

Oracle

Project Portfolio Management Cloud Using Project Costing

Release 12

This guide also applies to on-premises
implementations

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Contents

Preface **i**

1 Capture Project Costs **1**

Capture Project Costs: Overview	1
Capturing Project Costs: Explained	1
Capturing Sponsored Project Costs: Explained	4
Desktop Excel Integration Spreadsheets to Enter Project Costs: Explained	5
Project Costs: How They're Imported	5
External Commitment Transactions: How They're Imported	7
External Commitment Transactions: How They're Validated	8
External Commitment Transactions: How They're Processed	10
Projects Time Card Adjustments: Explained	11
Oracle Fusion Time and Labor and Oracle Fusion Project Costing: How They Work Together	11
Capturing Inventory Costs: Points to Consider	14
Importing Overheads from Oracle Fusion Inventory Management: Points to Consider	15
Import Costs Process	15
FAQs for Capture Project Costs	17

2 Process Project Cost Transactions **21**

Process Project Cost Transactions: Overview	21
Project Costs: How They're Processed	21
Project Costs: How They're Validated	24
Determining Transaction Billable or Capitalizable Status: Points to Consider	27
Expenditure Item Chargeable Status: How It's Determined	27
Transaction Controls: Explained	30
Budgetary Control Funds Status: Explained	31
Editing Burden Schedule Multipliers: Points to Consider	33
FAQs for Process Project Cost Transactions	34



3	Distribute Overhead Costs to Projects	37
	Distribute Overhead Costs to Projects: Overview	37
	Burden Costs: How They're Calculated	37
	Recalculating Burden Costs: Points to Consider	41
	Additive and Precedence Burden Structures: Examples	42
	Burdening Options for Project Types: Points to Consider	43
	Testing Burden Cost Calculations: Explained	45
	FAQs for Distribute Overhead Costs to Projects	46
4	Review and Adjust Project Costs	49
	Review and Adjust Project Costs: Overview	49
	Project Cost Adjustments: How They're Processed	49
	Expenditure Item Adjustment Statuses: Explained	50
	Reviewing Budgetary Control Validation Errors: Procedure	51
	FAQs for Review and Adjust Project Costs	51
5	Manage Project Rate Schedules	55
	Manage Project Rate Schedules: Overview	55
	Rate Schedule Types: Explained	55
	Import Project Rate Schedules Process	56
	FAQs for Manage Project Rate Schedules	57
6	Record Accounting for Project Transactions	59
	Record Accounting for Project Transactions: Overview	59
	Accounting Burden Costs: How They're Processed	59
	Maintaining Accounting Periods and Project Accounting Periods: Critical Choices	62
	Viewing Project Costs and Revenue Accounting Entries: Explained	63
	Creating Accounting for Transactions: Points to Consider	64
	Accounting Class Usages in Project Financial Management: Explained	65
	Accounting Period and Project Accounting Period Closing: How Validation Works	65
	Sweeping Transaction Accounting Events: Explained	67
	Account Rules: Explained	68
	Posting Subledger Transactions to the General Ledger: Explained	69
	Accounting Project Costs Externally	70
	Project Costing Accounts for Budgetary Control: Explained	71
	FAQs for Record Accounting for Project Costs	72

7	Allocate Project Costs	75
	Allocate Project Costs: Overview	75
	Project Cost Allocations: How They're Processed	75
	Allocation Methods: Critical Choices	77
	Allocation Basis Methods: Critical Choices	78
	Allocation Offset Methods: Critical Choices	80
	Allocation Statuses: Explained	80
	Allocation Source Pool Amount: How It's Calculated	82
	Calculating Prorate Amounts Using Allocation Basis Method: Examples	84
	Expenditure Type Class for Allocation Transactions: Points to Consider	87
	Defining Allocation Rules to Allocate Labor Costs from a Shared Services Project: Worked Example	87
	Defining Allocation Rules to Allocate Rent Costs from General Ledger: Worked Example	90
	FAQs for Allocate Project Costs	94
8	Record Capital Asset Costs	97
	Record Capital Asset Costs: Overview	97
	Capital Projects Processing: Explained	97
	Asset Cost Allocation Methods: Explained	97
	Capitalization Options for Project Types: Points to Consider	98
	Project Costing Source Lines: How They're Imported	101
	FAQs for Record Capital Asset Costs	102


Preface

This preface introduces information sources that can help you use the application.

Oracle Applications Help

Use the help icon  to access Oracle Applications Help in the application. If you don't see any help icons on your page, click the Show Help icon  in the global header. Not all pages have help icons. You can also access Oracle Applications Help at <https://fusionhelp.oracle.com>.

Using Applications Help

 **Watch:** This video tutorial shows you how to find help and use help features.

Additional Resources

- **Community:** Use [Oracle Applications Customer Connect](#) to get information from experts at Oracle, the partner community, and other users.
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1 Capture Project Costs

Capture Project Costs: Overview

Capture project costs and commitments, including sponsored projects and time cards, in Oracle Fusion Project Costing or import them from third-party applications.

You can do this by using the application directly or through desktop Excel integration spreadsheets.

Capturing Project Costs: Explained

Capture project-related costs from both Oracle Fusion applications and third-party applications and then transfer them to Oracle Fusion Project Costing. You can capture costs manually by creating uncosted, costed, and accounted transactions for third-party application sources in Project Costing.

