Budgeting and Forecasting with Oracle Financials Cloud
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Executive Overview

Budgeting and forecasting are integral aspects of robust financial management. Customers need to be able to prepare and update budgets and forecasts as efficiently as possible, in many cases using a prior year’s or quarter’s actual financial results as an input to the budgeting process. Customers also need to be able to measure financial performance against budget and forecast data on an as-needed basis.

Customers pursue a wide variety of budgeting methods, from simple spreadsheets to complex budget distribution processes. This paper highlights the common approaches and recommends best practices for managing your budgeting and forecasting process in conjunction with the day-to-day financial management you perform using Oracle Financials Cloud.

The main approaches to budgeting and forecasting under consideration are:

- Budgeting with Oracle Hyperion Planning and Budgeting Cloud
- Budgeting with Oracle Hyperion Planning
- Budgeting with other applications
- Budgeting directly in spreadsheets

For each of these approaches, this paper discusses the best practices for leveraging a prior year’s actual balances in the budgeting process and loading completed budgets into Oracle Financials Cloud for inclusion in variance reporting and analysis.
Introduction

Budgeting and forecasting are integral aspects of robust financial management. Customers need to be able to prepare and update budgets and forecasts as efficiently as possible, in many cases using a prior year’s or quarter’s actual financial results as an input to the budgeting process. Customers also need to be able to measure financial performance against budget or forecast on an as-needed basis.

Customers pursue a wide variety of budgeting methods, such as:

- Simple spreadsheets
- Dedicated budgeting applications such as Oracle Hyperion Planning and Budgeting
- Budgeting cloud services, such as Oracle Planning and Budgeting Cloud

Spreadsheets are probably the simplest approach. Dedicated applications may provide sophisticated capabilities beyond what a spreadsheet can offer, such as budget versioning, approval cycles, and the ability to distribute slices of a budget to different responsible people.

Whatever approach you use, you need to be able to:

- Reference the actual financial results from your prior year in your budget preparation for the following year.
- Update your budgets as needed and prevent updates at other times.
- Include relevant budget and forecast information in financial reports and inquiries against actual results to measure your actual performance against your budget and forecast.

The following sections describe recommended approaches for addressing the above requirements.

Note: Throughout this document:

- *General Ledger* refers to the General Ledger capabilities within Oracle Financials Cloud.
- *Planning* refers to Oracle Hyperion Planning (on-premise).
- *Planning Cloud* refers to the Oracle Hyperion Planning and Budgeting Cloud.
• FDM refers to Oracle Hyperion Financial Data Quality Management Enterprise Edition. FDM is part of Planning Cloud and is an optional add-on to Planning (on-premise) which provides robust capabilities for data transformation and loading.
Budgeting with Planning Cloud

If you use both the Oracle Financials and Planning Cloud services, you can create Planning cubes directly from your General Ledger chart of accounts and automatically load your actual balances from General Ledger to Planning for use in the budgeting process.

If you want to write your budgets from Planning Cloud back to General Ledger for variance reporting, you simply extract your budgets from Planning Cloud and then load them to General Ledger.

Downloading Actuals from General Ledger to Planning Cloud

To enable this direct link, contact Oracle Cloud Operations.

For details on the capabilities for loading General Ledger charts of accounts and actual balances to Planning Cloud, refer to the online tutorials and the Planning Cloud documentation library.

Loading Budgets from Planning Cloud to General Ledger

The process for loading budgets from Planning Cloud to General Ledger is similar to the process for Planning (on-premise) users. You need to save your budget data in a file and then load it to General Ledger. You can follow the steps in the following section below for Budgeting with Planning (On-Premise), focusing on either the spreadsheet loader for very small volume budgets or the data file loader for larger volumes.
Budgeting with Planning (On-Premise)

The following explains how to easily load actuals from General Ledger to Planning for use in the budgeting process, and then load your completed budgets from Planning back to General Ledger.

For details on budgeting and forecasting with Planning (On-Premise), refer to the Planning documentation library.

Downloading Actuals from General Ledger to Planning

The best way to extract your actual balances from General Ledger is by running a Trial Balance report. You can schedule this report to run at a pre-determined interval or simply request it on-demand.

