MD.050 Application Extensions Functional Design

ROSE PHARMACY, INCORPORATED

RPI Budget Automation solution

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Document Control

Change Record

Date	Author	Version	Change Reference
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1.0 Introduction

Rose Pharmacy (RPI) requires the budget functionality to be enabled in its procure to pay cycle. The following requirements are expected to be met in the solution design.

RPI follows an annual budgeting process where each department prepares its budget for the upcoming financial year. Departments submit their proposed **Operational Expenses (OPEX), Capital Expenses (CAPEX), and Low-Value Assets (LVA)** for approval.

Once the annual budget is approved, the **Budget Officer** generates a unique **budget code**, which is uploaded into Oracle EBS. This budget code is currently stored in the **budget code flex-field** within the General Ledger (GL) module.

In the existing system, the budget code is visible when raising a **Purchase Requisition (PR)**. However, **there is no control in place to prevent purchases from exceeding the assigned budget**. To address this limitation, **iOM proposes a customized solution with minimal system modifications** to enable budget enforcement and tracking during the procurement process.

2.0 Business Scenario

Oracle's standard functionality for budget maintenance requires **encumbrance accounting** as the accounting convention. However, at RPI, the **Standard Accrual method** has been selected. Oracle does not recommend changing the accounting convention once transactions have been recorded in the ledger.

Additionally, **RPI tracks budget utilization using budget codes rather than GL account combinations**. This means budget consumption needs to be **monitored at the budget code level** instead of traditional GL segments.

To align with these requirements, **iOM recommends implementing a customized solution** that automates budget tracking based on budget codes, ensuring that expenditures remain within approved limits.

3.0 Key Customer objectives

1. **Accurate Budget Tracking** – Ensure that all budgets recorded in the system align with those approved by the committee for a given budget year, including any reallocations.
2. **Controlled Budget Access** – Users should only have access to budget codes assigned to their respective departments, preventing unauthorized budget usage.
3. **Automated Budget Validation** – Budget checks should be automatically performed at each transaction level, specifically during purchase requisition creation, to prevent exceeding allocated budgets.

4. **Enhanced Reporting and Notifications** – Budget status should be visible to users, management, and decision-makers. The system must provide detailed reports showing budget utilization and actual spending, along with notifications when funds are depleted.

4.0 Business Rules

- **One Budget Code per Purchase Requisition (PR)** – Each PR must be linked to a single budget code; multiple budget codes cannot be assigned.
- **One PR per Purchase Order (PO)** – Since budget tracking occurs at the PR header level, a single PR cannot be linked to multiple POs. However, one PR can generate multiple POs.
- **AP Invoices Must Be Matched to a PO** – Only invoices linked to a PO will be considered for actual budget utilization validation. Unmatched invoices will not be included.
- **Maximum of Three Department Assignments** – Employees can be assigned to a maximum of three departments (cost centers) for budget utilization, managed through **Descriptive Flexfields (DFFs)** in the Employee Master. If an additional assignment is needed, an existing department must first be untagged.
- **Restricted Access to Personalization Setup** – Access to the personalization setup form is limited to authorized users. Any new personalization must undergo **User Acceptance Testing (UAT)** to ensure it does not impact budget functionalities.
- **Report Parameters** – The report will only consider budget codes that have the date range provided by the user. If the dates are missing, the corresponding budget code is ignored.

4.1 Scope of Work

The project will be implemented in two phases.