Transaction Sources

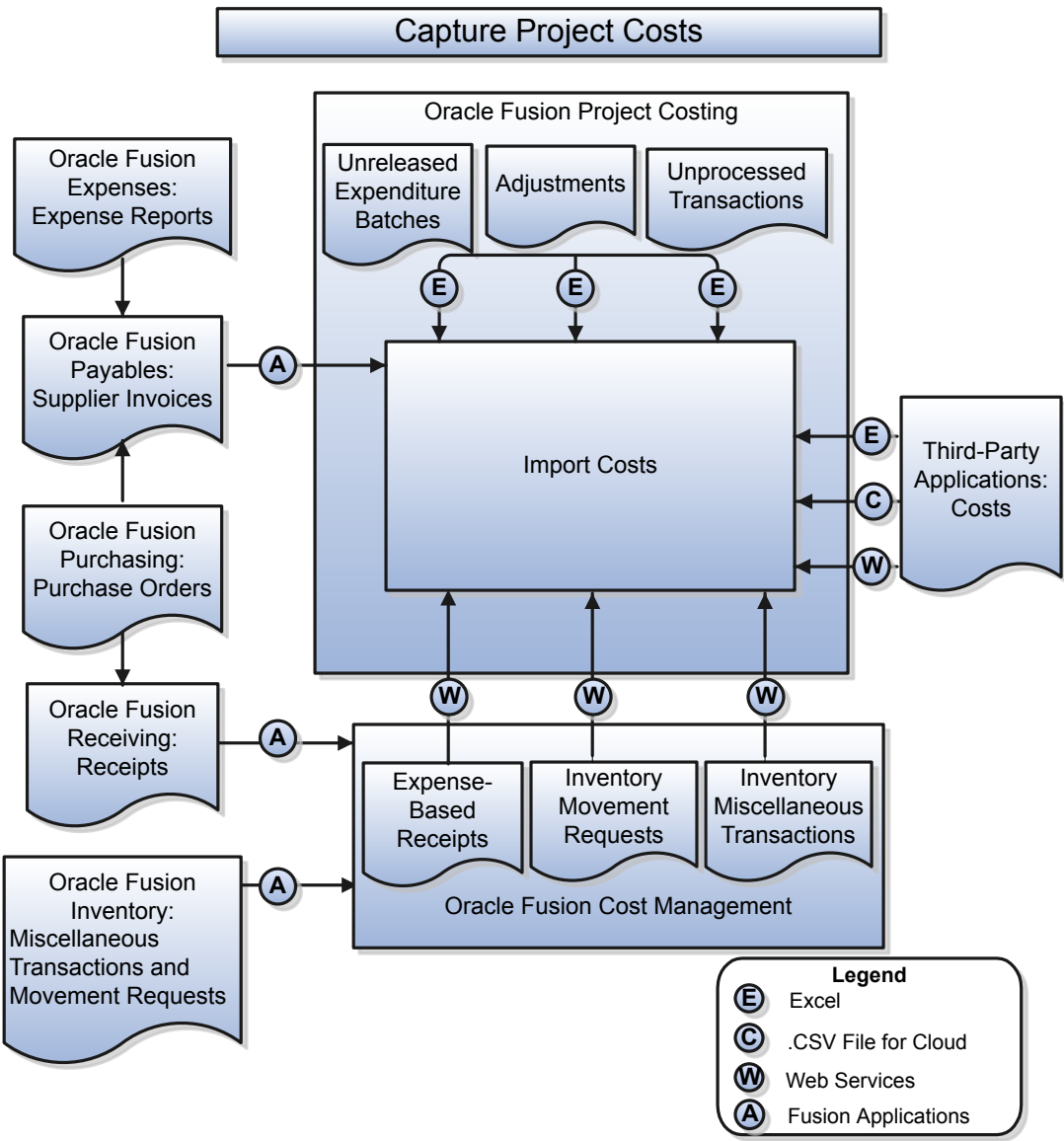
Costs are created in internal and external applications before being processed. The following table lists cost types and the corresponding source applications.

Source Name	Type of Transactions
Oracle Fusion Expenses	Expense Reports Expense report transactions are imported from Oracle Fusion Payables as actual costs to Project Costing.
Oracle Fusion Payables	<ul style="list-style-type: none"> • Supplier Invoices • Self-Assessed Tax <p>Self-assessed tax transactions from Oracle Fusion Payables are created as payable commitments in Project Costing.</p>
Oracle Fusion Purchasing	<ul style="list-style-type: none"> • Self-Assessed Tax • Purchase Orders • Purchase Requisitions <p>Self-assessed tax transactions from Oracle Fusion Purchasing are created as PO commitments in Project Costing.</p> <p>Purchase orders and purchase requisitions are available as committed costs for reporting in Project Costing.</p>
Oracle Fusion Receivables	Receipts
Oracle Fusion Inventory	<ul style="list-style-type: none"> • Miscellaneous Transactions • Movement Requests
Oracle Fusion Cost Management	<ul style="list-style-type: none"> • Expense-Based Receipts

Source Name	Type of Transactions
	<ul style="list-style-type: none">• Inventory Miscellaneous Transactions• Inventory Movement Requests
Oracle Fusion Project Costing	<ul style="list-style-type: none">• Costs in Unreleased Expenditure Batches• Adjustment Transactions• Unprocessed Transactions
Third-Party Applications	External Costs imported using desktop Excel integration, web services, or Oracle Cloud interface.

Capture of Costs

Capture various types of costs from internal and external applications, and then transfer them to Project Costing.



The following table shows various sources of transactions and how they are exported to Project Costing.

Source of Cost Transactions	Description
Other Oracle Fusion applications	Enter and process project-related transactions, and then submit the Import Costs process. For example, you enter invoices with project-related distributions in Oracle Fusion Payables, validate, account, and then import them to Project Costing.

