Managing Departmental Expenses and Revenue Budgets

Version Date: 01/2016
Agenda

1. Introduction and Objectives
2. Commitment Control
3. How do I...Budget Overview
4. Budget Checking Exceptions
5. Understanding Budget Journals and Transfers
Agenda

- Budget Checking Exceptions (6)
- Commitment Control Security (7)
- Summary and Resources (8)
- Questions (9)
Objectives

- Introduce the Commitment Control (KK) module
- Explain Commitment Control Ledgers, Sub-Ledgers and Budgetary Accounts
- Review the Budget Overview page setup and Interpret the Remaining Spending Authority (RSA)
- Understand Budget Exceptions
- Explain Budget Journals and Budget Transfers
- Clarify Commitment Control Security
- Additional Information and Resources
Recommended Prerequisite Courses

• Introduction to UTShare/PeopleSoft
  – Get familiar with UTShare/Peoplesoft (login, navigation, DUO security, etc.)

• Introduction to Chart of Accounts
  – Explains the Accounting Structure
Reference Materials for Course

• UTSA Chart of Accounts Quick Reference Guide
• Budget Checking Process Diagram
• Commitment Control Budget Checking Process Diagram

Additional Reference – Quick Online Tutorials:

• Looking up DEFINE to PeopleSoft Chart of Accounts
• Crosswalk Information in PeopleSoft
  – Located at http://www.utsa.edu/financialaffairs/training
Managing Departmental Expenses and Revenue Budgets

COMMITMENT CONTROL
What is Commitment Control?

UTShare/PeopleSoft controls your budget in the module named “Commitment Control” (KK)

The Commitment Control (KK) module records the total budgeted amount. This amount includes:

• Original Budgets
• Beginning Balances (Balance Forward)
• Budget Transfers (Permanent and Temporary)
• Budget Adjustments.
What is Commitment Control?

Source transactions, such as actual expenses feed into Commitment Control.

PeopleSoft Source Transactions: Requisitions, Purchase Orders, Payment Vouchers, Travel Authorizations and Expense reports, Payroll Transactions, Accounting journals, Transfers and other source transactions

Commitment Control enables you to budget check various PeopleSoft source transactions and third-party applications, such as Banner. The system will check whether there is enough budget or not for the transaction to be completed.

Source transactions must have the same chartfield strings as the elements in the budget, else it will not pass budget checking, it will return an error.

These source transactions feed into Commitment Control and update one of the Commitment Control ledgers/Subledgers.
What is Commitment Control? – cont’d

Using Commitment Control you can:

- View remaining spending authority (RSA) and detailed transactions (revenue or expense) processed for a given Cost Center
- Create Budget Transfers: move budgets between Cost Centers (based on approved guidelines related to funding source)
- Create Budget Journals: add or reduce budgets for a Cost Center (based on supporting analyses and authorized changes – a budget office function only)
Managing Departmental Expenses and Revenue Budgets

COMMITMENT CONTROL LEDGERS, SUB-LEDGERS AND BUDGETARY ACCOUNTS
### Commitment Control Ledgers

- **Budget Ledgers:**
  - **OPE:** Expense Budgets
  - **OPR:** Revenue Budgets

- **Sub-Ledgers:**

<table>
<thead>
<tr>
<th>Pre-Encumbrance</th>
<th>Encumbrance</th>
<th>Expense</th>
</tr>
</thead>
<tbody>
<tr>
<td>Requisitions</td>
<td>Purchase Orders</td>
<td>Payment Vouchers</td>
</tr>
<tr>
<td></td>
<td>Travel Authorization</td>
<td>Expense Journals</td>
</tr>
<tr>
<td></td>
<td>Payroll Encumbrances</td>
<td>Payroll Expenses</td>
</tr>
</tbody>
</table>

- **Remaining Spending Authority (RSA)** is a calculated field:
  
  \[
  \text{Budget +Associated Revenue (if present) – Pre-Encumbrance – Encumbrance – Expense = RSA}
  \]
Commitment Control Ledger Update through Budget Checking Process

1. Cost Center Budget $5,000 Remaining Spending Authority $5000

2. Create Requisition For $500

3. Budget Check Requisition

4. Create Pre-Encumbrance Ledger for $500

5. Create Purchase Order

6. Budget Check Purchase Order

7. The Budget Checking Process updates the Pre-Enc. (-$500) and creates the Encumbrance Ledger (+$500)

8. Remaining Spending Authority $4500

9. Create Payment Voucher

10. Budget Check Voucher

11. Budget Checking Process updates the Encumbrance (-$500) and creates the Expense Ledger (+$500)

12. Remaining Spending Authority $4500

Budget Checking – Exceptions (Errors) will be covered later in this course.
Commitment Control (KK) Budgetary Accounts

- **Budgetary Accounts** – are used to record budget to various high level categories.
  - These accounts can only be used for budget transactions, not for actual expense or revenue transactions.

