

# **Commitment Control**

---

## COPYRIGHT & TRADEMARKS

Copyright © 1998, 2009, Oracle and/or its affiliates. All rights reserved.

Oracle is a registered trademark of Oracle Corporation and/or its affiliates. Other names may be trademarks of their respective owners.

This software and related documentation are provided under a license agreement containing restrictions on use and disclosure and are protected by intellectual property laws. Except as expressly permitted in your license agreement or allowed by law, you may not use, copy, reproduce, translate, broadcast, modify, license, transmit, distribute, exhibit, perform, publish or display any part, in any form, or by any means. Reverse engineering, disassembly, or decompilation of this software, unless required by law for interoperability, is prohibited.

The information contained herein is subject to change without notice and is not warranted to be error-free. If you find any errors, please report them to us in writing.

If this software or related documentation is delivered to the U.S. Government or anyone licensing it on behalf of the U.S. Government, the following notice is applicable:

### U.S. GOVERNMENT RIGHTS

Programs, software, databases, and related documentation and technical data delivered to U.S. Government customers are “commercial computer software” or “commercial technical data” pursuant to the applicable Federal Acquisition Regulation and agency-specific supplemental regulations. As such, the use, duplication, disclosure, modification, and adaptation shall be subject to the restrictions and license terms set forth in the applicable Government contract, and, to the extent applicable by the terms of the Government contract, the additional rights set forth in FAR 52.227-19, Commercial Computer Software License (December 2007). Oracle USA, Inc., 500 Oracle Parkway, Redwood City, CA 94065.

This software is developed for general use in a variety of information management applications. It is not developed or intended for use in any inherently dangerous applications, including applications which may create a risk of personal injury. If you use this software in dangerous applications, then you shall be responsible to take all appropriate fail-safe, backup, redundancy and other measures to ensure the safe use of this software. Oracle Corporation and its affiliates disclaim any liability for any damages caused by use of this software in dangerous applications.

This software and documentation may provide access to or information on content, products and services from third parties. Oracle Corporation and its affiliates are not responsible for and expressly disclaim all warranties of any kind with respect to third party content, products and services. Oracle Corporation and its affiliates will not be responsible for any loss, costs, or damages incurred due to your access to or use of third party content, products or services.



# Table of Contents

<b>Commitment Control.....</b>	<b>2</b>
<b>Introduction to Commitment Control.....</b>	<b>3</b>
Budget Process in ARC .....	4
What is Budgeting?.....	5
How are Budgets Entered?.....	6
How are We Implementing Controls?.....	7
How are Ledger Groups Used?.....	8
Do I have Authorization to Spend?.....	10
Budget Checking Process in ARC .....	11
Budget Checking Overview .....	12
Budget Check Transactions against various Ledger Groups.....	13
How to Identify and Mitigate Budget Checking Errors .....	17
Budget Check Errors and Handling .....	18
Email Notifications .....	19
Online Queries .....	21
How Do I Track Spending .....	22
Monitoring Budgets with Inquiries .....	23
Monitoring Budgets with Inquiries Overview .....	24
Review and Transact Against Budgets .....	25
Review Commitment Control Exceptions .....	29
Check Your Understanding .....	32
Check Your Understanding Answers.....	33
Course References .....	34
Key Terms .....	35
<b>Glossary .....</b>	<b>36</b>





**Training Guide**  
**Commitment Control**

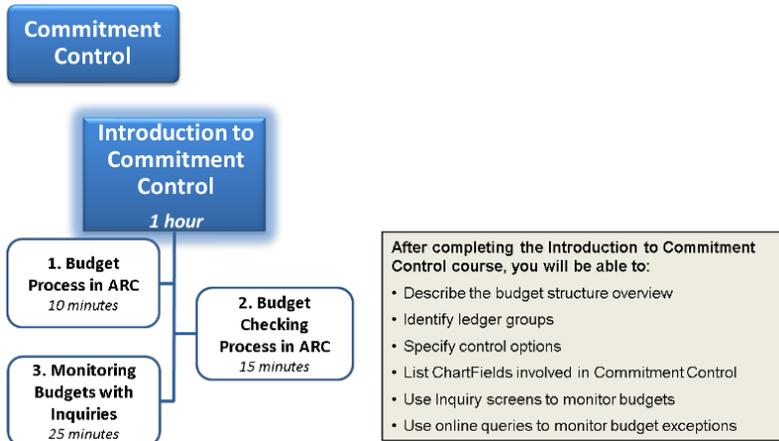


**Commitment Control**

## Introduction to Commitment Control

This is the *Introduction to Commitment Control* course within the *Commitment Control* curriculum.

If you need a reminder on how to navigate through this course using ARC's web-based training tool (WBT), click here for a quick reference guide.





## Budget Process in ARC

*Commitment Control* is a feature within ARC that enables us to manage expenditures actively against predefined, authorized budgets. The following lesson will walk through the overall Budget Process within ARC.

**Estimated time needed to complete lesson:** 10 Minutes



## **What is Budgeting?**

### **What is Budgeting?**

A Budget is a list of all planned expenses and anticipated revenue collections. It is used to inform management of key activities occurring at each School or Departments.

ARC will have the following types of budgets:

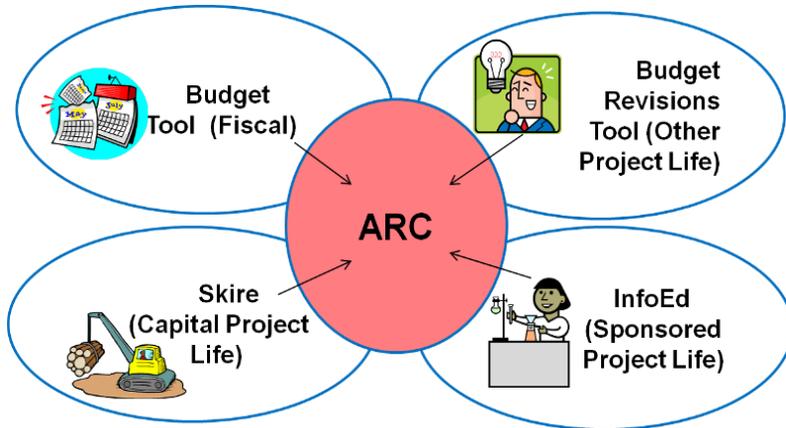
- 1) Fiscal Year Expense
- 2) Fiscal Year Revenue
- 3) Sponsored Project Life Expense
- 4) Capital Project Life Revenue
- 5) Other Project Life Expense
- 6) Other Project Life Revenue

**How are Budgets Entered?**

**How are Budgets Entered?**

There are four different tools where budgets will be captured. Each tool will feed budgets into the ARC System. ARC will use this information to manage expenditures actively against predefined, authorized budgets.