Source of Cost Transactions	Description
Third-party applications	<p>Import costs using one of the following:</p> <ul style="list-style-type: none"> • Desktop Excel integration • Web services • Load data to the interface table in Oracle Cloud <p>You can load data to interface tables using predefined templates and the Load Interface File for Import scheduled process, which are both part of the External Data Integration Services for Oracle Cloud feature. For more information, see the File Based Data Import guide for your cloud services.</p>
Individual third-party transactions created in Oracle Fusion Project Costing	<p>You can create individual transactions with third-party application source directly from the Manage Unprocessed Costs page in Project Costing.</p> <p>For example, this approach works well if you are approaching period close and have to create a few third-party transactions rather than wait to receive the transactions from the third-party application.</p>

Capturing Additional Transaction Attributes

Use the Cost Collection Flexfield to capture product-specific attributes on actual cost and commitment transactions. You can manage naming, validation, and ordering of these attributes within each of the documents that capture them, such as expense reports and purchase orders. You can capture, store, display, search, and report project-related attributes in the transaction source applications.

Related Topics

- [File Based Data Import for Oracle Project Portfolio Management Cloud](#)

Capturing Sponsored Project Costs: Explained

You can capture sponsored project costs from the Manage Unprocessed Costs page of Oracle Fusion Project Costing or from the desktop integration Excel spreadsheets.

Prerequisite Condition

To capture sponsored project costs in Oracle Fusion Project Costing:

- Oracle Fusion Grants Management must be implemented.
- The projects must be sponsored.
- The sponsored projects must have valid awards or contracts associated with them.

Prerequisite Steps

The grants administrator creates awards in Oracle Fusion Grants Management and submits the awards to Oracle Fusion Enterprise Contracts. The sponsored project from the award is automatically associated to the contract line.

Capturing Sponsored Project Costs on the Manage Unprocessed Costs Page

The grants accountant enters a sponsored project transaction with an associated award or contract on the Manage Unprocessed Costs page. The following items are then automatically derived:

- Contract number
- Funding source

Desktop Excel Integration Spreadsheets to Enter Project Costs: Explained

Capture different types of project cost transactions using desktop Excel integration. Enter transaction attributes based on the nature and source of the transaction and export them to Oracle Fusion Project Costing.

You have specific Excel templates to capture costs from Oracle Fusion Project Costing and third-party applications.

Excel Templates for Capturing Costs from Oracle Fusion Project Costing

Download the Excel templates from the **Capture Costs** task under the **Capture** group in the **Tasks** panel tab on the Costs Overview page to create cost transactions belonging to Oracle Fusion Project Costing.

- Create Labor Costs: Use this for creating and exporting uncoded time card batches.
- Create Nonlabor Costs: Use this for creating and exporting uncoded nonlabor batches such as usages or miscellaneous transactions.

Excel Templates for Capturing Costs from Third-Party Applications

Download the Excel templates from the **Capture Costs** task under the **Capture** group in the **Tasks** panel tab on the Costs Overview page to create cost transactions for third-party applications.

- Create Labor Costs for Third-Party Applications: Use this for creating and exporting uncoded labor batches.
- Create Nonlabor Costs for Third-Party Applications: Use this for creating and exporting uncoded nonlabor batches.
- Create Costed or Accounted Transactions for Third-Party Applications: Use this for creating and exporting costed or accounted labor or nonlabor batches.

Project Costs: How They're Imported

Collect and import all types of project costs from Oracle Fusion and third-party applications. During this process you can validate transactions to reduce corrections and rework. Before you import the transactions, you can review the exceptions and correct the errors.

Settings That Affect Transactions Import

Setup options in the transaction document and document entry specify how cost transactions are imported and processed.

How Transactions Are Imported

You create, validate, and transfer the transactions to the Oracle Fusion Project Costing interface as specified in the following table.

Transactions Type	Creating Transactions	Validating Transactions	Importing Transactions
<p>Oracle Fusion Project Costing</p> <ul style="list-style-type: none"> Uncosted labor transactions Uncosted nonlabor transactions 	<p>Initially only in Excel templates.</p> <p>You can later edit or add transactions in the Manage Unreleased Costs page.</p>	<p>Validation is compulsory and is performed automatically during transaction entry.</p>	<p>Click the Export button in Excel spreadsheet to export, and optionally, process transactions.</p>
<p>Third-Party Application</p> <ul style="list-style-type: none"> Uncosted labor transactions Uncosted nonlabor transactions Costed or accounted labor or nonlabor transactions 	<p>Web services, ADFdi Excel spreadsheets, or Oracle Cloud templates.</p> <p>You can also create transactions in the Manage Unprocessed Costs page.</p>	<p>If you are using the ADFdi Excel, optionally validate transactions during export.</p> <p>Validation is optional when you enter or export transactions but is always performed when you run the Import Costs process.</p>	<p>Methods to import:</p> <ul style="list-style-type: none"> For ADFdi Excel, click the Export button on the Excel spreadsheet to export, and optionally, process transactions. Use web services to transfer transactions to the Oracle Fusion Project Costing interface. For Oracle Cloud, use the Load Interface File for Import process. <p>You can load data to interface tables using predefined templates and the Load Interface File for Import scheduled process, which are both part of the External Data Integration Services for Oracle Cloud. For more information about file-based data import, see the File Based Data Import guide for your cloud services.</p>
Other Oracle Fusion Applications	Source applications	<p>Validation is compulsory.</p> <p>The Import Costs process revalidates the cost transactions that you import if the Revalidate</p>	Use the Import Costs process.

Transactions Type	Creating Transactions	Validating Transactions	Importing Transactions
		<p>during import option is enabled at the transaction source document level. This option is available for the following transaction sources:</p> <ul style="list-style-type: none"> • Oracle Fusion Payables • Oracle Fusion Cost Management • Oracle Fusion Time and Labor 	

All transactions are validated but at different points, for example, transaction entry, transfer, or processing. If you're exporting transactions from ADFdi Excel spreadsheets, you can release the transactions directly from the spreadsheet by selecting the **Process Costs** option. Costs are submitted for the **Import Costs** process avoiding the need to do it from the application.

