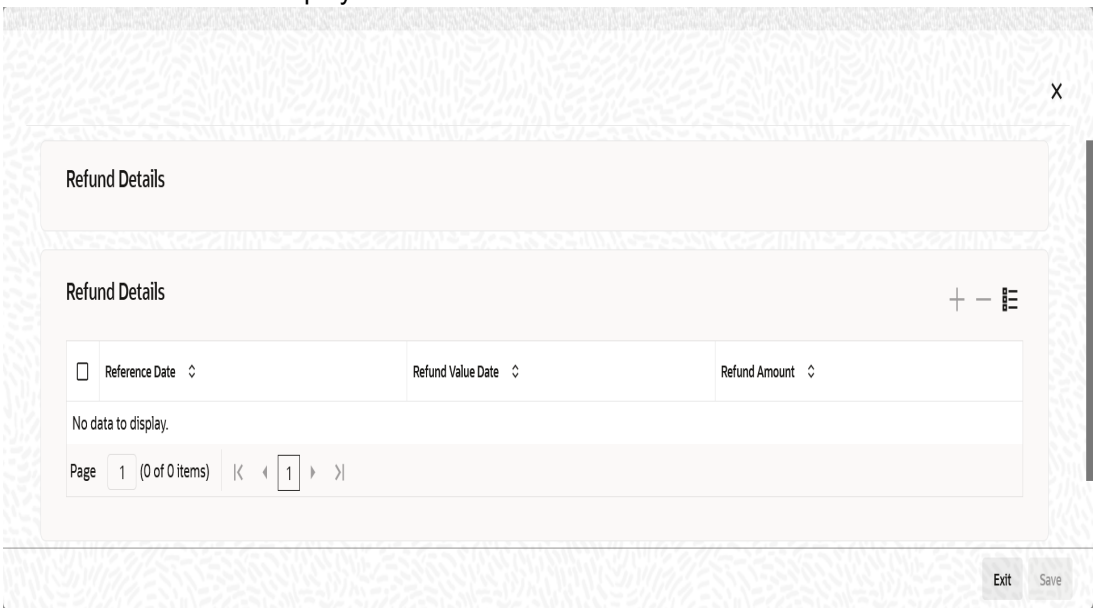
The following information is provided for each event:

- Branch
- Account
- Currency
- Amount Tag
- FCY Amount
- Rate
- LCY Amount
- Debit/Credit
- Transaction Date
- Value Date
- All the overrides that were given for the event.

Click Exit button to go back to the screen from where you invoked the Accounting Entries screen.

5.1.7 Refund Button

You can view the details of individual refunds processed for an expense contract. To invoke the ‘Refund Details’ screen, click ‘Refund’ button in the ‘Expense Processing Contract Details’ screen. The screen is displayed below:



For details relating to Charges and Settlements, please refer the Charges and Settlements user manuals.