The diagram below lists the various types of budgets and the tool they will originate from.



In most cases, budgets will always be entered at the detail level, requiring all ChartFields (except Site).

To make it easier to enter the required Chartfields:

- Fund and Function will default from other ChartFields
- Initiative and Segment can be populated with a generic "Undefined" value

Type of Project	Example	Fiscal Year Budget	Project Budget
<b>Fiscal Year Only Projects</b>	Unrestricted school funds	Department creates using Budget Tool	Not Required
<b>Capital Projects</b>	Any major capital activity	Skire will pass a "zero" budget to start the Fiscal Year budget Process	Facilities or OMB creates in Skire
<b>Sponsored Projects</b>	Grants and Contracts	InfoEd will pass a "zero" budget to start the Fiscal Year budget Process	SPA creates based on Notice of Award in InfoEd
<b>Other Multi-Year Projects</b>	Activity tracked in aggregate across fiscal years (e.g. recruitment package)	Department creates using Budget Tool	Department creates using Budget Revisions Tool

## How are We Implementing Controls?

### How are we Implementing Controls?

There are 3 levels within Commitment Control to control spending:



**CONTROL:** Transactions that don't have a valid budget row OR exceed the amount budgeted will be stopped.



**TRACK WITH BUDGET:** Transactions that don't have a valid budget row will be stopped.



**TRACK WITHOUT BUDGET:** All transactions pass without error.

Columbia will use Commitment Control to achieve the following objectives:

- To block transactions if they cause total spending to exceed budgeted dollar amounts – we will only use this for Capital Project expenses
- To block transactions if no budget exists for the Project/Fund/Department combination – this will help us manage security
- To provide reporting capability to check budget capacity (budget vs. actuals)

For a one page job aid of the control options above, [click here](#).

**How are Ledger Groups Used?**

**How are Ledger Groups Used?**

Commitment Control uses Ledger Groups in order to implement various levels of control across the different types of budgets (e.g. Fiscal Year, Capital, and Sponsored).

There is a distinct naming convention for each Ledger Group. For a listing of these Groups, please refer to the job aid found at the end of the course, or, [click here](#).

ARC will implement “Control” and “Track with Budget” at the Parent Ledger Group. The Parent Ledger Groups will be automatically summarized based on the detailed budgets users create for a given budget type. For example, Fiscal Year budgets will be summarized at the Project/ Fund/ Department combination based on the detailed budget entered in the budget tool. The Parent Ledger Group for Fiscal Year budgets will have a control type of “Track with Budget” for Project/ Fund/ Department combination.

Listed below are the various Ledger Groups that will be available within ARC and their associated control type, entry method, and required ChartField combinations.



Ledger Group = KK_FY_REV		Entered in Budget Tool							
Fiscal Year Revenue Budget									
CONTROL TYPE	DEPT	FUND	PROJECT	ACTIVITY	ACCOUNT	FUNCTION	INITIATIVE	SEGMENT	
Track without Budget	✓	✓	✓	✓	✓	✓	✓	✓	✓



Ledger = KK_FY_PR		Automatically Summarized from Child			
Fiscal Year Parent Expense Budget					
CONTROL TYPE	DEPT	FUND	PROJECT		
Track with Budget	✓	✓	✓		



Ledger Group = KK_FY_CH		Entered in Budget Tool							
Fiscal Year Child Expense Budget									
CONTROL TYPE	DEPT	FUND	PROJECT	ACTIVITY	ACCOUNT	FUNCTION	INITIATIVE	SEGMENT	
Track without Budget	✓	✓	✓	✓	✓	✓	✓	✓	✓



Ledger = KK_SP_PR		Automatically Summarized from Child			
Sponsored Project Parent Expense Budget					
CONTROL TYPE	DEPT	FUND	PROJECT	ACTIVITY	
Track with Budget	✓	✓	✓	✓	



Ledger = KK\_SP\_CH Entered in InfoEd  
Sponsored Project Parent Expense Budget

CONTROL TYPE	DEPT	FUND	PROJECT	ACTIVITY	ACCOUNT	FUNCTION	INITIATIVE	SEGMENT
Track without Budget	✓	✓	✓	✓	✓	✓	✓	✓



Ledger Group = KK\_CP\_PR Automatically Summarized from Child  
Capital Project Parent Expense Budget

CONTROL TYPE	DEPT	FUND	PROJECT
Track with Budget	✓	✓	✓



Ledger Group = KK\_CP\_CH Entered in Skire  
Capital Project Child Expense Budget

CONTROL TYPE	DEPT	FUND	PROJECT	ACTIVITY	ACCOUNT	FUNCTION	INITIATIVE	SEGMENT
Track without Budget	✓	✓	✓	✓	✓	✓	✓	✓



Ledger = KK\_OP\_REV Entered in Budget Revisions  
All Other Project Revenue Budget

CONTROL TYPE	DEPT	FUND	PROJECT	ACTIVITY	ACCOUNT	FUNCTION	INITIATIVE	SEGMENT
Track without Budget	✓	✓	✓	✓	✓	✓	✓	✓



Ledger = KK\_OTH\_PRJ Entered in Budget Revisions  
All Other Project Expense Budget

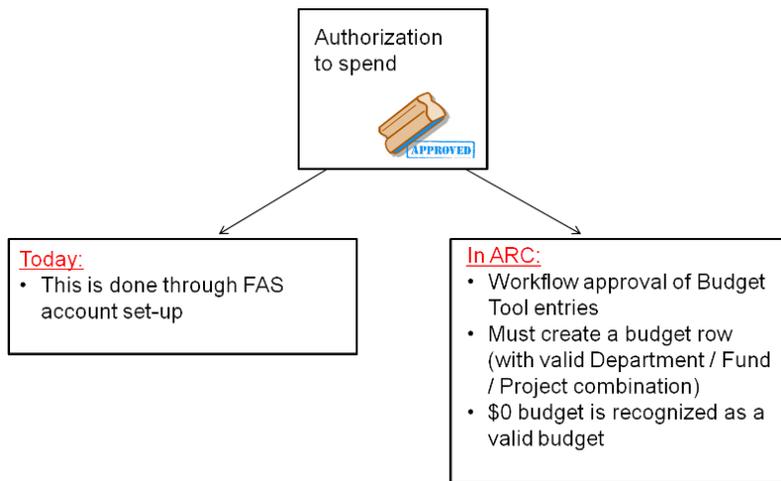
CONTROL TYPE	DEPT	FUND	PROJECT	ACTIVITY	ACCOUNT	FUNCTION	INITIATIVE	SEGMENT
Track without Budget	✓	✓	✓	✓	✓	✓	✓	✓

**Do I have Authorization to Spend?**

**Do I have Authorization to Spend?**

At a minimum every transaction requires a Fiscal Year Budget for the Project/ Fund/ Department combination. Therefore, every Project Life Budget (e.g., Capital and Sponsored) will require a Fiscal Year Budget on a Project/ Fund/ Department combination. As a result, Skire and InfoEd will be passing a “zero” dollar budget to start the Fiscal Year budgeting process in ARC. This will help minimize the number of errors related to authorization to spend on Project/ Fund/ Department combination on the fiscal.