The **Process Costs** option is not available in the Excel template, when you have separate duties for entering and releasing expenditure batches. You can review the expenditure batches in the Manage Unreleased Costs page and submit them for processing.

After you import the transactions, the application tracks transactions with errors including the details for the cause of the error and the action to be taken to fix the error. The successful transactions are ready for cost processing.

Related Topics

- [Project Costs: How They're Validated](#)
- [Transaction Document Import and Accounting Options: Points to Consider](#)
- [Source, Document, and Document Entry Components: How They Work Together](#)

External Commitment Transactions: How They're Imported

The Project Unprocessed Commitment Transaction service validates external commitment transactions, and if all the transactions are successfully validated, it derives the list of transaction sources and projects from the validated transactions, deletes existing commitment transactions for the combination of derived transaction sources and the list of projects, imports the new set of external commitment transactions, and reports the status of the imported external commitment transactions.

Settings That Affect Import of External Commitment Transactions

Settings at the following levels affect the import of external commitment transactions:

- Transaction source
- Document
- Document entry
- Project type
- Expenditure type
- Project and task

- Transaction controls

How External Commitment Transactions Are Imported

When you import external commitment transactions using the Project Unprocessed Commitment Transaction service, it performs a series of processing steps. The following tasks listed in the table are performed in these steps.

External Commitment Transaction Importing Tasks	Description
Validate external commitment transactions using the Project Unprocessed Commitment Transaction service	As an initial step of importing external commitment transactions into Oracle Fusion Project Costing, data entry, business rule, and transaction control validations are performed when you import external commitment transactions using the Project Unprocessed Commitment Transaction service.
Derive transaction sources and projects list from the successfully validated external commitment transactions	After successful validation of all external commitment transactions, the application derives the transaction sources and list of projects to be checked for and identifies any existing commitment transactions to be deleted.
Delete existing external commitment transactions for the derived transaction sources and list of projects	The existing commitment transactions are deleted and new commitment transactions are inserted.
Display the status of imported external commitment transactions	Displays the status of imported external commitment transactions, for example, successfully imported or resulted in error.

External Commitment Transactions: How They're Validated

Oracle Fusion Project Costing validates all external commitment transactions for a set of predefined and customizable criteria before importing them. External commitment transactions are validated against data entry, standard business rules, and transaction controls.

Settings That Affect External Commitment Transaction Validation

The import and accounting options that you specify at the following levels affect external commitment transactions validation.

- Transaction document
- Document entry
- Project type
- Transaction controls


How External Commitment Transactions Are Validated

Validation is a key step in external commitment transaction processing. Different types of validations and some sample rules within the validation type that govern the validation process are as follows.

Validations	Description
Data entry validation	<p>For each commitment transaction, values must be provided for the following required attributes:</p> <ul style="list-style-type: none"> • Commitment transaction business unit ID or name • Source ID or name • Document ID or name • Document entry ID or name • Expenditure item date • Project ID or name or number • Task ID or name or number • Expenditure type ID or name • Commitment transaction expenditure organization ID or name • Commitment transaction creation date • Source application commitment transaction number • Total commitment quantity • Commitment transaction currency • Original transaction reference <p>All the provided values must be valid.</p>
Business rule validation	<p>Validations are performed to ensure the following:</p> <ul style="list-style-type: none"> • Costing and accounting attributes of the commitment transactions match with the source, document, and document entry options. • Transactions are charged to a project and not a project template. The current project status allows new cost transactions to be incurred. Expenditure item lies within the project dates. • Expenditure item lies within task transaction dates. Task is chargeable. • Expenditure type of the external commitment transaction is active and is valid for the project unit. • Expenditure organization is active. • Expenditure item lies within expenditure organization dates.
Transaction control validation	<p>If there are any transaction controls defined at the project or task level, then the application validates all defined transaction controls. The controls are based on combinations of project, task, expenditure category, expenditure type, system person type, and job.</p>

Data entry and business rule validations are performed when the administrator in the third-party application independently validates the external commitment transactions with Oracle Fusion Project Costing validation service or as a part of importing commitment transactions using Import External Commitment Transactions service in Oracle Fusion Project Costing.

If the transaction validation results in errors, the application tracks the errors including the cause of the error and the action needed to fix the error. You can review the validation errors in the output from the Oracle Fusion Project Costing external commitment transaction validation service.

 **Note:** Validation rules vary for each transaction based on the transaction source, document and document entry setup, and controls defined for the project and task for which the commitment transaction is incurred.

External Commitment Transactions: How They're Processed

After validating and importing data for external commitments, process the transactions to determine additional values such as period information, capitalizable and billable status, and amounts in various currencies such as transaction, ledger, and project currencies. Thereafter, commitment transactions are ready for summarization.

Settings That Affect Processing of External Commitment Transactions

Settings for the following affect processing of external commitment transactions:

- Organization
- Transaction source, document, and document entry
- Project and task: Currency conversion attributes at the project level determine how transaction currency amount is converted to project currency amount. The billable status and work type of the task determine if the commitment transaction is billable. Task-level burden schedule assignment is used for calculating the burden amounts.
- Expenditure type: The required rate setting determines if a unit price is required to calculate the commitment amount.
- Burden structure and schedules: These determine how commitment transaction is burdened.
- Currency conversion attributes for project, provider, and receiver business units: These determine how amounts in transaction currency are converted to project, provider, and receiver ledger currencies.

How External Commitment Transactions Are Processed

You can process external commitment transactions as described below.