<table>
<thead>
<tr>
<th>OPE (Operating Expense)</th>
<th>OPR (Operating Revenue)</th>
</tr>
</thead>
<tbody>
<tr>
<td>A1000 – Staff Salaries</td>
<td>OPREV – Operating Revenue</td>
</tr>
<tr>
<td>A1200 - Wages</td>
<td>NOREV – Non-Operating Revenue</td>
</tr>
<tr>
<td>A2000 – Faculty Salaries</td>
<td>RTRFS – Revenue Transfers</td>
</tr>
<tr>
<td>A3000 - Benefits</td>
<td>TOTRV – Total Revenue</td>
</tr>
<tr>
<td>A4000 – M&amp;O</td>
<td></td>
</tr>
<tr>
<td>A6000 – Debt Service</td>
<td></td>
</tr>
<tr>
<td>A7000 – Expense Transfers</td>
<td></td>
</tr>
<tr>
<td>A9000 – Reserve</td>
<td></td>
</tr>
</tbody>
</table>
Managing Departmental Expenses and Revenue Budgets

HOW DO I...BUDGET OVERVIEW
Check my Remaining Spending Authority (RSA)?

Option #1: Budget Overview screen

• The **Budget Overview screen** provides a view of department activity and balances

• Tool used to view budgets and actual transactions processed for a Cost Center during a given fiscal year

• Users can further drill down to budget and actual journal lines, source transactions and view detail information that make up the balances
1. Navigate to the **Budget Overview** Screen

2. Select the tab **Add a New Value**

3. Enter a name in the **Inquiry Name** field

4. Select the **Add** button
1. Navigate to the **Budget Overview** Screen

2. Select the tab **Find an Existing Value**

3. Enter an **Inquiry Name** or click the **Search** button

4. Select the **Inquiry Name**
5. **Business Unit** (Default is UTSA1)

6. Choose **Ledger Group** from the Ledger Group/Set dropdown list

7. Enter appropriate option in **Ledger Group** field (**OPE** = *Operational Expense*)
8. Enter the **Budget Criteria**— if necessary (Defaults to current year)

9. Enter the **Chartfield Criteria**

10. Select the **Search Button**
Budget Overview – Inquiry Results (OPE Shown)

- Budget: 537,952.00
- Expenses(-): 0.00
- Encumbrance(-): 0.00
- Pre-Encumbrance(-): 0.00
- Budget Balance(=): 537,952.00
- Associated Revenue(+): 0.00

Cost Centers:

- Cost Center Budgets
- Available Budget

Cost Centers:

- EGX018
- E0G018
- DXM022

Budget Overview Results:

- Budget Group: OPE
- Account: A1000
- Fund: 2100
- Dept: BFA011
- Cost Center: EGX018
- Function: 700
- Project: 2014
- Budget Period: 2014
- Budget: 513,879,000
- Expense: 0.00
- Encumbrance: 0.00
- Pre-Encumbrance: 0.00
- Available Budget: 2,590,000
- Cost Center Budgets: 21,493,000
5. Business Unit (Default is UTSA1)

6. Choose Ledger Inquiry Set from the Ledger Group/Set dropdown list

7. Enter appropriate option in Ledger Group field (OPE_OPR)
8. Enter the **Budget Criteria** Budget Period – if necessary (Current year's is default)

9. Enter the **Chartfield Criteria**

10. Select the **Search Button**
### Budget Overview—Budget Transaction Types

#### Budget Transaction Types

<table>
<thead>
<tr>
<th>Ledger Group</th>
<th>Account</th>
<th>Fund Code</th>
<th>Department</th>
<th>Cost Center</th>
<th>Function</th>
<th>Project</th>
<th>Budget Period</th>
</tr>
</thead>
<tbody>
<tr>
<td>OPE</td>
<td>A4000</td>
<td>3100</td>
<td>AEH006</td>
<td>DDX019</td>
<td>100</td>
<td></td>
<td>2014</td>
</tr>
</tbody>
</table>

#### Budget Transaction Type

<table>
<thead>
<tr>
<th>Budget Transaction Type</th>
<th>Budget Amount</th>
<th>Base Currency</th>
</tr>
</thead>
<tbody>
<tr>
<td>Original</td>
<td>1,748.000</td>
<td></td>
</tr>
<tr>
<td>Adjustment</td>
<td>-45.610</td>
<td></td>
</tr>
<tr>
<td>Transfer Adjustment</td>
<td>-1,300.000</td>
<td></td>
</tr>
<tr>
<td>Transfer Original</td>
<td>0.000</td>
<td></td>
</tr>
<tr>
<td>Closing</td>
<td>0.000</td>
<td></td>
</tr>
<tr>
<td>Roll Forward</td>
<td>0.000</td>
<td></td>
</tr>
</tbody>
</table>