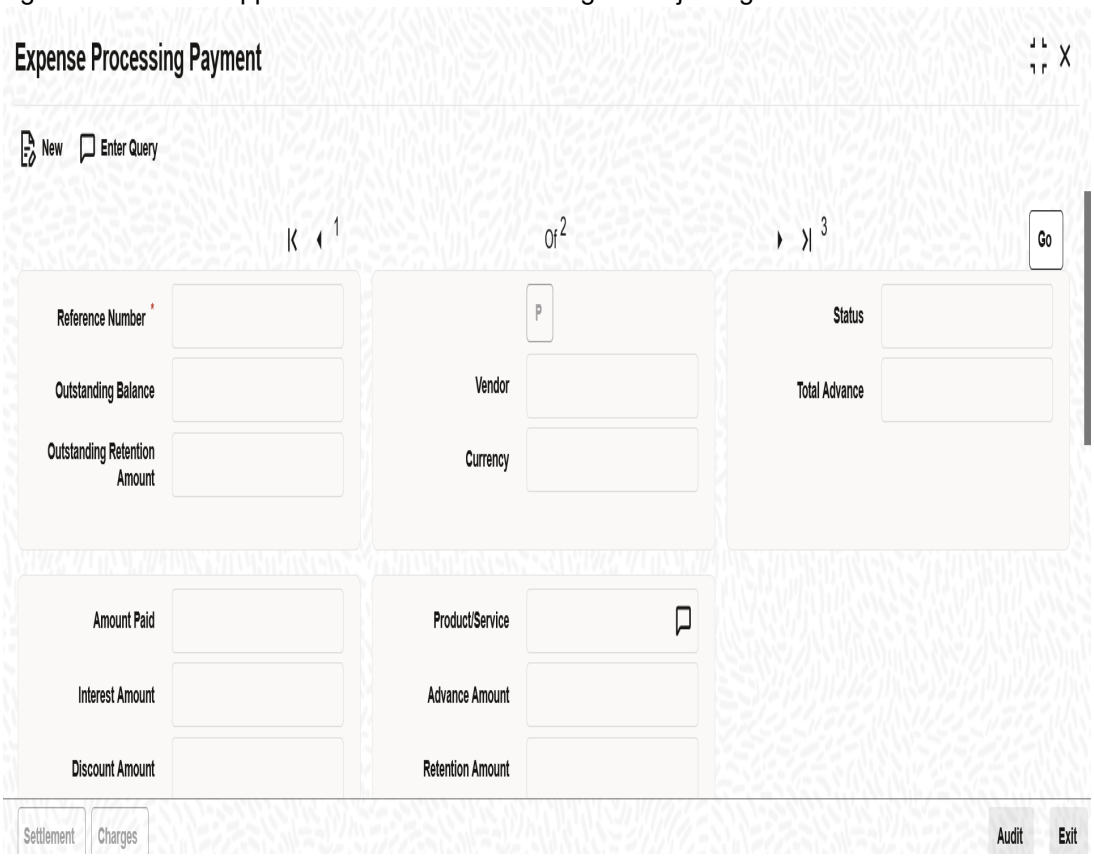
5.2 Payments for an Expense Contract

This section contains the following topics:

- Section 5.2.1, "Maintaining Expense Processing Payment Details"
- Section 5.2.2, "Settlement Button"
- Section 5.2.3, "Deleting Payments"
- Section 5.2.4, "Authorizing Payments"
- Section 5.2.5, "Unlocking a Contract"
- Section 5.2.6, "Processing a Refund or Reversing of an Expense Contract"

5.2.1 Maintaining Expense Processing Payment Details

You can enter payments made towards an expense contract in the 'Expense Processing Payment' screen. You can invoke this screen by typing 'XPDPYMNT' in the field at the top right corner of the Application tool bar and clicking the adjoining arrow button.



The following operations can be performed on a payment, through the Expense Processing Payments screen:

- Input of payments
- Deletion of payments
- Reversal of payments

Reference Number

You shall specify the reference number of the expense contract in respect of which you are entering payment.

On entering the reference number of the expense contract in the 'Expense Processing Payments' screen, the following details will be displayed on the screen:

- The vendor involved in the expense contract
- The currency of the expense contract
- The status of the contract
- The total outstanding amount as of the Value date (the date on which the payment is being made)
- The version of the contract (it is, the number of times the contract has been modified)
- The total outstanding retention amount in respect of the vendor, as on the date of payment
- If the contract involves an advance to the vendor for goods or services to be delivered, the total advance amount due is displayed.

