

Public Sector Budgeting: Automating the Financial Monitoring Process

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Abstract

- Public sector organizations are often required to closely monitor finances due to funding requirements. In this presentation, you will learn how the Oracle Public Sector Budgeting (PSB) Module can be used to automate the monitoring of current financial activities on a periodic basis and how this can help manage your organization's finances as well as meet specific business needs.

Agenda

- High-level overview of Public Sector Budgeting
- Implementation decisions
- Setups involved during implementation
- Questions & Answers

Session Objectives

- **Managing finances using Oracle functionality.**
- Structuring the process to meet specific business needs.
- Automating the financial monitoring approval process.
- Developing financial reports for analysis.

What is Public Sector Budgeting?

- Public Sector Budgeting is the Oracle module used by organizations to develop, manage, and maintain the organization's position and non-position budget through the utilization of General Ledger (GL) activities, Human Resources (HR) Position data, and workflow functions.

What is the purpose of PSB?

- PSB is the centralized system where position and non-position data is gathered and manipulated in order to develop future year budgets.
- PSB enables an organization to automate departmental/divisional budgeting through workflow.
- PSB automates budget revisions or updates to the fiscal year budget after it has been implemented and upon approval pushes those updates to either GL and/or HR.

What are the benefits for using PSB?

- Centralized system
 - Non-position data is gathered from GL
 - Position data is gathered from HR
- Stand-alone system – no impacts to GL or HR until the budget is finalized and processes are run to push the budget to those modules
- Utilize parameter functionality to mass update positions/non-position data during development process
- Allows for the isolation of budget information at different stages during the development process
- Automate workflow routing for
 - Positions and non-position data during the development year
 - Budget Revisions during the fiscal year

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Required Implementation Decisions

- Will you be using Oracle HR? Are you going to base your budgets on Positions?
- Will you be using Oracle GL?
- Will you be automating the process and having department/divisional users monitor the finances at the user level?
- Do you require users to project expenses? And if so, on a monthly, bi-monthly, or quarterly basis?
- Is there an approval process?
- Will you be monitoring finances on a monthly, bi-monthly, or quarterly basis?

Configuration Setup Steps

- Define Budget Year Types
- Define Budget Calendar
- Setup GL Interfaces
- Setup and Define GL Budget Sets
- Setup Budget Groups and Security
- Define for Position Budgeting:
 - Position Key Flexfield
 - Position Attributes
 - Data Extract
 - Elements
 - Default Rules
- Setup Budget Revision Profile Options
- Setup Workflow

Budget Year Types

- Used by each year in the budget calendar
 - Prior Year 2
 - Prior Year 1
 - Current Year
 - Proposed Year 1
 - Proposed Year 2
- Used to validate year sequence and create structure to the budget calendar
- Used to set the maximum number of years in budget calendar

Budget Calendar

- Used in defining the budget worksheet
- For the purpose of monitoring current year budget data – you will want to define a budget calendar where the current year is equal to the year you are monitoring (current fiscal year)
- Used to define period distributions
 - Month
 - Quarter
 - Semi-annual
 - Annual

General Ledger Interface

- Used to extract data from and create Journal entries to the General Ledger
- Creation of Summary Templates is used to control data viewed in worksheets at the summary level

General Ledger Budget Sets

- Used to extract budget data, current and historical, from the GL Budgets into the PSB worksheet(s)
- Used to post budgets back to the GL once they are complete
- Account sets must be setup to map the data to the GL Budgets
 - Global Account Sets - referenced by multiple features in PSB
 - Local Account Sets - defined in a specific function and is used by that particular function and is not shared by multiple features (i.e. local parameters)

Budget Groups and Security

- Used to develop the approval hierarchy for workflow routing purposes
- Used to define the areas of an organization and allows for the mapping of account sets to the specific areas
 - Enables Security so that only users with the responsibilities assigned to those areas are permitted to view the budget data
- Multiple hierarchies can be created (i.e. budget revision, budget development, financial monitoring)

Position Budgeting

- Provided position budgeting is going to take place the following information must be created:
 - Position Key Flexfield
 - Position Attributes
 - Data Extract
 - Elements
 - Default Rules