The following chart shows how transactions are authorized to spend in FAS vs. ARC.



Listed below is a chart which shows the relationship between a Fiscal Year Budget and Project Life Budget for each type of Project at Columbia University.

Type of Project	Example	Fiscal Year Budget	Project Budget
 <b>Fiscal Year Only Projects</b>	Unrestricted school funds	Department creates using Budget Tool	Not Required
 <b>Capital Projects</b>	Any major capital activity	Skire will pass a “zero” budget to start the Fiscal Year budget Process	Facilities or OMB creates in Skire
 <b>Sponsored Projects</b>	Grants and Contracts	InfoEd will pass a “zero” budget to start the Fiscal Year budget Process	SPA creates based on Notice of Award in InfoEd
 <b>Other Multi-Year Projects</b>	Activity tracked in aggregate across fiscal years (e.g. recruitment package)	Department creates using Budget Tool	Department creates using Budget Revisions Tool



## Budget Checking Process in ARC

This is the *Budget Checking Process* lesson of the *Commitment Control* course. Upon completion of this lesson, you will be able to:

- Understand the budget checking process in ARC
- Understand how transactions are budget checked against various ledger groups
- List the ARC tools available to monitor budgets
- Identify and mitigate different types of budget errors

**Estimated time needed to complete lesson:** 15 Minutes



## **Budget Checking Overview**

### **What is Budget Checking?**

All Budget Checking activities lie within Commitment Control. Budget checking determines which transactions will be checked against control budgets (all or some subset of transactions) and what level of action is taken on the transactions (transaction stopped or warning sent).

You can create and budget check source transactions for the following transactions within ARC:

- Purchasing - Requisitions and Purchase Orders
- Payables - Vouchers
- Project Costing - Budget related transactions
- General Ledger - Journals

### **Budget Checking Process in Arc**

For requisitions and journal entries, budget checking can occur online at the request of the initiator. For items processed in batch (PO's, Vouchers, Journal Entries), budget checking will be scheduled to run 5 times during the day (approximately. every 2-3 hours).

### Budget Check Transactions against various Ledger Groups

#### Budget Checking Transactions against Various Ledger Groups

Listed below are some examples of how transactions will be budget checked against different Ledger Groups. This is done to track and control spending against various types of budgets (e.g. Fiscal, Sponsored and Capital).

#### Fiscal Year Revenue Budget

Fiscal Year Revenue budgets will be entered into the Budget Tool. The Budget Tool requires all ChartFields (except Site) for each budget transaction.



Ledger Group = KK_FY_REV		Entered in Budget Tool							
Fiscal Year Revenue Budget									
CONTROL TYPE	DEPT	FUND	PROJECT	ACTIVITY	ACCOUNT	FUNCTION	INITIATIVE	SEGMENT	
Track without Budget	✓	✓	✓	✓	✓	✓	✓	✓	✓

This shows the level at which budget checking is performed within Commitment Control for Fiscal Year Revenue budgets.

So, for Fiscal Year Revenue budgets, while all components of the ChartString are being evaluated, since we are only implementing “track without budget” all actual transactions will pass budget checking and be posted to ARC.

#### Fiscal Year Expense Budgets

For Fiscal Year Expense budgets, because we are implementing “track with budget”, Commitment Control evaluates whether there is a budget at a summarized level for the Dept/Fund/Project combination. This evaluation occurs when transactions (e.g., Requisitions, Purchase Orders, Voucher and Journals) are budget checked.

Now, let’s look at an example of this in action.



Ledger Group = KK_FY_CH		Entered in Budget Tool							
Fiscal Year Child Expense Budget									
CONTROL TYPE	DEPT	FUND	PROJECT	ACTIVITY	ACCOUNT	FUNCTION	INITIATIVE	SEGMENT	
Track without Budget	✓	✓	✓	✓	✓	✓	✓	✓	✓

# Training Guide

## Commitment Control



	DEPT	FUND	PROJECT	ACCOUNT
BUDGET ROW	A&S History	Unrestricted	UR123456	Supplies

	DEPT	FUND	PROJECT	ACCOUNT
REQUISITION	A&S History	Unrestricted	UR123456	Consulting



Passes budget check; Dept/Fund/Project match budget row

	DEPT	FUND	PROJECT	ACCOUNT
REQUISITION	A&S Chemistry	Unrestricted	UR123456	Supplies



Fails budget check; Dept does not match budget row

In this example, you first create a budget row for the “A&S History Dept”, on the “Unrestricted Fund”, and “UR123456 Project”, using a Supplies natural account.

Next, you attempt to process a requisition using the “A&S History Dept”, the “Unrestricted Fund”, “UR123456 Project”, BUT a Consulting natural account. This would pass budget check and be posted to ARC, because the Dept/Fund/Project combination was budgeted for.

However in the next example, you attempt to process a requisition using the “A&S Chemistry Dept”, “Unrestricted Fund”, “UR123456 Project”, on the Supplies natural account. This will fail budget check and not be posted to ARC, because the Dept/Fund/Project combination did not have a budget row.

### Sponsored Project Life Budgets

Sponsored Project expense transactions will go through Budget Check to evaluate whether there is a valid Department / Fund / Project / Activity ChartField combination.



Ledger = KK_SP_PR		Automatically Summarized from Child		
Sponsored Project Parent Expense Budget				
CONTROL TYPE	DEPT	FUND	PROJECT	ACTIVITY
Track with Budget	✓	✓	✓	✓

In this example, you first create a budget row for the “Diabetes Research Dept”, on the “Private Grant & Contract Fund”, “PG123456 Project” and “Scope Account 1 Activity”, using a Supplies natural account.

