Microsoft Federal

Azure Budgets and Alerts

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1 Overview

Microsoft provides an easy way for customers to track their spend against their task order funding through Budgets and Alerts in the Azure portal. By setting up a Budget, you will receive near real-time alerts when consumption is approaching funding thresholds.

Alerts can be configured based on your actual cost or forecasted cost and budgets are evaluated against these costs every 24 hours. When costs have exceeded budget thresholds, notifications are sent via email within an hour of evaluation.

2 Understanding Cost Management Architecture

To set up Budgets, you first need to understand the correlation between the Azure billing architecture and task order contract line items (CLINs).

Within the Azure billing architecture, there are four main scopes at which you can view costs in the Cost Management + Billing service: Billing Account, Billing Profile, Invoice Section, and Subscription. The architecture is hierarchical in nature, as shown in **Figure 1**.
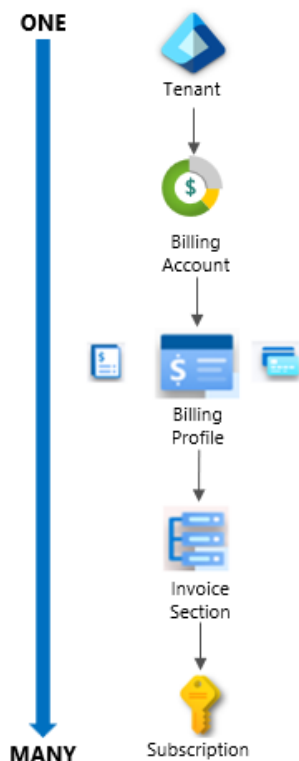

Figure 1

A Billing Account can have one or more Billing Profiles, a Billing Profile can have one or more Invoice Sections, and an Invoice Section can have one or more Subscriptions. This means for example, when looking at costs at the Billing Account level, you will be able to see a summary of costs across all of your Billing Profiles and then looking at a single Billing Profile, you will be able to see a summary of costs across all of your Invoice Sections that roll up under that Billing Profile, etc.

Task order funding on a cloud consumption CLIN is at the Billing Profile level. This means that for every cloud consumption CLIN on a task order, a separate Billing Profile is created in your tenant. This is also the level at which your invoices are generated. Therefore, we advise customers to set up Budgets at the Billing Profile level and make the Budget amount equal to the total funding provided on the corresponding CLIN.

3 Creating a Budget Against Funding

To create a Budget, navigate to the Cost Management + Billing service and select **Billing profiles** in the left-hand menu, as shown in **Figure 2.**
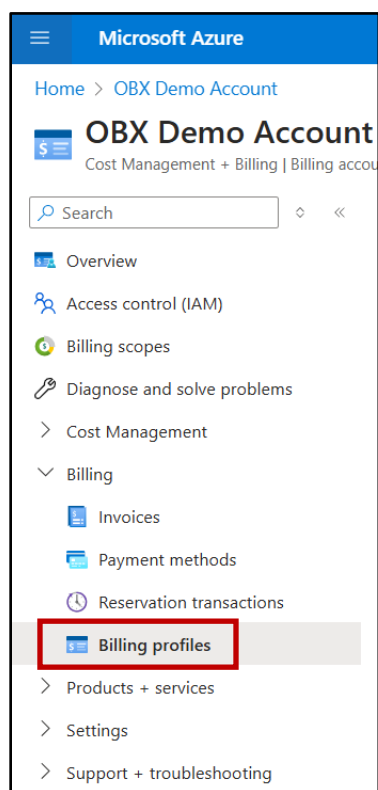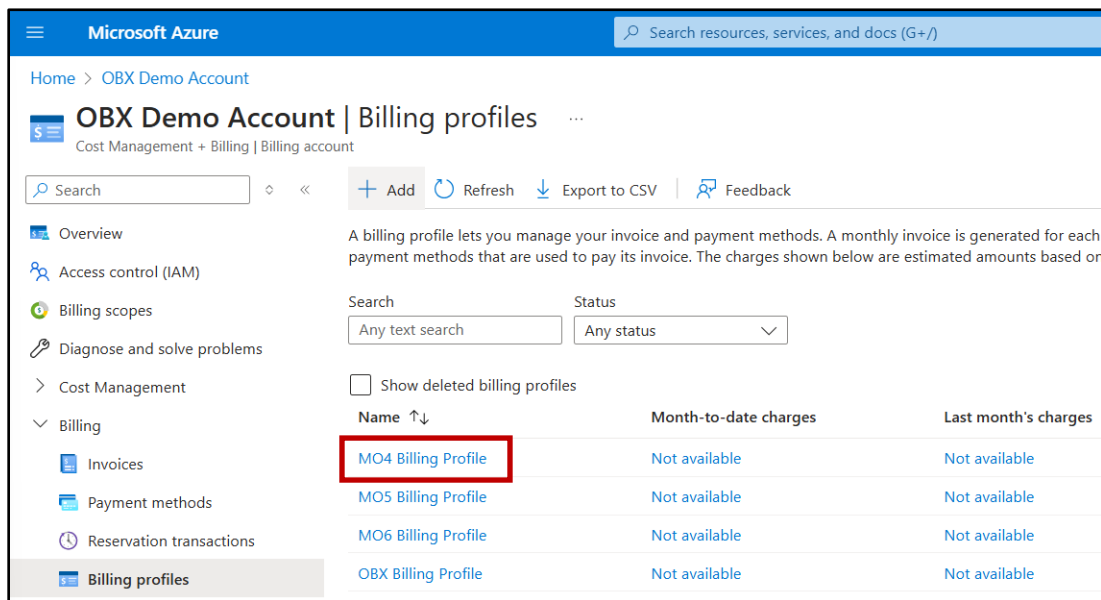
Figure 2