- **Manage Committed Costs page:** Select transactions for processing based on the expenditure business unit, commitment source type (external in this case), processing status, transaction source, document, document entry, or project and task. From the search results, select a transaction and process it. Even though a single transaction is selected, all transactions in the search results belonging to the same commitment source type (external in this case) and processing status as that of the selected transaction will be processed.
- **Import Commitments page:** Select transactions for processing based on the expenditure business unit, commitment source type, and process mode. The process mode setting determines whether to process all transactions or only the transactions in a particular status.

Oracle Fusion Project Costing performs the following tasks when processing external commitment transactions:

1. Determines capitalizable and billable nature of the commitment transactions.
2. Allocates overhead costs to the commitment transactions.

3. Determines project and subledger accounting periods.
4. Converts transaction amounts to project currency and project ledger currency.

Projects Time Card Adjustments: Explained

Team members of a project can adjust their time cards in Oracle Fusion Time and Labor.

Project accountants and project managers can modify time cards in Oracle Fusion Project Costing after importing them.

Project accountants or project managers import and process cost transactions in Oracle Fusion Project Costing, thereby automatically importing the revised version of time cards into Oracle Fusion Project Costing from Oracle Fusion Time and Labor. Adjustments in Oracle Fusion Time and Labor override any existing adjustments in Oracle Fusion Project Costing.

The following table describes various time card adjustments, the location of the adjustment, and implications.

Adjustment	Location	Impact
Project accountants and project managers adjust the project-related information such as billable, capitalizable, or utilization statuses of expenditure items directly in the time card.	Oracle Fusion Project Costing	No impact to associated time card in Oracle Fusion Time and Labor.
Employees and contingent workers update their time cards to modify details such as hours, project, or task.	Oracle Fusion Time and Labor	Two transactions are imported into Oracle Fusion Project Costing. One transaction for the revised time card and the other negative entry to nullify the existing time card.
Employees and contingent workers delete their time cards.	Oracle Fusion Time and Labor	When time cards are next imported into Oracle Fusion Project Costing, an adjustment is created in Oracle Fusion Project Costing to reverse the expenditure item and maintain a record of deletion in Oracle Fusion Project Costing.

Oracle Fusion Time and Labor and Oracle Fusion Project Costing: How They Work Together

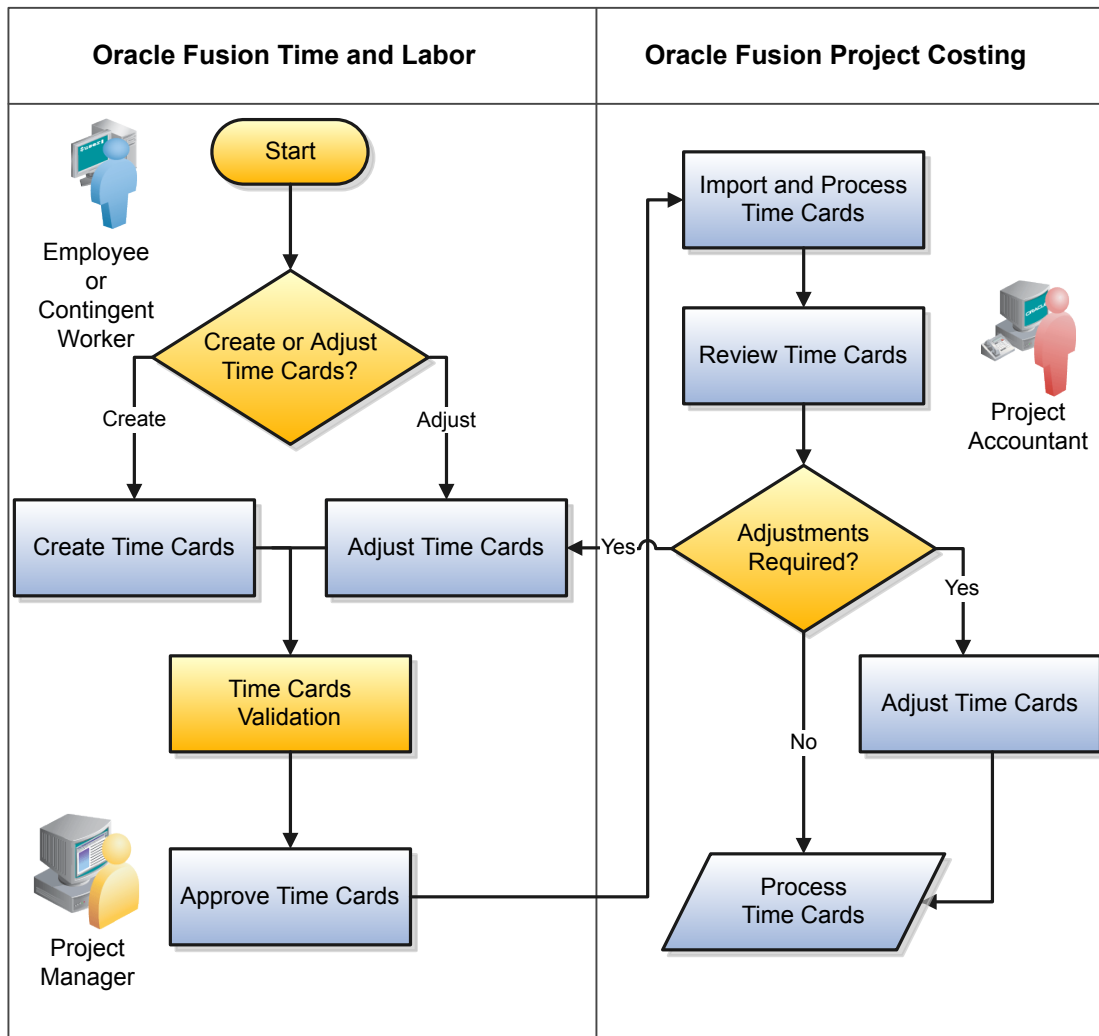
The integration between Oracle Fusion Time and Labor and Oracle Fusion Project Costing allows project managers and accountants to manage time cards for employees and contingent workers.