- The net amount paid by the vendor

Entering Payment Details for the Contract

You must enter the following details for the payment:

- The total amount being paid to the vendor towards the dues in respect of the expense contract. This amount is apportioned to the items for which the expense was occurred, as applicable. When you specify the amount being paid, the amount liquidated towards each item is displayed in the Payment Breakup section.
- Part of the amount being paid can be retained, or treated as advance payment for items that are to be delivered. If so, you can record the 'Retention Amount' and the 'Advance Amount', if any, in the respective fields in this screen.
- The service (or product) in respect of which the expense was incurred, towards which the payment is being made
- The value date of the payment. The Value date here is the date on which the liquidation entries will be passed for the contract.
- The amount being paid to the vendor towards a penalty interest on the contract, if any
- If the contract involves an advance to the vendor for goods or services to be delivered, you can specify the advance amount being paid (Advance Amount)
- If you wish to retain any portion of the payment being made to the vendor, you can specify the retention amount (Retention Amount)
- The portion of the outstanding retention amount that is being paid to the vendor through the payment you are recording.
- The discount (flat amount) on the payment, if any, if allowed in the terms of the contract. This amount is deducted from the amount being paid to the vendor.
- If you are liquidating advance paid out to the vendor on receipt of goods or services, you can specify the paid advance amount that you are liquidating.
- Any appropriate remarks, if any

Contract Item Details Displayed by the System

The system also displays the items of the contract, towards which the expense has been incurred, along with the following details for each item:

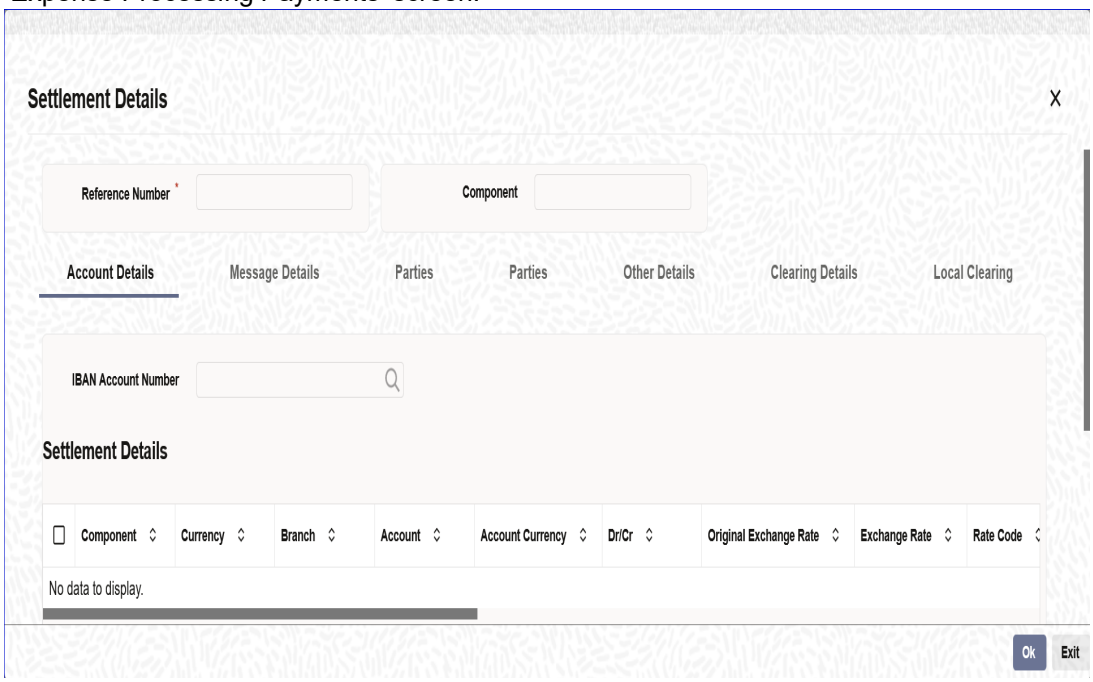
- A description of the item
- The quantity of the item
- The total value of the item
- The total amount paid towards the item
- The current amount paid towards the item
- Delivery Status

5.2.2 Settlement Button

When the contract and the accounts for payment are in different currencies, you may enter the Foreign Exchange rate for conversion, in the Settlements screen. If the customer account was not defined at the time of contract input, you will have to specify an account, at the time of payment, through the Settlements screen.