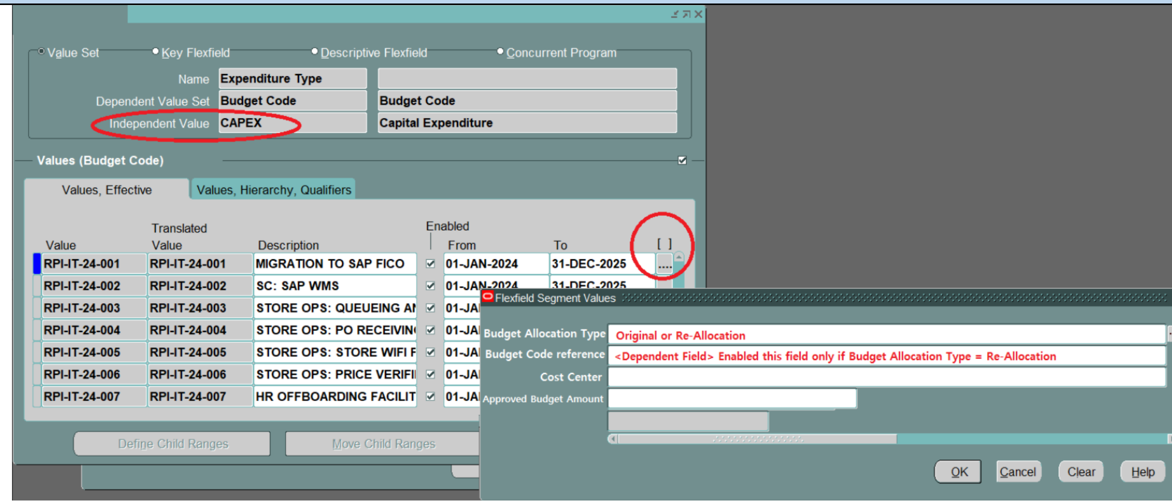
Phase 1: Real-Time Budget Check & Customized Reporting

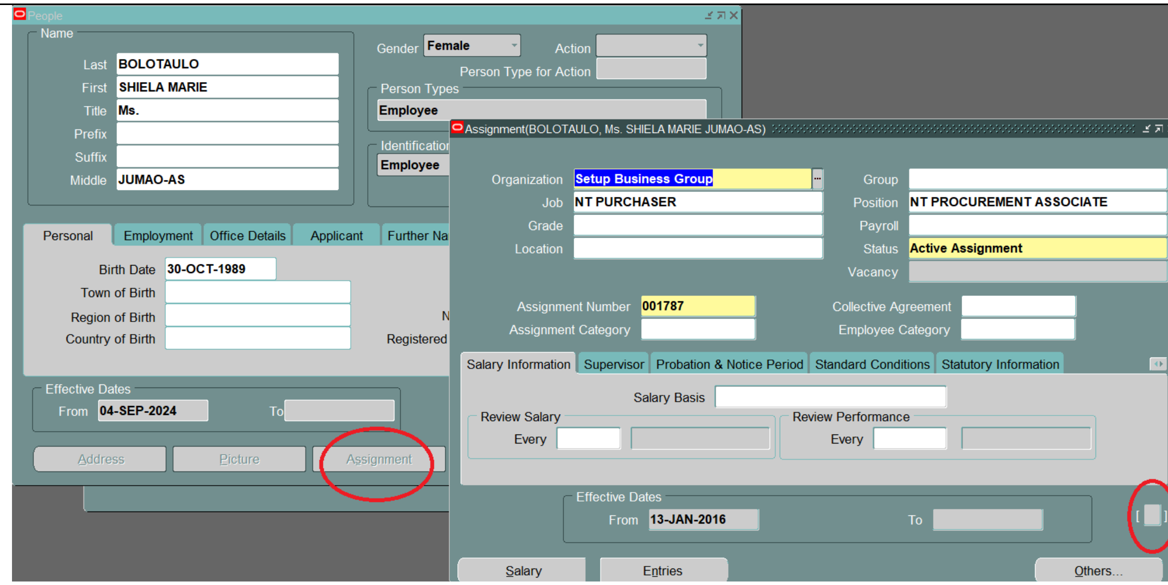
1. **Maintain Budget Code Values**
    - Navigate to **General Ledger > Key Flex-field Values > Value Set = Budget Code** to maintain the following details:
      a. Budget Code
      b. Budget Amount
      c. Cost Center
2. **Assign Cost Center to PR Requestor**
    - Navigate to **Global HRMS > People > Enter and Maintain** to assign the cost center to the Purchase Requisition (PR) requestor.
3. **Implement Budget Utilization Tracking**
    - Apply **personalization** to monitor budget utilization within the following modules:
        - Purchase Requisition
        - Purchase Order
        - Accounts Payable
4. **Develop a Custom Budget Table**
    - Create a custom table to accurately extract and manage budget information.
5. **Generate a Budget Utilization Report**