To run this report, select Scheduled Processes from the Navigator and select Trial Balance Report:
In this example, the user has elected to summarize by account, meaning the Trial Balance preserves the most granular account balances and displays a row for each account combination. You could instead select to summarize by:

- Natural Account: The report is summarized, with a row for each natural account and all other chart of accounts segments summarized.
- Natural Account and Additional Segment: Select one additional segment. The report then includes a row for each combination of natural account and the selected segment, with all other segments summarized.

If you only budget at the natural account level (or natural account plus one other segment), then you should select one of the above options.

If you select Account, the finished report displays each account combination in a single column, for example 01.000.4100.0000.000.

If you want to schedule this report to run regularly, click **Advanced** and select the **Schedule** tab.
To generate the report as a .csv file, select the **Output** tab, and add a row to specify Excel (mhtml) as the format.
You can then load this file into Planning.

If your Planning application is at the same level of detail as your General Ledger chart of accounts, then you can load the file as is. If your Planning application is more summarized, then you need to transform your extracted actual balances to match your Planning application.

The best way to do this is with Financial Data Quality Management (FDM).
FDM enables you to define mapping rules to easily transform data from a source representation (General Ledger chart of accounts in this case) to a target (the more summarized Planning application).

For more information on FDM, refer to the FDM section of the Oracle Documentation Library.

Loading Budgets from Planning to General Ledger

After completing a budgeting process, you can review your completed budgets in Planning before loading them to General Ledger.
In this example, budgeting is done at a high level, based primarily on Entity and Natural Account. To load your budgets to Oracle Financials Cloud, you need to map this high-level budget data to the chart of accounts you use to track your actuals. This is essentially the reverse of any mapping you did to load your actual from General Ledger into Planning.

- For any segments in your chart of accounts that are not represented in your budget (for example, cost center), you need to specify a default value.

- For any segment values that represent parents in a chart of accounts hierarchy, you need to specify a corresponding child value. This is necessary because in Oracle Financials Cloud, parent values represent points of aggregation and are not directly posted against.

You can define these transformation rules using FDM. Alternatively, if the transformations are very simple (for example, if your budgeting application is very close to your General Ledger chart of accounts), then this may not be necessary. In this case, you can simply export your completed budgets to a file.
You can then load the file to General Ledger using one of the following mechanisms:

- Spreadsheet loader: Use if your budget data is small in volume and easy to manipulate in a spreadsheet. This may be especially useful if you are doing transformations manually within a spreadsheet.
- Data file loader: Use if your data is large in volume and would be unwieldy in a spreadsheet. This is also useful if you update budgets frequently and need to repeat the load to General Ledger often. You can schedule this process to run as needed.

Before choosing either option, you define a budget scenario within General Ledger. You can maintain multiple budget or forecast versions simultaneously using a separate scenario for each. You can reference any scenario in a variance report.

To define a budget scenario:

- Navigate to the Setup and Maintenance work area.
- Go to the task Manage Value Sets.
- Search for value sets for the General Ledger module.
- Select the Accounting Scenario value set and click Manage Values.
- Here you can see existing scenarios and enter new ones.
To use the spreadsheet loader:

- Navigate to the **General Accounting Dashboard**.
- From the **Task** pane on the left, select **Create Budget in Spreadsheet**. This creates a blank spreadsheet with columns for your chart of accounts segments and your budget amounts.
Enter a **Run Name** so you can distinguish this budget load from any other loads.

Enter the **Budget Name** of the budget you are loading. This is the scenario you created in an earlier step.

Copy and paste the budget data from your Planning file into this spreadsheet. You can specify any additional segment values (or change any values as needed) simply by typing in the appropriate columns.
When you are ready, click **Submit** at the top of the worksheet.

To use the data file loader:

- Make sure your exported file from Planning is in the format expected by the data file loader. For your reference, the exact file format is available on the [Oracle Enterprise Repository](https://www.oracle.com).
- Select **File Import and Export** from the **Tools** menu in the **Navigator**.
- Click the **New** button in the toolbar.
- Click **Choose File** to locate the file.
- Select fin/budget/Balance/Import for **Account**.
- Click **Save and Close**.
- Select **Scheduled Processes** from the **Tools** menu in the **Navigator**.
- Run the process **Load Interface File for Import**.
- Select **Validate and Upload Budgets** for the **Import Process**.
- Select your file for the **Data File**.
After this completes, run the process **Validate and Upload Budgets**. Specify the **Run Name** you included in your budget file.