Next, you attempt to process a journal entry using the “Diabetes Research Dept”, the “Private Grant & Contract Fund”, “PG123456 Project” and “Scope Account 1 Activity”, BUT a Animal Care natural account. This would pass budget check and be posted to ARC, because the Dept/Fund/Project/Activity combination was budgeted for.

However in the next example, you attempt to process a journal entry using the “Diabetes Research Dept”, the “Private Grant & Contract Fund”, “PG123456 Project” and “Scope Account 2 Activity”, on the Supplies natural account. This will fail budget check and not be posted to ARC, because the Dept/Fund/Project/Activity combination did not have a budget row.

## Capital Project Life Budgets

Capital Project expense transactions will go through Budget Check to evaluate whether there is a valid Department / Fund / Project ChartField combination and \$ amount cannot exceed total project expense budget.

Ledger Group = KK\_CP\_PR Automatically Summarized from Child  
 Capital Project Parent Expense Budget

CONTROL TYPE	DEPT	FUND	PROJECT
Track with Budget	✓	✓	✓

	DEPT	FUND	PROJECT	ACCOUNT	
BUDGET ROW	Facilities	Capital Projects	CP123456	Materials	+ total authorized project budget
REQUISITION	Facilities	Capital Projects	CP123456	Consulting	+ within total authorized project budget
REQUISITION	Facilities	Capital Projects	CP123456	Materials	+ over total authorized project budget

Passes budget check; Dept/Fund/Project match budget row & within total authorized project budget

Fails budget check; Dept/Fund/Project match budget row, but over total authorized project budget

In this example, you first create a budget row for the “Facilities Dept”, on the “Capital Fund”, and “CP123456 Project”, using a Materials natural account.

Next, you attempt to process a requisition using the “Facilities Dept”, the “Capital Fund”, “CP123456 Project”, BUT a Consulting natural account. The requisition dollar amount stays below the authorized project budget. This transaction would pass budget check and be posted to ARC, because the Dept/Fund/Project combination was budgeted for and the dollar amount on the transaction does NOT exceed the total authorized project budget.

However in the next example, you attempt to process a requisition using the “Facilities Dept”, the “Capital Fund”, “CP123456 Project”, BUT a Materials natural account. The requisition dollar EXCEEDS the authorized project budget. This transaction would fail budget check, because the dollar amount on the transaction exceeded the total authorized project budget.

## Other Project Life Budgets

Other Project Life budgets (multi-year based, but non-Sponsored Project and non-Capital) will be entered into Budget Revisions. Budget Revisions requires all ChartFields (except Site) for each budget transaction.

This slide is showing the level at which budget checking is performed within Commitment Control for Other Project Life budgets.

# Training Guide

## Commitment Control



Ledger = KK_OTH_PRJ		Entered in Budget Revisions						
All Other Project Expense Budget								
CONTROL TYPE	DEPT	FUND	PROJECT	ACTIVITY	ACCOUNT	FUNCTION	INITIATIVE	SEGMENT
Track without Budget	✓	✓	✓	✓	✓	✓	✓	✓

So, for Other Project Life budgets, while all components of the ChartString are being evaluated, since we are only implementing “track without budget” all actual transactions will pass budget checking and be posted to ARC.



### **How to Identify and Mitigate Budget Checking Errors**

As mentioned earlier, once a transaction has been initiated, there are several ways to manage budgets and budget errors within ARC. In the following sections, we will go through the different types of budget errors, how they are communicated, and ways to handle them.

**Estimated time to complete topic:** 7 minutes



## Budget Check Errors and Handling

### **Budget Check Errors and Handling**

Once a requisition, purchase order, voucher or a journal transaction has been initiated, there is the possibility that the transaction may encounter a budget checking error. The user will need to look at the individual transactions in error to determine the type of budget checking error that occurred. Listed below are examples of budget checking errors that may occur within a transaction and ways to mitigate:

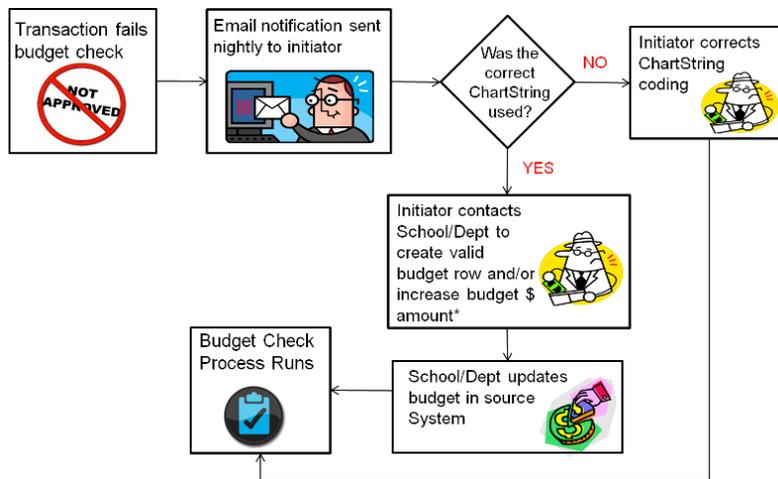
Error	Action
No budget exists	If a budget does not exist, determine the type of budget (i.e., Fiscal Year, Capital Life Sponsored, Project Life Sponsored), and contact the applicable Budget Owner and request a budget to be created.
Budget is closed	If the budget is closed (for Fiscal Year budgets), change the transaction date, if appropriate, so that it is within the budget period or delete the transaction.
Budget is on hold	If the budget is on hold (for Fiscal Year budgets), contact the Budget Owner/Owning Department on the Project to find out why the budget is on hold.
Budget date outside specified dates	If the budget date is outside the specified dates (for Sponsored Projects), delete the transaction. This means that the date exceeds the Project end date in addition to its 90 days threshold.
Exceeds budget and is over tolerance	If the transaction exceeds the budget and is over tolerance (only for Capital Projects), contact the Budget Owner to update the budget dollar amount, or, update the transaction to fall within the dollar threshold.

For a one page job aid of the error and handling table above, [click here](#).

### Email Notifications

#### Email Notifications

If a transaction fails budget checking, the initiator will receive an email notification alerting them of the failed check. The email will be automatically generated as part of the last batch process each day that identifies any transactions that failed budget checking during that day.



As previously mentioned, an initiator will receive emails to help manage budgets. There will be no e-mail notification for Budget journals coming in from external systems and transactions that are entered with a past date. The notification process only picks up transactions with the 'current date' that failed budget check.