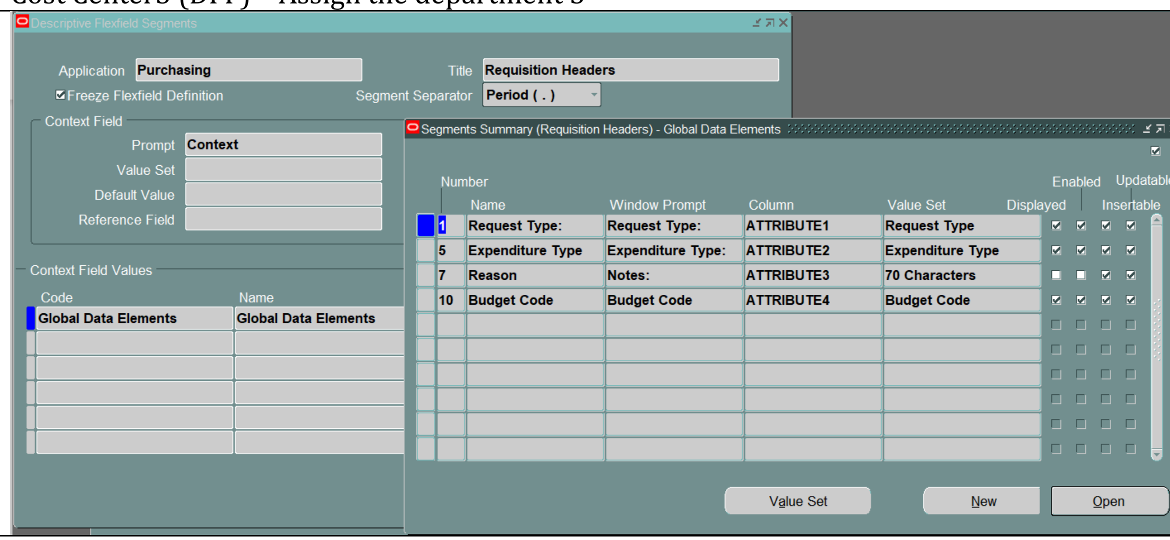
    - Customize a report to track and analyze budget usage in real time.

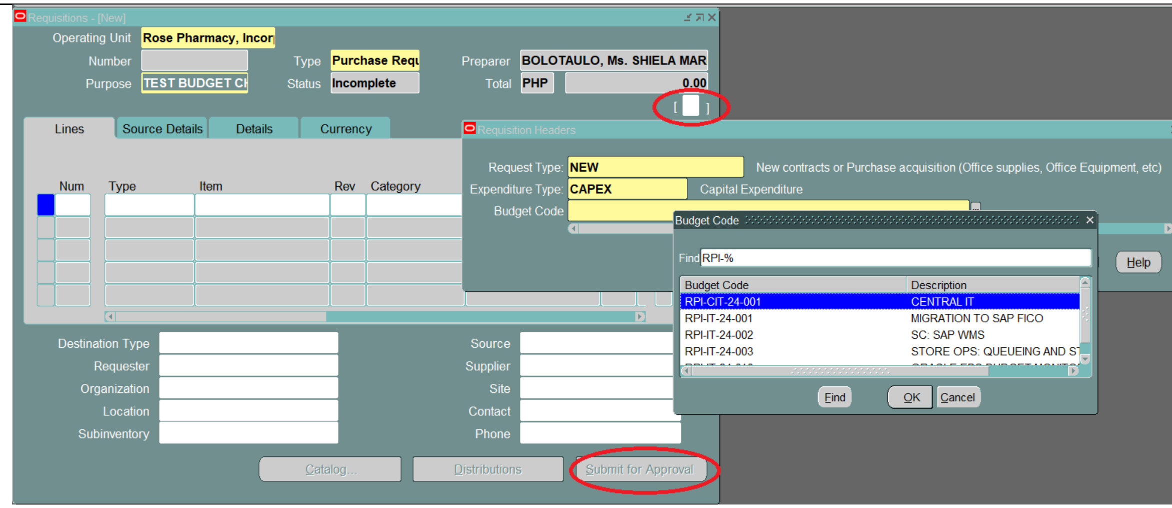
Phase 2 (Out of Scope): Automated Email Notifications