In the Billing profiles blade, select the Billing Profile you wish to create a budget for, as shown in **Figure 3**.
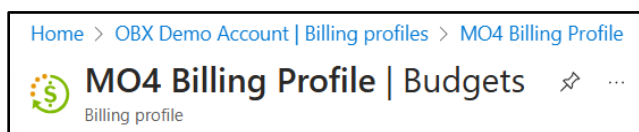
Figure 3

Your scope will have changed to the Billing Profile you selected, as shown in **Figure 4**.

Figure 4

Under Cost management in the left-hand menu, select **Budgets**, as shown in **Figure 5**.

Figure 5

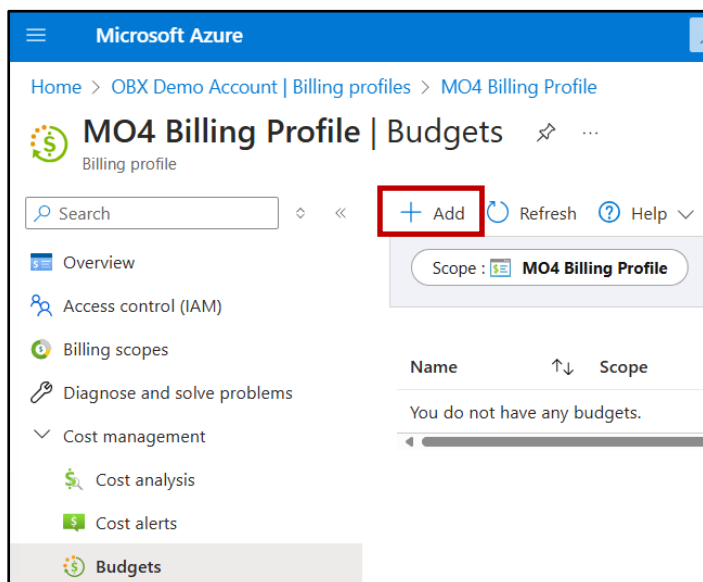In the Budgets blade, select **+ Add**, as shown in **Figure 6**.

Figure 6

In the Create budget window, fill in the required fields and set the Expiration date to the period of performance (PoP) end date for the associated CLIN, and set the Budget Amount = total funding on the

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Note: you will want to set the Reset period to Annually so that the evaluated cost doesn't reset to $0 every month. We want to evaluate the aggregated monthly accrued costs against the full year of funding.

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associated CLIN. For example, suppose the MO4 Billing Profile is associated to CLIN 0001 and the total funding for this CLIN is $200,000, which has a PoP end date of 7/31/2025. You would set the Expiration date to 7/31/2025 and the Budget Amount to $200,000, as shown in **Figure 7** and then click **Next**.

Figure 7

Next, you will set the Alert conditions. You can choose to set the alert based on actual or forecasted costs and at whatever percentage of the budget you've reached. You can also add as many as five alert conditions and five email address recipients in a single Budget.

After all fields have been entered, click **Create**, as shown in **Figure 8**.