The payment accounts can also be changed at the time of payment. The new payment accounts will only be used only for that particular session, of the payment function.

To invoke the Settlements service from the payments function, click ‘Settlement’ button in the ‘Expense Processing Payments’ screen.



In this screen,

- The currency (of the contract components) and the branch will be displayed.
- You can change the payment account.
- You can specify the exchange rate, if the Settlement Account Currency is different from the contract currency.

For further details, refer ‘Settlements’ User Manual.

5.2.3 Deleting Payments

Payments made using the payments function, can be deleted before the payment is authorized.

All the entries passed during the payment will also be deleted. All the schedules will be restored to the original status. In short, the prepayment status of the contract will be restored.

From the Actions Menu, choose Delete or click delete icon in the toolbar. You will be prompted to confirm the deletion. Once you confirm it, all the entries that have been saved, but not authorized, will be deleted.

5.2.4 Authorizing Payments

You can invoke this function from the Application Browser. Enter the Reference number, the Value date of the payment and the amount paid (of those payments that you want to authorize). The payment details are displayed, along with the overrides and an authorization will be sought. If you choose not to authorize the payment, the authorization screen will be dismissed.

5.2.5 Unlocking a Contract

If you want to change the details of an authorized contract, you can unlock the contract by selecting the ‘Unlock’ option from the Actions Menu, or click unlock button in the toolbar. The ‘Amend’ screen will be displayed.

Using the above screen, you can either write-off or amend the contracts details.

For further details, refer ‘Common Operations’ chapter in the Procedures user manual.

5.2.6 Processing a Refund or Reversing of an Expense Contract

In Oracle FLEXCUBE, you can choose to process refunds for an expense contract. This would result in a decrease in the utilization of the budget. Consequently, the available balance will be incremented under the budget code that is associated with the contract. However, you are allowed to process refunds for liquidated expense contracts only.

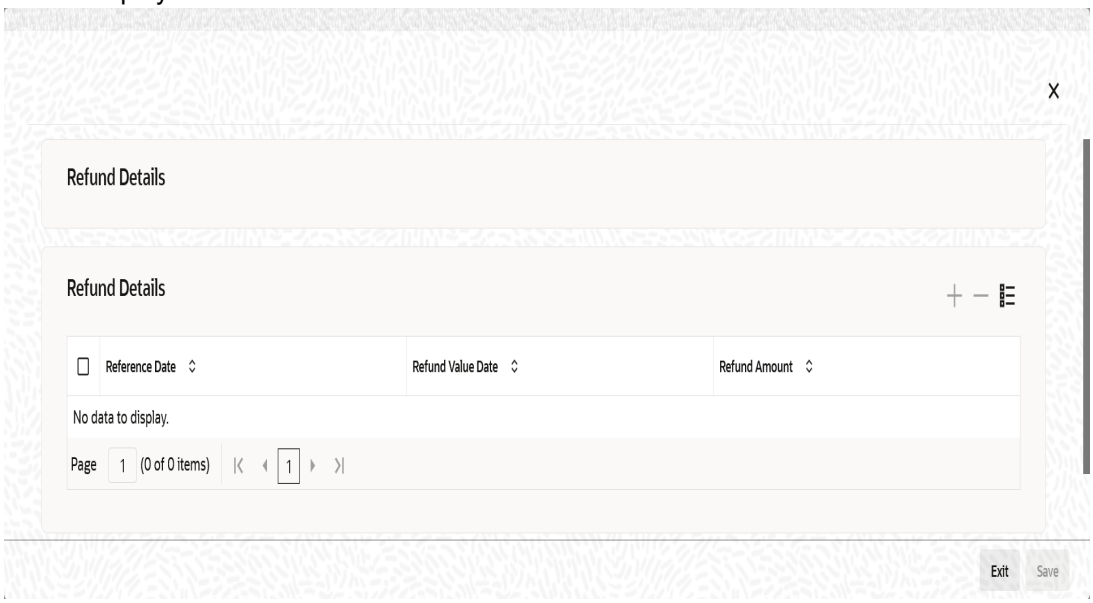
Note

Only fully liquidated contracts are available for refund.