The e-mail notification process is a 'nice to have' but it is the schools and departments responsibility to actively manage budget check exceptions and work to clear them on a timely basis.

The e-mail specifies the following information:

- Business Unit
- Transaction Type
- Transaction ID

#### Sample Email Notification

**Subject: Budget Exception Notification**

Hi,

**You have transactions that failed budget check please review the transactions referenced below within Commitment Control.**

# Training Guide

## Commitment Control



Business Unit	Transaction Type	Transaction Id
US005	Journal	0000000691

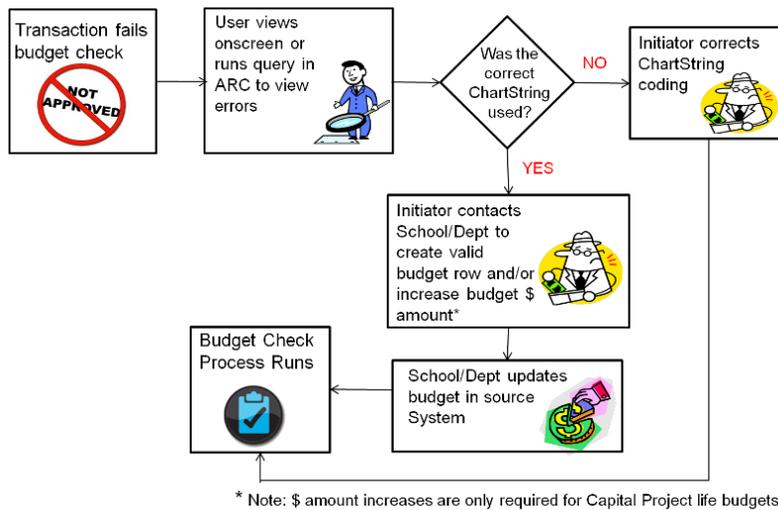
**This is a system generated email. Please do not reply to this email.**

### Online Queries

#### Online Queries

Aside from receiving an e-mail notification mentioned in the prior topic, If a transaction fails budget checking, users can view the error on-line in ARC, or run a query to view any transactions they initiated that resulted in budget check errors.

The Online query is **CU\_BUD\_EXP\_NF\_QUERY**, and allows users to see if they have budget errors.



The query will be run based on a criterion of ARC UNI and will return Business Unit, Transaction Type, Transaction ID and Transaction Date where Budget Header Status is set to 'E', regardless of the Transaction Date.

**Note:** This query does not state the type of budget error, but that an error exists.

# Training Guide

## Commitment Control



### How Do I Track Spending

### How Do I Track Spending?

Spending can be tracked in several ways:

- Through the use of ARC inquiry pages
- Through the use of various custom reports available in the Financial Data Store

Below is a sample Budget Details page in ARC, the page the initiator will see to view Budget details.

**Commitment Control Budget Details**

Business Unit	Ledger Group	Account	Fund	Dept	Function	Project	Initiative	Segment	Budget Period
COLUM	KK_FY_CH	621100	300	12400	200	0000000178			2011

Display Chart

**Ledger Amounts**

Budget:	Budget is created	52,000.00 USD							
Expense:	Expense is recorded	2,100.00 USD							
Encumbrance:	Encumbrance is created	2,000.00 USD							
Pre-Encumbrance:		0.00 USD							
Associate Revenue:		0.00 USD							

**Available Budget**

Without Tolerance:	Budget Available	47,900.00 USD	Percent: (92.12%)	Forecasts
With Tolerance:	is calculated	47,900.00 USD	Percent: (92.12%)	

**Budget Exceptions**

Exception Errors: 0    Exception Warnings: 1    [Budget Exceptions](#)

Below is a sample Operating Statements Summary by Departments report in FDS:

Note: This page represents a sample report that will be available in the Financial Data Store

**Columbia University**  
Operating Statement Summary by Department(s)  
Department(s)  
For Period Ended xx/xx/xx

Fund	Fund Description	Account	Prior YTD	Prior Year Actual	Original Budget	Actual to Date		Balance before Commitment	Commitments		Budget Balance Available	% Used
						Current estimate	Month		Year	encumbrance		
01	Genl Unrestricted	4001	(70,000)	(110,000)	(110,000)	(110,000)	(25,000)	(80,000)	(30,000)		(30,000)	72.73
01	Genl Unrestricted	4005	(30,000)	(45,000)	(45,000)	(50,000)	(25,000)	(40,000)	(10,000)		(10,000)	80.00
01	Genl Unrestricted	4009	(12,000)	(20,000)	(20,000)	(28,000)	(5,000)	(12,000)	(16,000)		(16,000)	42.86
01	Genl Unrestricted	Total Revenue	(112,000)	(175,000)	(175,000)	(188,000)	(45,000)	(132,000)	(56,000)	-	(56,000)	70.21
01	Genl Unrestricted	5001	35,000	40,000	40,000	50,000	4,367	37,500	12,500	12,500	-	75.00
01	Genl Unrestricted	5001	8,000	10,000	10,000	833	7,500	2,500	2,500	2,500	-	75.00
01	Genl Unrestricted	5002	20,000	25,000	25,000	25,000	2,083	18,750	6,250	6,250	-	75.00
01	Genl Unrestricted	5003	3,000	5,000	5,000	5,000	417	3,750	1,250	1,250	-	75.00
01	Genl Unrestricted	5003	3,000	10,000	10,000	10,000	833	7,500	2,500	2,500	-	75.00
01	Genl Unrestricted	5004	-	10,000	10,000	833	7,500	2,500	2,500	2,500	-	75.00
01	Genl Unrestricted	Sub-Total Salary and	71,000	100,000	100,000	110,000	9,347	82,500	27,500	27,500	-	75.00

Excerpt of Operating Statement by Department (DARTS style report), that shows YTD spending, budgets, encumbrances, available to spend

This report is generally used to analyze daily operations / activity to ensure there is available budget to spend before processing requisitions, etc.



## Monitoring Budgets with Inquiries

This is the *Monitoring Budgets with Inquiries* lesson of the *Introduction to Commitment Control* course. Upon completion of this lesson, you will be able to:

- Use Inquiry pages to monitor different types of budgets in ARC

**Estimated time needed to complete lesson:** 25 Minutes



### **Monitoring Budgets with Inquiries Overview**

The *Budget Details* page is an inquiry page within ARC where users can review their authority to spend on predefined budgets. Users will need to be granted to the Financial Inquiry role in order to view the Budget Details page. These pages can be used to determine where the budgets are allocated for the various types of budgets (e.g., Fiscal Year, Sponsored, Capital).