Defining the Worksheet

- Budget Group should be set at the level you want to forecast – if you create 1 mass worksheet this should be the top-level
- Calendar has the current year defined as the fiscal year you are monitoring (FY2008)
- Years to Calculate set to 1 (this function is not used during the financial monitoring process)
- Parameter is blank (no functionality)

Defining the Worksheet (continued)

- **GL Extract Cut-off** is the last date you want the actuals and encumbrance data as of
 - For example, today is April 15 and we want to pull in the budget, actuals, and encumbrances for period ending 3/31/08
 - This will generate by month – all actuals, encumbrances, and budgets that have been posted as of 3/31/08
 - It will not include postings on or after 4/1
- **Budget Set Name** – budget set you defined for extracting data financial monitoring
- **Select appropriate Encumbrance Balances**

Budget Revision Profile Options

- During the financial monitoring process changes to the budget may need to be made via budget revisions
- Standard setups must be put in place for budget revisions to be processed (*all at the site level unless otherwise noted)
 - PSB: Auto Balance Budget Revision Journal
 - PSB: GL Budget Set
 - PSB: Budget Revision by Position
 - PSB: HR Budget
 - PSB: Require Budget Revision Justification
 - PSB: Default Constraint Set for Budget Revisions (*at the responsibility/user levels)

PSB: Auto Balance Budget Revision Journal

- Set to Yes or No
- Setting to Yes will ensure that all unbalanced revisions are offset by equity account
- Not definable by the requestor

PSB: GL Budget Set

- List of Values – based on the budget sets that are defined in the form
- Set to implement a default budget set for the entire site
- Multiple GL budgets can be updated with one budget set
- Separate budget sets can be defined for worksheets and for budget revisions

PSB: Budget Revision by Position

- Set to Yes or No
- Yes does not permit the requestor to deselect the option to revise by position in order to enter position account changes in the line item entries tab
- No will allow users to enter position accounts on the line item entries tab - enabling more flexibility

PSB: HR Budget

- List of values based on the budget defined in HR's Position Control
- Sets a default for the HRMS budget site-wide
- Only required for organizations using Position Control
- Requestors can select a different budget when defining budget revisions

PSB: Require Budget Revision Justification

- Set to Yes or No
- Yes will require entry into the justification field on the budget revision form
- No will make the field optional

PSB: Default Constraint Set for Budget Revisions

- List of Values
- Centralizes the list of constraints to impose on specific users/responsibilities when defining budget revisions

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Workflow

- PSB workflow is a stand-alone system
- Routing does not depend on other workflow setups – solely dependent on the setups in PSB
- It does have the same features of the standard workflow (vacation rules, email notifications, etc)
- Notifications follow the approval path set forth in the budget group hierarchy
- Used to distribute the worksheet to the budget users and route the worksheet notifications during the approval process

Automation

- Flexibility to allow the setup of a unique responsibility to each budget group
- Each of these responsibilities is then tied to a budget group on responsibilities tab
- Notifier is setup to identify who will receive notices when workflow is sent back in the workflow process
 - In most cases the notifier will be the same as the responsibility, however the capability is there to have a different notifier or to add multiple notifiers

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Reporting

- Reporting needs can be met through Discoverer and creating custom views to further gather data as needed from the PSB views
- May include
 - Previous month projections
 - Actuals, Encumbrances, Estimated Projections as of the end of the month or period being monitored
 - Summary of projections by department, division, or specific funding source – showing the current budget, actuals, encumbrances, and projections for the period

In Summary

Reviewed how to:

- manage finances using Oracle functionality.
- structure the process to meet specific business needs.
- automate the financial monitoring approval process.
- develop financial reports for analysis.

Helpful Documents Available on Metalink

- Oracle Public Sector Budgeting User's Guide (August 2004)
- Oracle HRMS Position Control and Budgeting Supplement (27th February 2004)
- Sample Oracle HRMS Setups – Conform with Oracle PSB requirements Oracle Public Sector Budgeting (Note id: 240307.1)

Questions & Answers

Thank You!