Employees and contingent workers can view and update the time cards that they create. Based on the setup, a time card displays:

- All projects in the business unit.
- Only those projects in which the user is a team member.

Project managers review and approve the time card entries created for their projects. Project accountants import the time cards into Project Costing for costing, accounting, and analysis.

The following illustration provides an overview of how time cards are created and approved in Time and Labor, validated and imported into Project Costing, and adjusted if required.



Using Oracle Fusion Time and Labor

Employees and contingent workers report project-related time in the Time work area. They account for their worked hours by selecting one or more projects, tasks, and expenditure types. Project managers approve the time cards submitted for their projects.

- Submitted time cards are validated automatically before they're sent to project managers of associated projects for approval.
- You can choose the option to validate time cards on saving by configuring the Manage Time Consumer Sets task in the Setup and Maintenance work area.
- When the time card field is defined to filter projects based on team membership, then team members must be internal project team members on the projects for which they want to enter time.

Using Oracle Fusion Project Costing

Project accountants use the Import Costs process to validate and import approved time cards into Project Costing.

- Validations ensure that the project is valid, active, and supports transaction charges. The process also validates the following attributes.
 - Business unit
 - Transaction source information
 - Expenditure type and organization
 - Expenditure item date
 - Person
 - Worked hours
 - Batch name
 - Original transaction reference
- The project must be enabled for multiple language support and the project name must appear in the user session language.
- All time entries on a time card must be approved to import the time card.
- The time entry for a transaction must contain either the project number or project name, but not both.

 **Note:** Document and document entry values for imported time card transactions are received from Time and Labor.

Certain expenditure item attributes are derived during import. The following table lists the derivation rules.

Attribute	Derivation
Expenditure end date	Calculated from expenditure item date and business unit.
Expenditure batch end date	Set to the maximum expenditure end date in the batch.
Work type	Derived from task details if the work type isn't entered on the time card.

Additionally, you can edit the following values after import.

- Project
- Task
- Expenditure item
- Quantity
- Billable indicator
- Capitalizable indicator
- Utilization

Adjusting Time Cards

Employees and contingent workers can't modify their time cards in Project Costing. However, they can modify their time cards in the Time work area. For example, they can delete time cards for their projects or adjust time card details such as project, task, hours, or expenditure type.

Project accountants and project managers can modify time cards in Project Costing after importing them.

Note:

- Adjustments made in Project Costing are reversed if the time card is modified in Time and Labor and reimported.
- Adjust time cards in Time and Labor and then import to Project Costing instead of performing adjustments in Project Costing. This ensures that the latest time card information is present in Time and Labor.

Related Topics

- [Time Entry Validation and Processing Configuration: Explained](#)

Capturing Inventory Costs: Points to Consider

You can capture inventory costs using one of the following options:

- ADFdi Excel workbooks, such as Create Costed or Accounted Transactions for Third-Party Applications
- Import Project Inventory Costs file-based data import feature
- **Create Transaction** action on the Manage Unprocessed Costs page
- **Create Miscellaneous Transaction** action on the Inventory work area

Consider the following settings to capture inventory costs.

Transaction Source Document Entry

You must use a transaction source document entry which supports the inventory expenditure type class. Set the value of the expenditure type class in the document entry to **Inventory** by using the **Manage Project Transaction Sources** task from the Setup and Maintenance work area.

Expenditure Organization

If the organization hierarchy type is set to **None** for Project Financial Management applications, you must set the inventory organization to which the inventory item is assigned as the project expenditure organization. Enable the option **Classify as project expenditure organization** for the inventory organization by using the **Manage Project Organization Classifications** task from the Setup and Maintenance work area.

If the organization hierarchy type isn't set to **None** in the **Manage Organization Hierarchies and Classifications** setup task, then you must include the inventory organization in the organization hierarchy.

Rate Derivation for Inventory Items

For planning:

- If organization is part of the resource breakdown structure format, then the application considers the organization as inventory organization and inventory item rates are derived based on that organization.
- If organization isn't part of the resource breakdown structure format, then the application derives inventory item rates based on the default organization that's defined as the item master in the **Manage Resource Classes** setup task.
- If inventory item is part of the resource breakdown structure format and organization is included in the format hierarchy, then the organization defined in the resource breakdown structure format hierarchy determines the planned inventory item rate.

For cost transactions created in Project Costing, the inventory item rates are derived based on the nonlabor cost rate schedule assigned in the project organization costing rule. For transactions that are imported from Oracle Fusion Inventory Management, the expense cost profile of the inventory item defined in the **Manage Item Cost Profiles** setup task determines if the application derives average or standard cost rate for the item.

Importing Overheads from Oracle Fusion Inventory Management: Points to Consider

Project accountants can import overheads for a project from Oracle Fusion Inventory Management into Oracle Fusion Project Costing.

Prerequisite Condition

To import overhead transactions, you must enable your projects for burdening.

Processing Imported Overheads

To import and process overhead transactions from Inventory Management, you must select the following values while submitting the Import Costs process.

- Source: Oracle Fusion Cost Management
- Document: Miscellaneous Inventory

Overheads are imported as separate expenditure items. The imported overhead is accounted in Project Costing as burdened cost with zero raw cost.

Import Costs Process

The Import Costs process imports transactions from Oracle Fusion and third-party applications, validates the transactions, and processes the transactions to create expenditure items and cost distributions. The exceptions for invalid transactions are tracked in the Costs Overview page and in the Import Costs Report. Fix the errors and resubmit the process.

Submit the Import Costs process from the:

- **Tasks** pane in the Project Costs Overview page.
- Scheduled Processes page.