You can process a refund for a contract by using the ‘Reverse’ option from the Actions Menu, or click ‘Reverse’ icon in the toolbar. The ‘Reverse/Refund’ screen is displayed.

5.2.6.1 Refunding the Contract

For refunding the contract, select ‘Refund’ option and click ‘Ok’ button. The following screen will be displayed:



The system will display the following details in this screen:

- The reference number of the contract
- The currency of the contract
- The budget code associated with the contract

In addition to the above details, you have to indicate the following:

Refund Value Date

This is the date on which the refund will become effective in the system. Accordingly, on this date, there will be a decrease in the amount utilized under the budget code and an increase in the available balance.

Refund Amount

This is the amount to be refunded for an expense contract. The refund amount is expressed in the contract currency. Further, the System checks the refund amount against the total amount of the expense contract and the amount already refunded under the contract. The system displays an override message if the total of all the refunded amounts exceeds the contract amount.

If the contract currency is different from local currency of the branch, the System converts the refund amount to the local currency equivalent by using currency conversion rates maintained for the branch. The LCY equivalent will be used to decrease the utilization of the budget code and accordingly increase the available amount.

Note

The system will display an error message if you do not process a refund in the same financial year in which contract is booked.

Refund Exchange Rate

You can specify the exchange rate which is used to arrive at the LCY equivalent for budget tracking and accounting if the contract currency is different from the local currency of the branch.

5.2.6.2 Reversing Payments

You can reverse authorized payments on an expense. For reversing the contract, select 'Reverse' option in the 'Reverse/Refund' screen and click 'Ok' button. In the Expense Payment Processing screen, to reverse a payment, you must specify the Contract Reference Number. Enter the Amount Paid and then click on Reverse in the Processing sub-menu of the Actions Menu. The system reverses all the accounting entries passed during the payment that was processed earlier in respect of the contract, and updates the status of the payment as "Reversed".

The following details will be displayed in this screen:

- The date on which the refund details were maintained
- The date on which the refund became effective in the system
- The refund amount

5.2.6.3 Maintaining Accounting Entries for Refund Processing

The XRFD (Refund) event will be triggered when you process a refund in the system.

For details about the accounting entries associated with the XRFD event, refer the Appendix A - Accounting Entries and Advices for the Expense Processing module, in this user manual.

For a complete list of events, accounting roles, amount tags and event-level accounting entries applicable for an expense contract, refer the Appendix A - Accounting Entries and Advices for the Expense Processing module, in this user manual.

6. Annexure A - Accounting Entries and Advices

This chapter contains the following sections:

- Section 6.1, "Accounting Entries for XP"

6.1 Accounting Entries for XP

This section contains the following topics:

- Section 6.1.1, "XP Events"
- Section 6.1.2, "Amount Tags"
- Section 6.1.3, "Accounting Roles"
- Section 6.1.4, "Event-wise Accounting Entries"
- Section 6.1.5, "Advices"

This section contains details of the suggested accounting entries that can be set up, for the Expense processing module of Oracle FLEXCUBE. The details of the suggested accounting entries are listed event-wise.

6.1.1 XP Events

Sl No.	Event Code	Event Description
1.	XAMD	Booking of Expense
2.	XBOK	Booking of Expense
3.	XPMT	Liquidation of Expense
4.	XPRV	Reversal of Payment
5.	XREV	Reversal of Expense
6.	XWRF	Write Off of Expense
7	XRFD	Refund

6.1.2 Amount Tags

The amount tags listed below are hard-coded in Oracle FLEXCUBE.