Within the following section, we will analyze two types of budgets that affect a Capital Project. By utilizing the *Budget Details* page within ARC, we can look at how the budget was created in order to authorize spending on the Capital Project-Life Budget and Fiscal Year Budget for the Capital Project.

### Review and Transact Against Budgets

This *Budget Details* page can also be used to monitor and track spending against predefined budgets. For example, the *Budget Details* page will show users their budget and any expense, encumbrance and pre-encumbrance that have hit up against their budget. In addition, the page will provide the users with their Remaining Spending Authority.

Remaining Spending Authority = Budget - (Expense + Encumbrance + Pre-Encumbrance)

In this topic we will look at an example where we are tracking spending against two types of budgets on a Capital Project. We will Budget Check a GL Journal on a Capital Project and see how it draws down the Remaining Spending Authority on 1) The Capital Project-Life Budget and 2) The Fiscal Year Budget for the Capital Budget. Within this example, since we are budget checking a GL Journal, the Expense will get updated for each type of budget. Users will need to be granted to the Financial Inquiry role in order to view the *Budget Details* page.

To see this transaction in ARC, please click the "See It!" button on the top of your screen. To practice this transaction, click the "Try It!" button.

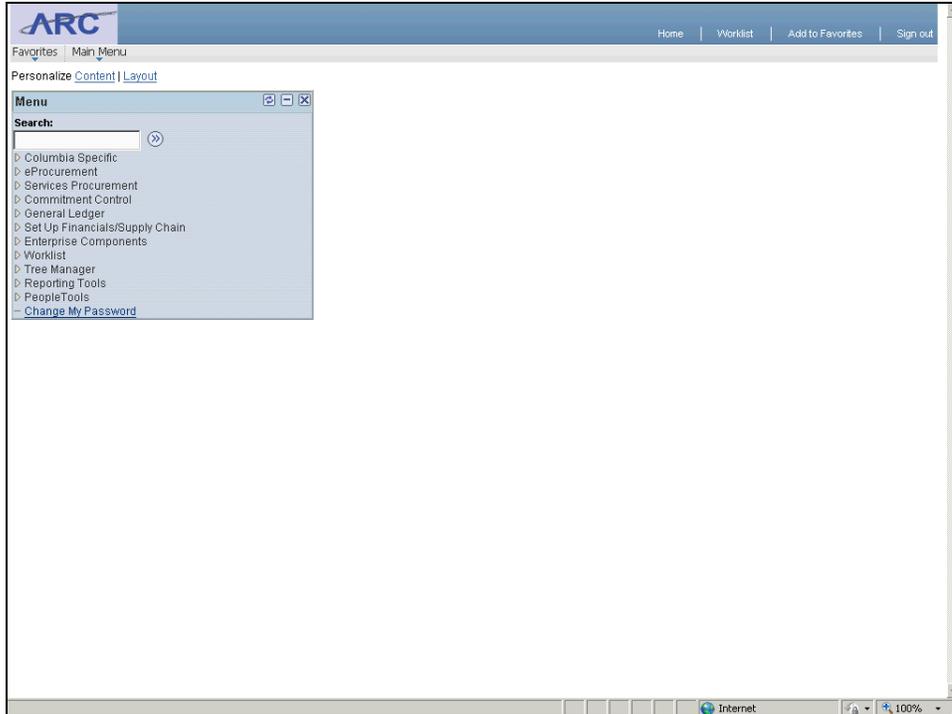
**Estimated time to complete topic:** 15 minutes

#### Procedure

This topic provides guidance on how to review and transact against budgets.

For this scenario, you are made aware that a Journal has been created. You make note that the amount is \$3000.00.

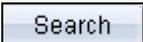
Now, you must go in and see how after a budget check, the Expenses for the Capital and Fiscal Year Parent Budgets are affected.



Step	Action
1.	<p>There are two ways to access menu options in ARC.</p> <p>The first is by clicking on the appropriate option in the blue menu to the left of the screen.</p> <p>The second is by clicking the main menu button at the top of your screen.</p> <p>In this course, we will use the blue box on the left hand side of the screen. There, you can click on the appropriate menu item.</p>
2.	<p>In order to view the appropriate budget pages, you must first enter the Commitment Control module within ARC.</p> <p>Click the <b>Commitment Control</b> link.</p> <p><a href="#">▶ Commitment Control</a></p>
3.	<p>After you click on the Commitment Control link in the main menu, you will be directed to the Commitment Control page. This is the gateway to any Commitment Control related transaction and/or inquiries, such as defining or maintaining budgets, budget checking, and reviewing budget and exceptions.</p>
4.	<p>For this scenario, we will need to access the Budget Details page.</p> <p>Click the <b>Budget Details</b> link.</p> <p><a href="#">Budget Details</a></p>

Step	Action
5.	<p>You will find that most of initial search pages in ARC look like this .There are usually two search options - a "Find an Existing Value" tab and a "Add a new Value" Tab.</p> <p>For this page, since you are inquiring on a specific Ledger Group, you will only be given the option to "Find an Existing Value". You can enter as many details to narrow down the search and ensure you find the exact one.</p>
6.	<p>Ledger Groups have distinct naming conventions, and are used to</p> <p>Click in the <b>Ledger Group</b> field.</p> <div style="border: 1px solid black; width: 150px; height: 20px; margin-left: 20px;"></div>
7.	<p>In this instance we are searching for the budget on a Capital Project-Life for a Ledger Group.</p> <p>Using the Job Aid provided in this course entitled "Ledger Groups", you can string together the type of Ledger Group you would like to find.</p> <p>Enter the desired information into the <b>Ledger Group</b> field. Enter "<b>KK_CP_PR</b>".</p>
8.	<p>Next, you would need to enter the Department number for which Ledger Group you are inquiring on.</p> <p>If you do not know the Department, you can search for the desired Department by utilizing the magnifying glass to the right of the field.</p> <p>You can type partial information to narrow the details returned in the search .The "Look Up" function is available throughout all modules on a variety of fields and is a good short cut when you are uncertain of the correct information.</p> <p>For this scenario, you know the specific Department and will enter it directly.</p> <p>Click in the <b>Department</b> field.</p> <div style="border: 1px solid black; width: 150px; height: 20px; margin-left: 20px;"></div>
9.	<p>Enter the desired information into the <b>Department</b> field. Enter "<b>7518902</b>".</p>
10.	<p>Now that you have input enough detail, you may now search for the particular Ledger Group.</p> <p>Click the <b>Search</b> button.</p> <div style="border: 1px solid black; padding: 2px; display: inline-block; margin-left: 20px;">Search</div>
11.	<p>Notice the Budget amount for this Project is 100,000.00.</p> <p>The journal amount of \$3,000, as mentioned earlier, is also now shown here as an expense. Because this is a Capital Project, had the expense exceeded the Budget of \$100,000.00, the journal/transaction would not have been able to go past budget checking because of the control in place.</p>