If you are loading transactions for the cloud interface, then load the transactions to the interface table. Depending on the transaction source, the process takes the transactions from the interface table. For more information on the interface table, see the File Based Data Import for Oracle Project Portfolio Management Cloud guide.

You can load data to interface tables using predefined templates and the Load Interface File for Import scheduled process, which are both part of the External Data Integration Services for Oracle Cloud feature. For more information, see the File Based Data Import guide for your cloud services.

Parameters

Business Unit

Business unit that owns the project transaction.

Process Mode

Mode for processing imported transactions or adjustments.

Transaction Status

Status of transactions identified for processing: For example, All statuses, Not previously imported, or Rejected during processing.

Transaction Source

Name of the transaction source application.

Document

Document associated with the transaction.

Expenditure Batch

Expenditure batch for which transactions are processed.

From Project Number

Initial project number in the range of projects provided for importing and processing cost transactions.

To Project Number

Final project number in the range of projects provided for importing and processing cost transactions.

Process Through Expenditure Item Date

Expenditure item date of transactions through which transactions are processed and imported.

Import Costs Report

Submit the Import Costs process. After the process completes, review the output report for the successful transactions and exceptions, if any. Review and resolve the issues and resubmit the process. The exceptions are of two types:

- The first section of the report tracks exception transactions without valid names and numbers. For example, an invalid project name or project number. Correct the issue in the source spreadsheet and export the transactions again to the staging table PJC_TXN_XFACE_STAGE_ALL.
- The second section of the report tracks the data validation exceptions, which can be corrected in the Manage Unprocessed Costs page. For example, the project isn't valid as of the expenditure item date.


Related Topics

- [External Data Integration Services for Oracle Cloud: Overview](#)
- [Project Costs: How They're Processed](#)
- [Project Costs: How They're Validated](#)
- [File Based Data Import for Oracle Project Portfolio Management Cloud](#)

FAQs for Capture Project Costs

When is the transaction marked as a converted transaction?

When the expenditure item is captured from a legacy application, it is indicated as a **Converted Transaction** in the Excel template.

 **Note:** You cannot perform expenditure adjustments that may result in the recalculation of cost, revenue, or invoices for converted transactions.

Why can't I find the business unit in the downloaded desktop Excel integration spreadsheets?

If your access is revised, then you have to download the desktop Excel integration spreadsheets again. For example, if you initially have access to Vision Operations business unit, then you view only this business unit listed in the Excel spreadsheets. If new business units are assigned or removed, you must download the templates again to view the business units according to your access in the Excel spreadsheets.

Can I define global segments for the Cost Collection flexfield?


No. You must not define global segments, instead you can define additional context sensitive segments.

Can I change the source and document for transactions after exporting them to Oracle Fusion Project Costing?

No. You can't change the source, document, or document entry after exporting a transaction to Project Costing.

Can I edit unprocessed transactions?

Yes. You can edit unprocessed or error transactions from third-party application sources if the transaction document entry setup option, **Allow interface modifications** is enabled. However, you can't edit a transaction if it's already validated.

 **Note:** For third-party accounted transactions, even if the transaction is validated, you can edit the provider ledger currency conversion attributes such as currency conversion rate type, rate date, rate, and rounding limit.

Can I delete unprocessed transactions?

Yes. You can delete unprocessed transactions from third-party application sources, if the transaction document entry setup option **Allow interface modifications** is enabled. However you can't delete unprocessed transactions from predefined sources.

How can I capture and process accrual items?


You can create cost accruals for nonlabor miscellaneous transactions by using the Create Nonlabor Costs ADFdi Excel or the Import Project Miscellaneous Costs file-based data import feature. Set the **Accrual Batch** option to **Yes** on these workbooks while creating accrual transactions.

If you set the **Accrual Batch** option to **Yes** while entering cost transactions, the application creates reversal expenditure items in addition to the original expenditure items. The reversal expenditure items are created in the open or future enterable period following the period in which the original expenditure item was created.

What happens if I validate project cost transactions in the desktop Excel integration spreadsheets?

Project cost transactions are validated for the transaction controls and business rules during the export to the Oracle Fusion Project Costing interface. After the validation, errors are listed in desktop Excel integration spreadsheets. Costs from Oracle Fusion Project Costing are automatically validated when you export them.

If one transaction from Oracle Fusion Project Costing is invalid, then the export fails for the entire expenditure batch. You must fix the errors before you can export the transactions.

 **Note:** If don't validate third-party application transactions in the source application, you can validate them during export. Otherwise, the transactions are validated when you submit the Import and Process Cost Transactions process.

What's an unmatched negative transaction?

Negative transactions that don't have matching positive items. For Oracle Fusion Project Costing transactions, the matching criteria is based on employee, organization, date, expenditure type, project, task, and reversing quantity, while third-party application transactions are matched to the reversed original transaction reference.

What's a commitment transaction?

A financial commitment is a future expenditure. In Oracle Fusion Project Financial Management, a commitment is a future cost transaction.

A commitment can be an outstanding purchase requisition or purchase order charged to a project, or received goods that aren't yet paid for. A purchase order is legally binding whereas a purchase requisition isn't.

A commitment can also be a transaction charged to a project that is invoiced but not transferred to Oracle Fusion Project Costing yet.

What's an external commitment transaction?

A commitment transaction created in a third-party application.

How can I delete existing external commitment transactions in Oracle Fusion Project Costing?

Existing commitment transactions are deleted when new commitment transactions are imported into Oracle Fusion Project Costing. When you import external commitment transactions, all the existing commitment transactions for the transaction sources that are being imported are deleted automatically in Oracle Fusion Project Costing. Therefore, when importing commitments, you must include all transactions belonging to the transaction source.