- Configure an **automated email notification** to trigger whenever a budget is utilized.

Setup	Navigation Path	Description	Screenshot
Define Budget Code	General Ledger > Setup > Key Flex-field > Values	Create and maintain budget codes that will be used for budget tracking. **Budget reallocations** will be handled by **end-dating the original budget code** and creating a new one to ensure accurate tracking.	 **Independent Value (Field):** Filters budget code maintenance based on the budget type (CAPEX, OPEX, or LVA). **Value (Field):** Maintains the budget code. **Enabled From and To (Fields):** Defines the budget code's validity period, including its start and end dates. **Budget Allocation Type (DFF):** Indicates whether the budget code is classified as **"Original"** or **"Re-Allocation."** **Cost Center (DFF):** Assigns the budget code to a specific department. **Approved Budget Amount (DFF):** If **Budget Allocation Type** is **"Original,"** input the approved budget amount from Ex-Comm. If **Budget Allocation Type** is **"Re-Allocation,"** input the approved budget amount from the Memo. **Audit Trail for re-allocated budget codes:** If a new budget code is setup and if a user selects the budget type as 'Re-allocated,' another segment will become enabled, displaying a list of values for the 'Original' budget codes. This allows users to specify which original budget the funds were allocated from to the 'Re-allocated' budget code. **Budget Amount changes**: Budget amount (Both original and re-allocated) is an editable field by the user. Based on the changes latest record will be updated in the report. Budget check will work on the latest amount available in the budget code. No historical changes will be maintained. (No Audit trail)

<table>
<tr>
<td>Assign Cost Center to PR Requestor</td>
<td>HRMS > People > Enter and Maintain > Assignment > Salary Information (DFF)</td>
<td>Assign the correct cost center to employees creating purchase requisitions. Budget codes available will be limited to the cost centers assigned to the employee or PR requestor.</td>
<td>

Cost Center1 (DFF) – Assign the department 1
Cost Center2 (DFF) – Assign the department 2
Cost Center3 (DFF) – Assign the department 3</td>
</tr>
<tr>
<td>Enable Budget Control</td>
<td>General ledger > Descriptive Flex-field Segments > Requisition Headers</td>
<td>Activate budget control settings for PR validation.</td>
<td>
</td>
</tr>
</table>

			 Validations: The system will validate the budget availability against the assigned budget code. The system checks if the PR amount is within the budget allocated to the selected budget code. If the PR amount is less than or equal to the available budget, the system allows submission. If the PR amount exceeds the available budget, the system prevents submission and displays the message: **"You cannot proceed with submission. Budget exceeded. Please contact the administrator."**
Personalization for Budget Check	Application Developer > Personalization	Implement a personalization rule to trigger budget validation during PR submission.	Personalization trigger will be taking place in Purchase Requisition, Purchase order and Payable Invoice documents. Trigger will take place for the "Approval" action. Upon submission, based on the conditions provide under each personalization, budget check will be carried out. Running balance of a budget code will be maintained in a custom table and transaction entries, reversals and deletions are taken in to consideration when updating the balances of each status (Ex: available budget, allotted budget) Custom table data will be updated based on the latest data input.