Step	Action
12.	<p>Notice the Available Budget amount for this Project is 82,000.</p> <p>The Available Budget, also known as the Remaining Spending Authority, is calculated by taking the Budget (1,000,000) - (Expense (3,000.00) + Encumbrance (15,000) + Pre-Encumbrance (0).</p> <p>Point to the <b>Without Tolerance</b> field.</p>
13.	<p>Next, you will need to return to the Budget Details search page to inquire on a different Project.</p>
14.	<p>Click the <b>Budget Details</b> link.</p> 
15.	<p>Now that you have inquired on the Capital Project-Life Budget Ledger Group, you will now review the Fiscal Year Budget for a Ledger Group.</p>
16.	<p>In this instance we are searching for the budget on a Fiscal Year Project.</p> <p>Using the Job Aid provided in this course entitled "Ledger Groups", you can string together the type of Ledger Group you would like to find.</p> <p>Enter the desired information into the <b>Ledger Group</b> field. Enter "<b>KK_FY_PR</b>".</p>
17.	<p>Click in the <b>Department</b> field.</p> <input data-bbox="344 1014 626 1056" type="text"/>
18.	<p>Click in the <b>PC Business Unit</b> field.</p> <input data-bbox="344 1102 626 1144" type="text"/>
19.	<p>Enter the desired information into the <b>PC Business Unit</b> field. Enter "<b>CAPTL</b>".</p>
20.	<p>Click in the <b>Project</b> field.</p> <input data-bbox="344 1241 626 1283" type="text"/>
21.	<p>Click the <b>Search</b> button.</p> 
22.	<p>Notice the Budget amount for this Project is 100,000.00.</p>
23.	<p>Notice the Available Budget amount for this Project is 82,000.</p> <p>The Available Budget, also known as the Remaining Spending Authority, is calculated by taking the Budget (1,000,000) - (Expense (3,000.00) + Encumbrance (15,000) + Pre-Encumbrance (0).</p>
24.	<p>You have successfully reviewed a budget in ARC, you can now move on to the next topic, Review commitment control exceptions.</p> <p><b>End of Procedure.</b></p>

## Review Commitment Control Exceptions

In the topic prior to this, we walk through instances where budget checks passed. However, this will not always be the case. There may be several instances why a Budget Check may fail, for example, the budget may not exist or is on hold.



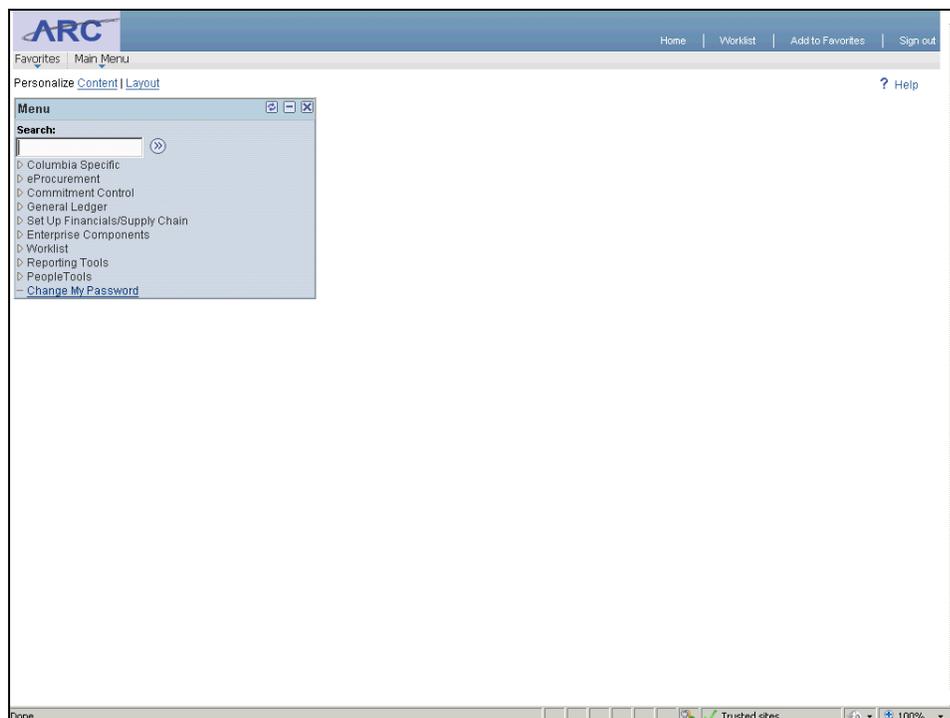
In this scenario, we will identify a users transaction that has budget checking errors and identify the detail budget checking error.

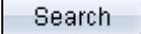
To see this transaction in ARC, please click the "See It!" button on the top of your screen. To practice this transaction, click the "Try It!" button.

**Estimated time to complete topic:** 10 minutes

## Procedure

This topic provides guidance on reviewing commitment control exceptions.



Step	Action
1.	There are several instances where a Budget Check will fail. When this occurs, you can view the status of the check within the ARC pages.
2.	To view a Budget with exceptions, begin by clicking on the following link.  Click the <b>Commitment Control</b> link. 
3.	Click the <b>Review Budget Check Exceptions</b> link. 
4.	After you navigate to the Review Budget Check Exceptions page, you can choose the module and transaction you wish to view.
5.	Because we want to review the budget check exception for a journal, you will navigate to the General Ledger module.  Click the <b>General Ledger</b> link. 
6.	Click the <b>Journal</b> link. 
7.	You will find that most of initial search pages in ARC look like this .There are usually two search options - a "Find an Existing Value" tab and a "Add a new Value" Tab.  For this page, since you are inquiring on a specific Journal, you will only be given the option to "Find an Existing Value". You can enter as many details to narrow down the search and ensure you find the exact one.  If you do not know the Journal ID, you can search for the desired Journal ID by utilizing the magnifying glass.
8.	If you do not know the Journal ID, you can search for the desired Journal ID by utilizing the magnifying glass.  Click the <b>Look up Journal ID (Alt+5)</b> button. 
9.	Click the <b>000000228</b> link. 
10.	Click the <b>Search</b> button. 
11.	Notice the Budget with Exceptions table contains a Journal with an Exception. The exception type for this Capital Project Parent Budget Journal is "Exceeds Budget Tolerance."
12.	Well Done! You have completed reviewing a particular commitment control exceptions. <b>End of Procedure.</b>





## Check Your Understanding

You have completed the Introduction to Commitment Control course. There is no required Knowledge Assessment associated with this course, however, you can check your understanding of the material by reviewing the following questions:

- 1) A Budget is \_\_\_\_\_.
- 2) For requisitions and journal entries, how often will budget checking occur?
- 3) The \_\_\_\_\_ is an inquiry page within ARC where users can review their authority to spend on predefined budgets.
- 4) \_\_\_\_\_ = Budget - (Expense + Encumbrance + Pre-Encumbrance)
- 5) A Ledger Group for a Capital Project Child Expense Budget is \_\_\_\_\_.

