Managing Departmental Expenses and Revenue Budgets

Version Date: 6/2015
Agenda

1. Introduction and Objectives
2. Commitment Control
3. How do I...
4. Budget Checking Exceptions
Agenda

5 Understanding Budget Journals and Transfers

6 Commitment Control Security

7 Summary and Resources
Objectives

• Introduce Commitment Control 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
• Provide Additional Information and Resources
Recommended Prerequisite Courses

• Introduction to the 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 Training References

- Located at [http://www.utsa.edu/utshare/training](http://www.utsa.edu/utshare/training)
Interim Processes (IP)

An icon to indicate an interim process

Look for this icon on slides throughout the course
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 for a control budget. Source transactions, such as actual expenses feed into Commitment Control.
What is Commitment Control? – cont’d

• **Commitment Control enables you to:**
  - Budget check actual transactions (expenditures and revenues) against predefined control budgets
  - Review status of future commitments, including pre-encumbrances (requisitions) and encumbrances (purchase orders) against approved annual budgets/appropriations
  - Check recognized revenue against revenue estimate budgets
  - View remaining spending authority (RSA) and detailed transactions (revenue or expense) processed for a given Cost Center
What is Commitment Control? – cont’d

Using Commitment Control you can:

• Create Budget Transfers: move budgets between Cost Centers (based on approved guidelines related to funding source)

• Request Budget Journals: add or reduce budgets for a Cost Center

In the next few slides, we will review:

• How Commitment Control works with various applications
• The process of reviewing Remaining Spending Authority
• The Budget Checking diagram of Source Transactions
COMMITMENT CONTROL LEDGERS, SUB-LEDGERS AND BUDGETARY ACCOUNTS

Managing Departmental Expenses and Revenue Budgets
Commitment Control Ledgers

- **Budget Ledgers:**

<table>
<thead>
<tr>
<th>OPE</th>
<th>OPR</th>
</tr>
</thead>
<tbody>
<tr>
<td>Expense Budgets</td>
<td>Revenue Budgets</td>
</tr>
</tbody>
</table>

- **Sub-Ledgers (Expense)**

<table>
<thead>
<tr>
<th>Pre-Encumbrance</th>
<th>Encumbrance</th>
<th>Expense</th>
</tr>
</thead>
<tbody>
<tr>
<td>When a requisition is entered, the budget checking process will create a pre-encumbrance.</td>
<td>When a Purchase Order is entered, the budget checking process will credit the pre-encumbrance, and will create an encumbrance.</td>
<td>When the Payment Voucher is entered, the budget checking process will credit and encumbrance, and will create an expenditure.</td>
</tr>
</tbody>
</table>

- **Remaining Spending Authority (RSA)** is a calculated field:

\[
\text{Budget} - \text{Pre-Encumbrance} - \text{Encumbrance} - \text{Expense} = \text{RSA}
\]
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.

<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(including Travel)</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>
Mini Quiz

• What is the name of the module used to control the budget in UTShare/PeopleSoft.

• What are the 2 Commitment Control Budget Ledgers

• The **M&O** Budgetary Account category for Non-Sponsored Programs is **A1200**. (True/False)
Managing Departmental Expenses and Revenue Budgets

HOW DO I ...
How do I...

Check my Remaining Spending Authority (RSA)?

Option #1: The Budget Overview screen provides a view of department activity and balances

• Tool used to view budgets and actual transaction 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
Budget Overview - Create the Inquiry

Main Menu >> Commitment Control >> Review Budget Activities >> Budget Overview

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
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**
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 years is default)

9. Enter the **Chartfield Criteria**

10. Select the **Search** Button
Budget Overview – TimeSpan Calendar Options:
Select Detail Accounting Period to specify the Budget Periods
Budget Overview—Inquiry Results (OPE/OPR Shown)

<table>
<thead>
<tr>
<th>Ledger Group</th>
<th>Account</th>
<th>Fund</th>
<th>Dept</th>
<th>Cost Cent</th>
<th>Function</th>
<th>Project</th>
<th>Budget Period</th>
<th>Budget</th>
<th>Expense</th>
<th>Encumbrance</th>
</tr>
</thead>
<tbody>
<tr>
<td>OPE</td>
<td>A1000</td>
<td>3100</td>
<td>AEH006</td>
<td>DDX019</td>
<td>100</td>
<td></td>
<td>2014</td>
<td>46,564</td>
<td>0.00</td>
<td>0.00</td>
</tr>
<tr>
<td>OPE</td>
<td>A1200</td>
<td>3100</td>
<td>AEH006</td>
<td>DDX019</td>
<td>100</td>
<td></td>
<td>2014</td>
<td>15,688</td>
<td>0.00</td>
<td>0.00</td>
</tr>
<tr>
<td>OPE</td>
<td>A3000</td>
<td>3100</td>
<td>AEH006</td>
<td>DDX019</td>
<td>100</td>
<td></td>
<td>2014</td>
<td>402,390</td>
<td>0.00</td>
<td>0.00</td>
</tr>
<tr>
<td>OPE</td>
<td>A4000</td>
<td>3100</td>
<td>AEH006</td>
<td>DDX019</td>
<td>100</td>
<td></td>
<td>2014</td>
<td>0.00</td>
<td>0.00</td>
<td>0.00</td>
</tr>
<tr>
<td>OPE</td>
<td>A7000</td>
<td>3100</td>
<td>AEH006</td>
<td>DDX019</td>
<td>100</td>
<td></td>
<td>2014</td>
<td>0.00</td>
<td>0.00</td>
<td>0.00</td>
</tr>
<tr>
<td>OPE</td>
<td>RTRFS</td>
<td>3100</td>
<td>AEH006</td>
<td>DDX019</td>
<td>100</td>
<td></td>
<td>2014</td>
<td>1,500</td>
<td>0.00</td>
<td>0.00</td>
</tr>
</tbody>
</table>