6.0 Functional Overview

This section describes the functional behavior of the proposed solution and how it integrates with Oracle EBS R12.

1. **Budget Validation at PR Submission – PR Approval Button**
    - The system **automatically verifies budget availability** based on the assigned budget code.
    - If **funds are insufficient**, PR submission is **blocked**, and a notification is sent to the requestor.
    - If **funds are available**, the PR proceeds for **approval**.
2. **Real-Time Budget Utilization Tracking**
    - Budget consumption is **updated instantly** upon PR submission.
    - Users can view **remaining balances** within the **PR interface**.
    - Management can generate **budget utilization reports** for **financial oversight**.
3. **Role-Based Access to Budget Codes**
    - Users can only **select budget codes assigned to their department**.
    - This enforces **financial accountability and prevents misallocation**.
4. **Audit and Compliance Tracking**
    - **All financial transactions are logged** for audit purposes.
    - **Rejected or canceled PRs** automatically adjust available funds.
    - The system maintains **a historical record of budget transactions**.

7.0 Custom report Development

A **custom report** will be developed for monitoring budget consumption.

Report Overview

Report Name: RPI Budget Monitoring Report
Report Title: RPI Budget Monitoring Report

Report Parameters

The report requires the following Parameters:

1. **Budget Date From: (Required)**
   Select the Budget code **From date (Flex-field value set From date)** using the **Calendar icon**.

2. **Budget Date To: (Required)**
   Select the Budget code **To date (Flex-field value set To date)** using the **Calendar icon**.

3. **Cost Center: (Optional)**
   A **List of Values (LOV)** for cost centers. Filters the report to show only PRs linked to the selected cost center.

4. **Budget Code: (Optional)**
   A **List of Values (LOV)** for budget codes.

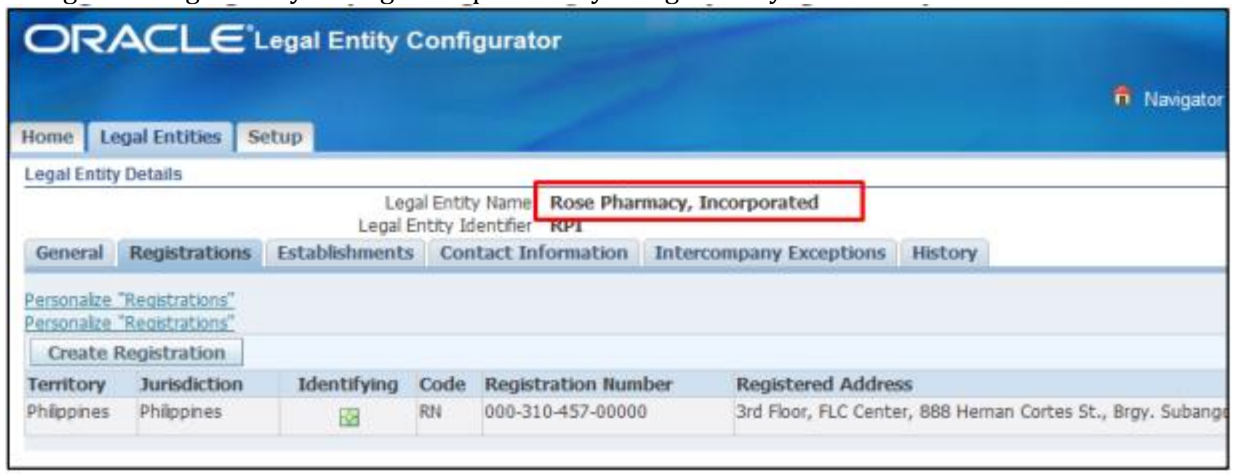
5. **Budget Allocation Type: (Optional)**
   A **List of Values (LOV)** for budget allocation types, with options: **Original** or **Re-allocation**.