**Total Budgeted Amount:** 402.39 USD
## Budget Overview—Associated Revenue

### Ledger Totals (5 Rows)

<table>
<thead>
<tr>
<th>Budget</th>
<th>70,905.68</th>
</tr>
</thead>
<tbody>
<tr>
<td>Expense</td>
<td>6,378.51</td>
</tr>
<tr>
<td>Encumbrance</td>
<td>0.00</td>
</tr>
<tr>
<td>Pre-Encumbrance</td>
<td>0.00</td>
</tr>
<tr>
<td>Budget Balance</td>
<td>64,527.17</td>
</tr>
<tr>
<td>Associate Revenue</td>
<td><strong>13,191.63</strong></td>
</tr>
<tr>
<td>Available Budget</td>
<td>77,718.80</td>
</tr>
</tbody>
</table>

### Revenue Estimate

<table>
<thead>
<tr>
<th>Revenue Estimate</th>
<th>0.00</th>
</tr>
</thead>
<tbody>
<tr>
<td>Recognized Revenue</td>
<td><strong>-13,191.63</strong></td>
</tr>
<tr>
<td>Available Budget</td>
<td>-13,191.63</td>
</tr>
<tr>
<td>Collected Revenue</td>
<td>0.00</td>
</tr>
<tr>
<td>Uncollected Revenue (Rec Col)</td>
<td>13,191.63</td>
</tr>
</tbody>
</table>

### Budget Overview Results

<table>
<thead>
<tr>
<th>Ledger Group</th>
<th>Account</th>
<th>Fund</th>
<th>Dept</th>
<th>Cost Centr</th>
<th>Function</th>
<th>Project</th>
<th>Budget Period</th>
<th>Budget</th>
<th>Expense</th>
<th>Encumbrance</th>
<th>Pr</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>OPE</td>
<td>A1200</td>
<td>5600</td>
<td>ABS015</td>
<td>E00253</td>
<td>200</td>
<td>2014</td>
<td>0.00</td>
<td>0.00</td>
<td>0.00</td>
<td></td>
</tr>
<tr>
<td>2</td>
<td>OPE</td>
<td>A2000</td>
<td>5600</td>
<td>ABS015</td>
<td>E00253</td>
<td>200</td>
<td>2014</td>
<td>0.00</td>
<td>0.00</td>
<td>3,333,000</td>
<td></td>
</tr>
<tr>
<td>3</td>
<td>OPE</td>
<td>A3000</td>
<td>5600</td>
<td>ABS015</td>
<td>E00253</td>
<td>200</td>
<td>2014</td>
<td>0.00</td>
<td>0.00</td>
<td>293,100</td>
<td></td>
</tr>
<tr>
<td>4</td>
<td>OPE</td>
<td>A4000</td>
<td>5600</td>
<td>ABS015</td>
<td>E00253</td>
<td>200</td>
<td>2014</td>
<td>70,905.68</td>
<td>2,752,419</td>
<td>0.00</td>
<td></td>
</tr>
<tr>
<td>5</td>
<td>OPR</td>
<td>TOTRV</td>
<td>5600</td>
<td>ABS015</td>
<td>E00253</td>
<td>200</td>
<td>2014</td>
<td>0.00</td>
<td>0.00</td>
<td>0.00</td>
<td></td>
</tr>
</tbody>
</table>
How do I...

Check my Remaining Spending Authority (RSA)?

Option #2: Budget Status Report

• Displays all Commitment Control ledger amounts (Budget, Associated Revenue, Expense, Encumbrance, Pre-Encumbrance) and Available Balance

• See Budget Status Report Instruction Handout

Main Menu>>Commitment Control>>Budget Reports>>Budget Status
Managing Department Expenses and Revenue Budgets

BUDGET CHECKING EXCEPTIONS
Budget Definitions, Rules and Attributes

• Using Budget Definitions we can set control options. UTSA’s budget control is set as follows:

  – M&O related transactions are controlled and will not process if errors exist

  – Budget Rules for Salary and Benefit accounts (A1000, A1200, A2000 and A3000) are set to allow transactions to process without sufficient budgets with a warning
Commitment Control Budget Checking Process

Start → Source Transaction

Check Against Control Budget

Pass? NO → Transaction Stopped

YES → Error Exception Issued

Transaction Processed

NO → Adjust Budget or Transaction?

YES → End

NO → KK Ledger Totals NOT Updated

KK Ledger Totals Updated
Budget Checking Process

• The budget checking process returns a status providing immediate feedback on the transaction results.