Revenue Estimate: 64,000.00
Recognized Revenue: 64,200.00
Collected Revenue: -200.00
Uncollected Revenue: 0.00

Select Details Icon

Business Unit: UTS01
Type of Calendar: Detail Budget Period
Amounts in Base Currency: USD
Revenue Associated: [ ]

Max Rows: 100
Display Options: Search

Select Details Icon
# Budget Overview—Inquiry Results (OPE/OPR Shown)

<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>

<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
How do I...
Check my Remaining Spending Authority?

Option #2: Budget Status Report: displays all Commitment Control ledger amounts (budgeted, associated revenue, pre-encumbrance, encumbrance, expense) and available balance for the budgets selected.

Main Menu >> Commitment Control >> Budget Reports >> Budget Status

See Budget Status Report Instructions Handout
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BUDGET CHECKING EXCEPTIONS
Review Budget Exceptions

If budget journal entries or other expense transactions (requisitions, purchase orders, vouchers, transfers) fail budget checking, users need to review and manage these errors and exceptions.

- The exception pages have more detailed information about the errors.
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
- Transactions with errors are not allowed by the system to update the Commitment Control ledgers
- These transactions with errors stop at the budget checking stage and do not proceed until they are corrected and are budget checked again
Review Budget Exceptions

Some of the most frequent errors and exceptions are (Standard UTShare Messages):

✓ No budget Exists
✓ Exceeds budget and tolerance – budget is not sufficient to cover the amount of the item
✓ Required Key Chartfield is blank

Examples of Budget Checking Exceptions are provided in your handouts.
Review Budget Exceptions

Users are responsible to handle most of these exceptions but may need the assistance of either the Budget Office, Disbursements & Travel Services or Accounting Services to resolve depending on the error message.
A. Budget checking a Non-PO Voucher you see the following error message:

“Budget Checking Error Exist (18021,91)…”

B. Select the “OK” button to close the message box. Then go to the budget exception page
C. Select the **Summary Tab** and select the **Exceptions** link

D. View the type of Exception “**Exceeds Budget Tolerance**”

E. The **Details** icon will provide further information.
UNDERSTANDING BUDGET JOURNALS AND TRANSFERS

Managing Departmental Expenses and Revenue Budgets
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 fill out the top portion of the Departmental Budget Journal Transfer Request form 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)
Budget Transfers

Main Menu >> Commitment Control >> Budget Journals >> Enter Budget Transfer

1. Navigate to Enter Budget Transfer and Click the Add a New Value Tab
2. Enter the Business Unit
3. Leave the Journal ID and Date defaults
4. Select the Add button
5. Under the **Budget Header** tab, enter **OPE** for the Ledger Group.

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

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

8. Select the **Save** button

This is for transferring of funds from the Biology department to the Chemistry department as per Dean’s agreement.
9b. For the budget lines: click the **Budget Lines** Tab and enter the **Account**, **Speedtype**.

9c. Scroll to view the **Amount** field.
10. Enter the dollar amounts in the **Amount** field then click the **Save** button.
Before submitting a budget transfer for approval, it is a good practice to do a budget check.

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.
Budget Transfer Workflow

Budget Transfer Workflow currently is not available.

Departments will be able to enter a Transfer Request and will need to notify the Budget Office for approval.

Budget.FMS@utsa.edu
Mini Quiz

• What inquiry in UTShare/PeopleSoft do I use to check my Remaining Spending Authority (RSA)?

• Most Budget Exceptions occur when a transaction has at least one line that exceeds budget. (True or False?)

• What office do you email to request a budget journal?
Commitment Control

Managing Departmental Expenses and Revenue Budgets

Commitment Control

Security
Commitment Control Security

Security Roles used by Commitment Control Module:

• 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

- **BUDGET ANALYST**
  - Enter and Post Budget Journals and Budget Transfer Journals
  - Review Budgets, Run Delivered reports
  - Review Budget exceptions and overrides Budget checking errors if appropriate
Commitment Control Security

Departments will have a separate security role:

- DEPARTMENT ADMIN
  - 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

• Reviewed the Commitment Control (KK) Module
• Explained Commitment Control Ledgers, Sub-ledgers and Budgetary Accounts
• Reviewed how to utilize the Budget Overview to review the Remaining Spending Authority (RSA)
• Understand Budget Exceptions
• Recalled the process of Budget Journals and Budget Transfers
• Clarified 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
Your Single Point of Contact (SPOC)

The PSSC is ready for your PeopleSoft questions! Contact us via:

- Telephone: 210-458-SPOC (458-7762) or
- Go to UTShare Website: www.utsa.edu/utshare, link to the SPOC icon for the PeopleSoft ticketing system

Questions raised now through post-go live helps PSSC establish a comprehensive knowledge base and appropriate Service Levels!

For any policy or business process related questions, please contact the Human Resources, Financial Affairs or Purchasing departments.
Questions
Thank You!