Rose Pharmacy 01

Rose Pharmacy, Incorporated 02
Budget Monitoring 03
Period Covered January 01 to 31, 2025 *(refer parameter date)* 04

05 Approved Budget				10 Actual	11 Commitment	12 Allotted	13 Available	14 Utilization Rate
06 Profit/Cost Center	Budget Code 07	Description 08	Amount 09					
Original 15								
Re-allocated 16								
		17 Total	18 Php 0.00	19 Php 0.00	20 Php 0.00	21 Php 0.00	22 Php 0.00	23 0.00%

Report Mapping

No	Report Field	Mapping
01	Rose Pharmacy	Logo
02	Rose Pharmacy, Incorporated	Legal Entity Name Navigation: Legal Entity Manager Responsibility > Legal Entity 
03	Budget Monitoring	Report Title (Hardcoded)
04	Period Covered January 01 to 31, 2025	Period Covered (Hardcoded) January 01 to 31, 2025 – Refers to the selected date range based on the **"Budget Date From"** and **"Budget Date To"** parameters. **Condition:** If the From Date and To date are on the same day, then the project code will not be taken in the report output.
05	APPROVED BUDGET	Header Name (Hardcoded)
06	PROFIT/COST CENTER	Header Name (Hardcoded) *Filters purchase requisitions based on the cost center assigned to each budget code.

07	BUDGET CODE	Header Name (Hardcoded) *All purchase requisitions and their corresponding budget codes.
08	Description	Header Name (Hardcoded) Budget Code related "Description" field from the Flex-field value set.
09	AMOUNT	Header Name (Hardcoded) *Refers to the approved budget amount for each budget code. (Which includes both the **original budget amount** and any **re-allocated amounts**, **as long as the re-allocation references the same original budget code** as the original budget type)
10	ACTUAL	Header Name (Hardcoded) *Refers to the PO-matched invoice amount linked to the budget code.
11	COMMITMENT	Header Name (Hardcoded) **Refers to the PO amount linked to the PR with the assigned budget code.* **Validation:* Once the PO is matched to an AP invoice, the report will be updated. The PO-matched invoice amount will be displayed under "Actual," while the amount in "Commitment" will be set to zero (0). The "Commitment" column will only have a value if the PO has not yet been matched to AP Invoice.
12	ALLOTTED	Header Name (Hardcoded) *Formula: Actual **plus** Commitment
13	AVAILABLE	Header Name (Hardcoded) *Formula: Amount **minus** Allotted
14	UTILIZATION RATE	Header Name (Hardcoded) *Formula: Allotted **divided by** Amount multiplied by 100%
15	ORIGINAL	Header Name (Hardcoded) * Filters the list to show only Purchase Requisitions where the budget codes are tagged as "Original."

16	REALLOCATION	Header Name (Hardcoded) * Filters the list to show only Purchase Requisitions where the budget codes are tagged as “Re-allocation.”
17	TOTAL	Total (Hardcode)
18	Php Amount total	Php (Hardcoded) *Formula: Sum of the Amount column
19	Php Actual total	Php (Hardcoded) *Formula: Sum of the Actual column
20	Php Commitment total	Php (Hardcoded) *Formula: Sum of the Commitment column
21	Php Allotted total	Php (Hardcoded) *Formula: Sum of the Allotted column
22	Php Available total	Php (Hardcoded) *Formula: Sum of the Available column
23	% Utilization rate total	*Formula: Allotted Total **divided by** Amount Total multiplied by 100%

Open and Closed Issues

Open Issues

ID	Issue	Resolution	Responsibility	Target Date	Impact Date

Closed Issues

ID	Issue	Resolution	Responsibility	Target Date	Impact Date