Amount Tag	Description
XP_ADV_LIQD	XP Advance Liquidated in Contract CCY
XP_ADV_PAID	XP Advance Paid in Contract CCY
XP_AMT_INCRDECR	XP Amount Increased/Decreased in Contract CCY
XP_AMT_PAID	XP Amount Paid in Contract CCY
XP_CHG_COLL	XP Charges Collected in Contract CCY
XP_CONT_AMT	XP Contract Amount in Contract CCY

XP_DISC_AMT	XP Discount Amount in Contract CCY
XP_INT_AMT	XP Interest Amount Paid in Contract CCY
XP_OS_ADV	XP Outstanding Advance Amount
XP_OS_AMT	XP Contract Outstanding Amt in Contract CCY
XP_OS_RET	XP Outstanding Retention Amount
XP_RET_COLL	XP Retention Money Collected in Contract CCY
XP_RET_PAY	XP Retention Money Paid in Contract CCY
XP_AMT_REFUND	Refunded amount

In addition to these you can define amount tags as per your requirement for the ICCF and tax components that are attached to a product.

6.1.3 Accounting Roles

The following list contains the accounting roles that are applicable to XP transactions that you can process at your bank.

Accounting Role	Description
XPCHGEXP	Charges collected
XPDISCINC	Discounts Received
XPEXPPROV	Provision
XPPENEXP	Penalty Interest Paid
XPPREPAY	Advance (Prepaid)
XPRETPAY	Retention Money
XPVENEXP	Expense Booking
XPWRITEOFF	Write Off Account
XPVENPAY	Vendor
XPVENEXP	Expense GL

6.1.4 Event-wise Accounting Entries

In this section we will discuss the suggested accounting entries that should be generated for each event in the life cycle of an XP transaction.

Note

Some of the Amount Tags linked to the Accounting Roles are user defined.

6.1.4.1 Event - XAMD

Accounting Role	Amount Tag	Dr./Cr. Indicator
XPVENEXP	XP_AMT_INCRDECR	DEBIT
XPEXPPROV	XP_AMT_INCRDECR	CREDIT

6.1.4.2 Event - XBOK

Accounting Role	Amount Tag	Dr./Cr. Indicator
XPCHGEXP	XP_CHG_COLL	CREDIT
XPVENPAY	XP_CHG_COLL	DEBIT
XPVENEXP	XP_CONT_AMT	DEBIT
XPEXPPROV	XP_CONT_AMT	CREDIT

6.1.4.3 Event - XPMT

Accounting Role	Amount Tag	Dr./Cr. Indicator
XPVENEXP	XP_ADV_LIQD	DEBIT
XPPREPAY	XP_ADV_LIQD	CREDIT
XPPREPAY	XP_ADV_PAID	DEBIT
XPVENPAY	XP_ADV_PAID	CREDIT
XPEXPPROV	XP_AMT_PAID	DEBIT
XPVENPAY	XP_AMT_PAID	CREDIT
XPDISCINC	XP_DISC_AMT	CREDIT
XPVENPAY	XP_DISC_AMT	DEBIT
XPPENEXP	XP_INT_AMT	DEBIT
XPVENPAY	XP_INT_AMT	CREDIT

6.1.4.4 Event - XWRF

Accounting Role	Amount Tag	Dr./Cr. Indicator
XPWRITEOFF	XP_OS_ADV	DEBIT
XPPREPAY	XP_OS_ADV	CREDIT
XPEXPPROV	XP_OS_AMT	DEBIT
XPVENEXP	XP_OS_AMT	CREDIT
XPVENEXP	XP_OS_RET	DEBIT
XPRETPAY	XP_OS_RET	CREDIT

6.1.4.5 Event - XFRD

The XRFD (Refund) event will be triggered when you process a refund in the system. The following accounting entries have to be set up for this event:

Accounting Role	Amount Tag	Dr / Cr Indicator
XPVENPAY	XP_AMT_REFUND	DEBIT
XPVENEXP	XP_AMT_REFUND	CREDIT

6.1.5 Advices

NIL

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