If you frequently update budgets in Planning and wish to schedule a regular process to load updated budgets to General Ledger, you can schedule these jobs to run automatically at a set interval. Be sure to always name your budget file using the same filename.
Budgeting with Other Budgeting Applications

The following explains how to easily load actuals from General Ledger to a budgeting application other than Planning for use in the budgeting process, and then load your completed budgets back to General Ledger. The process is similar to the process followed for Planning, though some additional manual work may be needed.

Downloading Actuals from General Ledger to Budgeting Applications

The best way to extract your actual balances from General Ledger is by running a Trial Balance report. You can follow the steps in the previous section Budgeting with Planning (On-Premise) to run this report. You then load the completed file into your budgeting application.

If you need to transform the completed file, for example because your budgeting application is more summarized than your General Ledger actuals, you can either do the transformation manually (for example in a spreadsheet) or use a data transformation tool. If you don’t have access to data transformation tools, you may want to consider modifying the Trial Balance template. This allows you to modify the output of the report without customizations.

For example, by default, the Trial Balance displays your entire account combination, e.g. 01.000.4100.0000.000. Suppose your budgeting application does not include that last segment. You could modify the Trial Balance template to suppress that final segment. To do so:

- Select Reports and Analytics from the Tools menu in the Navigator.
- Expand Shared Folders > Financials > General Ledger
• Under General Ledger > Trial Balances, click Trial Balance Report and select More.

• Select Edit under Trial Balance Report.
• That downloads the Trial Balance template which you can open in your word processor.
This is the template used to control the output of the Trial Balance report.

There are three separate tables in this report, one for each of the **Summarize by** options when you run it. In other words, depending on which level you select to summarize by (Account, Natural Account, or Natural Account and Additional Segment), the report uses the corresponding table.

In this example, run for the overall account combination but suppress the last segment. Use the top table.

- **Right-click Account** and select **BI Publisher > Properties**.
This displays the tag (<?ACCT?>) used to slot the appropriately tagged data into that specific location in the report template. You can use the BI Publisher substring capability to only display the first 17 characters of account combinations such as 01.000.4100.0000.000. Replace <?ACCT?> with <?xdofx:substr(ACCT,1,17)> and press OK.

- When finished, save your template as an .rtf file.
- Return to your browser and click Properties under the Trial Balance report. From here, you can upload your file as a new template.
Then, when you run the Trial Balance report, simply specify your new template as the **Output** option.

Note this suppresses the final segment of your account combinations, which may result in multiple rows for a resulting combination. When you load this file into your budgeting application, sum these rows together.

For more information, refer to [BI Publisher](http://www.oracle.com) on http://www.oracle.com.

**Loading Budgets from Budgeting Applications to General Ledger**

The process for loading budgets from a dedicated budgeting application to General Ledger is similar to the process for spreadsheet users. You need to save your budget data in a file and then load it to General Ledger. You can follow the steps in the above section *Budgeting with Planning (On-Promise)*, focusing on either the spreadsheet loader for very small volume budgets or the data file loader for larger volumes.
Budgeting in Spreadsheets

If you do your budgeting within a spreadsheet, you can easily load your actuals from General Ledger to your spreadsheet, do your budgeting, and then load your budgets back to General Ledger.

Downloading Actuals from General Ledger to a Spreadsheet

The easiest way to download actuals from General Ledger to a spreadsheet is through Smart View. Smart View is an excel add-in for reporting and analysis. If you don’t already use Smart View, you can download the add-in from Oracle Technology Network.

With Smart View, you select exactly which account combinations you need for which time periods and press Refresh. Smart View retrieves your actuals directly into the spreadsheet. You can then reference these actual in your budgeting process.

Note: It is also possible to use Smart View to enter your budgets. However, this is not recommended because, while Smart View loads your budgets to the General Ledger balances cube for budget-actual comparisons, it does not backup your budgets. This means that, if in the future you need to rebuild your balances cube, your budgets are lost. You would have to back them up, outside the General Ledger, and then reload them.

If you have a large chart of accounts, you may find it more efficient to run a Trial Balance report rather than leveraging Smart View. You can submit a Trial Balance once and it generates a report of your entire set of balances. When you run it, you can specify Excel as the output option, so that when you open the completed report, it opens directly in Excel. This is documented above in the section Budgeting with Planning (On-Premise).

Loading Budgets from a Spreadsheet to General Ledger

The easiest way to load your budgets from a spreadsheet back to General Ledger is through the General Ledger budget spreadsheet. This is documented above in the section Budgeting with Planning (On-Premise).