• Budget Checking Status values:
  – **Valid Budget** – no errors or warnings, the control budget ledger is updated
  – **Not budget checked** – transaction has not been budget checked
  – **Error in budget check** – transaction failed budget checking, the process does not update any control budget ledger. The page provides a link to the exception page to view the exception and take necessary actions to fix the errors.
  – **Warnings** – the process completed successfully, but the transaction has warning exceptions. The process updates the control budget.
Review Budget Exceptions

Budget checking errors occur because the transactions do not conform to the rules established for that control budget. Most errors occur when a transaction has at least one line that exceeds budget.

- Some of the most frequent errors are:
  - **No budget exists** – there is no budget set up for the cost center, or there is no budget set up for the combination of chartfields being used. The budget checking will return a No budget Exist Status.
    - Ex. No budget in A4000, incorrect chartfield in the source transaction.
  - **Exceeds budget and tolerance** – budget is insufficient to cover the amount of the item. In this case funds would need to be transferred from another budgetary account within the cost center or from another cost center.
  - **Chartfield is blank** – one of the required chartfields is left blank.
Managing Departmental Expenses and Revenue Budgets

UNDERSTANDING BUDGET JOURNALS AND TRANSFERS
Understanding Budget Journals

• Budget Journals are used to make a revenue or expense adjustment to a Cost Center

• Budget Office will centrally process budget journals

• The departments will need to create a memo or a document to request a budget journal (previously known as Budget Adjustments) and send it to the Budget Office

Budget.FMS@utsa.edu
Understanding Budget Transfers

The Budget Transfer functionality is used to create a journal to transfer budgets between Cost Centers (for expenses only)

• Budget Header page in the Budget Transfer component has two different budget entry types:
  – Transfer Original (Permanent Transfers)
  – Transfer Adjustment (Temporary Transfers)

• Journal lines must balance (To and From)
1. Under the **Budget Header** tab, enter **OPE** for the Ledger Group.

2. For **Budget Entry Type**, select **Transfer Adjustment**

3. For **Long Description**, explain the purpose of the budget transfer.

4. Select the **Save** button

   This is for transferring of funds from the Biology department to the Chemistry department as per Dean’s agreement.
3b. For the budget lines: click the **Budget Lines** Tab and enter the **Account**, **Speedtype** and amount in the corresponding fields.

4b. Then select the **Save** button.
1. Select **Budget Pre-Check** from the Process drop-down menu.

2. If there are any errors, click on the **Budget Errors** tab, otherwise, select **Submit Journal** from the Process drop-down menu.

Before submitting a budget transfer for approval, it is a good practice to do a budget check.
Budget Transfer Workflow

Budget Transfer Workflow is currently not available.

Departments currently enter a Transfer Request and notify the Budget Office once approved by the respective VP Office via email (Budget.FMS@utsa.edu).
MANAGING DEPARTMENTAL EXPENSES AND REVENUE BUDGETS
Commitment Control Security

• PeopleSoft Security Team is designated to establish and manage access to data based on the role of the user.

• Not everyone has access to the same applications; access is role-based (Budget Administrator, Departmental User, Departmental Administrator, etc.)
Commitment Control Security

Budget Office Security Roles:

• BUDGET ADMINISTRATOR
  – Commitment Control Budget Administrator
  – Budget Maintenance – can make changes to budget definitions
  – Security Administrator – able to make changes to budget security
  – Set up and run Allocations
  – Override Budget Checking Errors if appropriate

• BUDGET ANALYST
  – Enter and Post Budget Journals and Budget Transfers
  – Review Budgets, Run delivered reports
  – Review Budget Exceptions
Commitment Control Security

Departments will have a separate security role:

• DEPARTMENT ADMINISTRATOR
  – Access to Budget Overview – Review remaining balances
  – Enter Budget Transfers
  – Review Budgets, Run delivered reports
  – Review budget exceptions and budget checking errors
Managing Departmental Expenses and Revenue Budgets

SUMMARY AND RESOURCES
Summary

• Introducing Commitment Control
• Commitment Control Ledgers and Sub-ledgers, Budgetary Accounts
• Budget Overview – review of Remaining Spending Authority (RSA)
• Budget Checking Errors and Exceptions
• Understanding Budget Journals and Budget Transfers
• Commitment Control Security
Resources

• Other Courses to consider:
  – Quick Online Tutorials (www.utsa.edu/utshare/Training)
  – Purchasing Goods and Services
  – Processing Travel Advances and Reimbursements
  – Processing Non-Purchase Order Vouchers
  – Funding Positions (Commitment Accounting)

Want up-to-date information?
  – Go to www.utsa.edu/utshare
  – www.utsa.edu/financialaffairs
Resources

Want up-to-date information?

– Go to www.utsa.edu/utshare
– www.utsa.edu/financialaffairs
– SPOC – your Single Point of Contact
  • 210-458-SPOC (210 -458-77620
Questions
Thank You!