Figure 8

4   Creating Other Budgets

Some customers need to track their budget costs at a more granular level, such as at the Invoice Section or Subscription level, especially those who have implemented a chargeback model to their consumers. In this case, it is recommended that in addition to creating Budgets at the Billing Profile level, customers should create Budgets to support their chargeback model. To support chargeback models, you will want to create a Budget for each of your consumers against their portion of the total funding on the CLIN.

To do this, you would still create a Budget at the Billing Profile scope, but this time you would add a filter on the Create a budget window, by clicking on **Add filter** as shown in **Figure 9**.
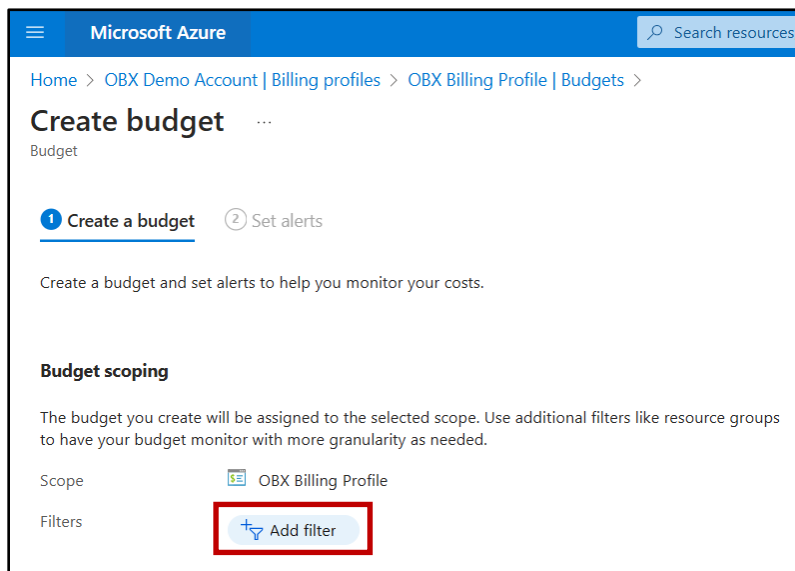
Figure 9

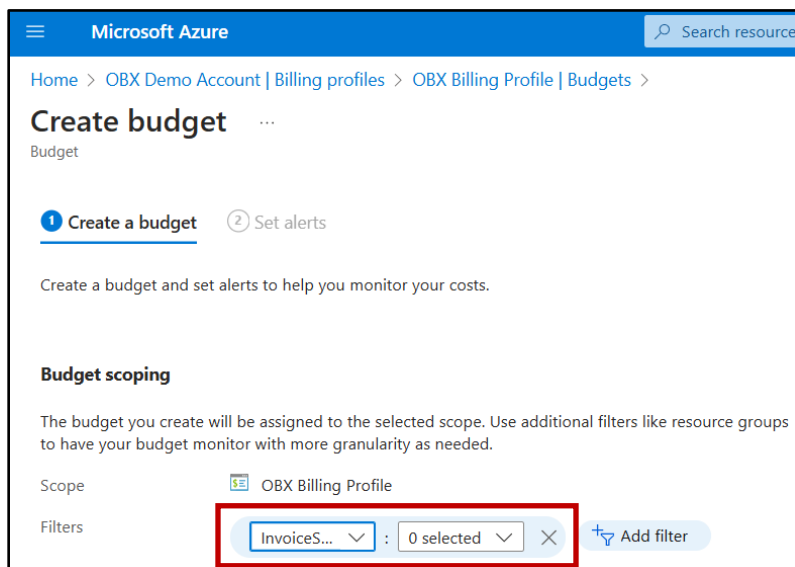Then you will select which property type and value you want to filter on, as shown in **Figure 10**.

Figure 10

You should choose whichever property type is appropriate for how your chargeback model is being implemented. Most customers would use the InvoiceSectionName or SubscriptionName type. To see what all of the property type options there are to choose from, see [*Group and filter options in Cost analysis and budgets - Microsoft Cost Management | Microsoft Learn*](#)

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5   Additional Resources

Microsoft Learn has documentation on Budgets and Alerts, as well as tutorials/training that you can peruse.

- [Tutorial - Create and manage budgets - Microsoft Cost Management | Microsoft Learn](#)

- [Monitor usage and spending with cost alerts in Cost Management - Microsoft Cost Management | Microsoft Learn](#)
- [Introduction to analyzing costs and creating budgets with Microsoft Cost Management - Training | Microsoft Learn](#)

If there are any questions or guidance needed in deciding how you should set up your Budgets/Alerts, please reach out to your account team for assistance.