The answers to these questions can be found in the following topic.

**Estimated time to complete check your understanding:** 10 minutes



**Check Your Understanding Answers**

- 1) A Budget is a **list of all planned expenses and anticipated revenue collections.**
- 2) For requisitions and journal entries, how often will budget checking occur? **At the request of the initiator.**
- 3) The **Budget Details Page** is an inquiry page within ARC where users can review their authority to spend on predefined budgets.
- 4) **Remaining Spending Authority** = Budget - (Expense + Encumbrance + Pre-Encumbrance)
- 5) A Ledger Group for a Capital Project Child Expense Budget is **KK CP CH.**



## Course References

Please find links to all of the Job Aids, Policies, and Procedures that were referenced throughout this course:

1. Getting Started with the New Web-Based Training Tool
2. Control Options
3. Ledger Groups and Naming Conventions
4. Budget Checking Errors and Handling
5. Introduction to Commitment Control Training Guide



## Key Terms

There are several key terms to bear in mind throughout course:

Term	Definition
<b>Project Life Budget</b>	A budget that is created for the life of the project, e.g. Sponsored Projects, Capital Projects.
<b>Commitment Control</b>	Functionality in PeopleSoft that enables us to manage expenditures actively against predefined, authorized budgets.
<b>Budget Row</b>	A valid ChartField combination in the system.
<b>Pre - Encumbrance</b>	Amount expected to spend, but for which there is no legal obligation to spend.
<b>Encumbrance</b>	A commitment to pay for goods and/or services reflected in a budget.
<b>Remaining Spending Authority</b>	The amount that is left after calculating Budget - (Expense + Encumbrance + Pre-Encumbrance).
<b>Budget Checking</b>	Enables you control commitments and expenditures automatically by checking them against predefined, authorized budgets.
<b>Ledger Groups</b>	Defines the processing rule for each budget ledger.
<b>Detail Ledgers</b>	Used to store a journal's accounting transaction details.
<b>Budget Structure</b>	This is needed to house the control budgets; A budget calendar is needed for each structure.
<b>Inquiry Pages</b>	Pages in PeopleSoft where you can monitor budgets and details, such as: <ul style="list-style-type: none"><li>• What the budget is</li><li>• Where the budget is spent</li><li>• How much is spent</li></ul>
<b>Control Options</b>	There are 3 levels within Commitment Control to control spending, they are as follows – Track without Budget, Track with Budget, and Control.

## Glossary

<b>ARC</b>	Accounting and Reporting at Columbia. Columbia University's new financial system.
<b>Budget Check</b>	In Commitment Control, the processing of source transactions against control budget ledgers, to see if they pass, fail, or pass with a warning.
<b>Budget Checking</b>	Enables users to control commitments and expenditures automatically by checking them against predefined, authorized budgets.
<b>Budget Row ChartFields</b>	A valid ChartField combination in the system. The fields that make Columbia's Chart of Accounts and provide it with an overall structure. ARC has a total of eleven ChartFields which are recorded on every transaction.
<b>ChartString</b>	The combination of ChartFields and the level at which accounting charges and credits are applied.
<b>Commitment Control Contract</b>	Functionality in ARC that enables users to manage expenditures actively against predefined, authorized budgets. An example is budget checking. Represents a binding Agreement between the University and a supplier such as an Agreement, Purchase Order, Task Order, hotel, etc.
<b>Control Options</b>	There are 3 levels within Commitment Control to control spending and they are as follows: 1. Track without Budget; 2. Track with Budget; and 3. Control.
<b>Encumbrance</b>	A commitment to pay for goods and/or services reflected in a budget (i.e. purchase order commitment). Issuance of a purchase order to a vendor is a typical encumbrance transaction.
<b>FAS</b>	Financial Accounting System - the University's existing accounting system that will be replaced by the FIN ERP solution in July 2012.
<b>Field</b>	An area on a page that displays or requires data.
<b>Financial Data Store</b>	Columbia's new financial data warehouse. (Previously referred to as ODS -- Operational Data Store).
<b>General Ledger</b>	The 'Book of Record' which holds all financial transactions in detail or summary and is used for financial reporting and financial management.
<b>InfoEd</b>	A software that enables faculty, administrators and staff to move efficiently through each part of the grant and contract process from proposal development to post award management.
<b>Inquiries</b>	Online search engine used to view data on a real-time basis within ARC, not intended for printing/formatting.
<b>Inquiry Pages</b>	ARC pages that provide inquiry access only.
<b>Journal Entry</b>	The recording of financial data pertaining to business transactions in a journal such that the debits equal credits.
<b>Ledger Groups</b>	Defines the processing rule for each budget ledger.
<b>Pre-encumbrance</b>	An amount expected to spend, but funds have not yet been obligated. An example of a pre-encumbrance is a requisition.
<b>Project</b>	Associates expenses with a specific funding source.
<b>Project Life Budget</b>	A budget that is created for the life of the budget, e.g., Sponsored Projects and Capital Projects.
<b>Project Life</b>	A budget that is created for the life of a project, e.g. Sponsored Projects,



<b>Budgets</b>	Capital Projects
<b>Receiving</b>	A system record of goods received from purchase orders.
<b>Remaining</b>	The amount that is left after calculating budget - (Expense + Encumbrance +
<b>Spending</b>	Pre-Encumbrance).
<b>Authority</b>	
<b>Security</b>	Controls what level of access a user can have to pages, dollar thresholds, data, and allowable actions in the system. Security ensures that users have the appropriate page access and access to data required to perform their job functions.
<b>SKIRE</b>	SKIRE manages Capital and SOGR (State of Good Repair) projects. Skire is currently used for budget creation, budget tracking, purchase order processing and invoice.