How can I search for transactions associated with an award?

Open the Manage Unprocessed Costs page and search for award-related transactions by the project name or project number. You can narrow your search results by also entering the contract name, contract number, and funding source.

How can I search for the expenditure items of an award?

Open the Manage Project Costs page and search for expenditure items of an award by the project name or project number. You can narrow your search results by also entering the contract name, contract number, and funding source.

2 Process Project Cost Transactions

Process Project Cost Transactions: Overview

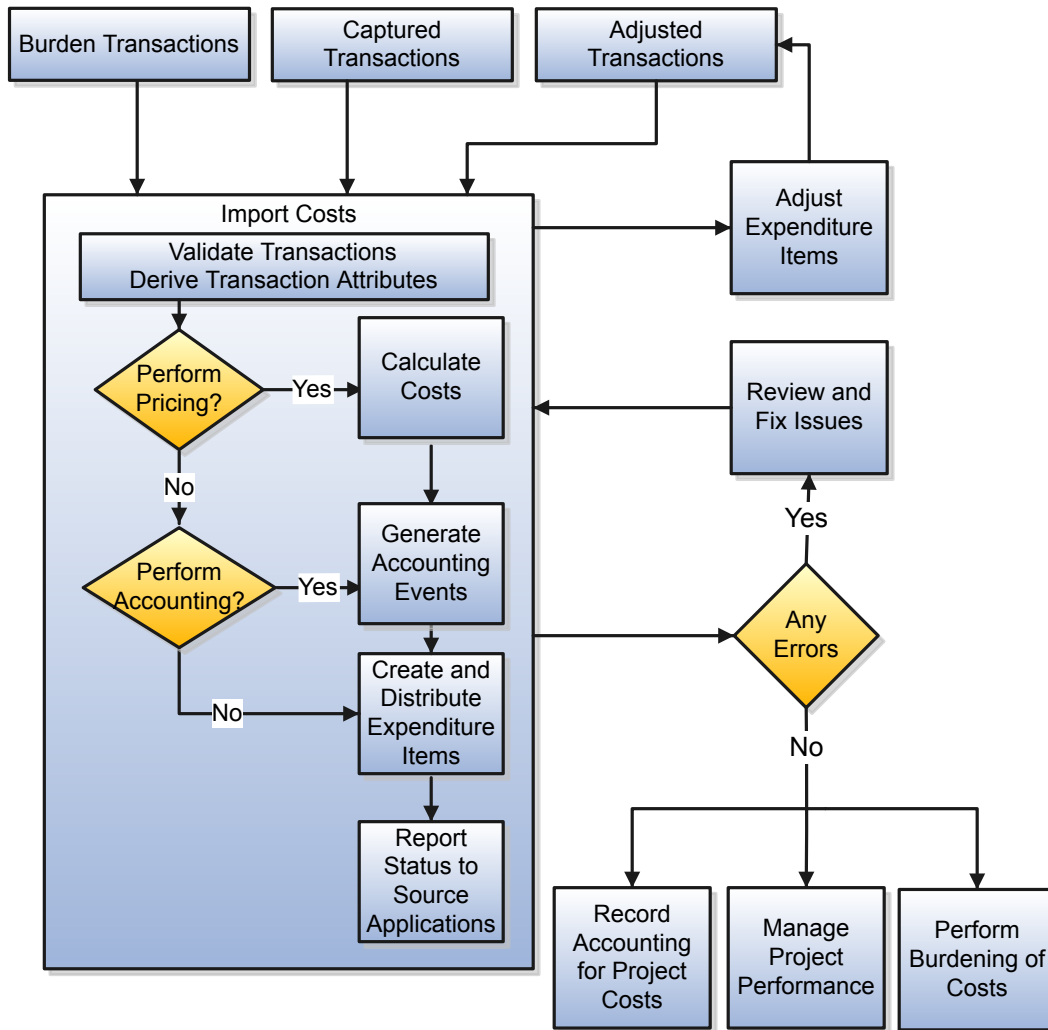
Process project cost and commitment transactions, including billable and capitalizable transactions, and perform accounting in Oracle Fusion Project Costing.

You can also validate these transactions before processing based on your transaction and budgetary control choices.

Project Costs: How They're Processed

Use the **Import Costs** process to import and process project costs from Oracle Fusion applications or third-party applications. This process imports transactions, derives transaction attributes, validates transactions, calculates cost, checks funds, and creates expenditure items, cost distributions, and accounting events.


This flow chart explains the processing of project cost transactions.



Setup Options: Import Costs

Transaction document and document entry options specify how cost transactions are imported and processed. The following table describes other setup options that determine the processing of project cost transactions.

Option	Setup Level	Description
Burden costs	Project type	Enable burdening, assign burden schedule, and manage burden cost accounting options.
Billable transactions	Work type Project type	Indicate whether transactions are billable.

Option	Setup Level	Description
	Project	
	Task	
	Transaction	
Expenditure organization validation and currency conversion	Business unit	Validate expenditure organization and determine project ledger currency conversion rate as part of your business unit implementation.
Funds check	Business unit	Business Unit: Enable budgetary control and encumbrance accounting.
		<p> Note: You must first enable budgetary control for a ledger before you can enable budgetary control and encumbrance accounting for business units using that ledger.</p> <p>Procure-to-Pay Business Functions: Enable budgetary control and encumbrance accounting, and select transaction types and transaction subtypes to be included in funds check.</p> <p>Project Accounting Business Function: Enable budgetary control and select transaction sources and documents to be excluded from funds check.</p>
Transaction controls	Project	Specify whether transactions are chargeable.
	Task	

How Transactions Are Processed

The **Import Costs** process performs the following steps on unprocessed transactions.

Transaction Processing Task	Description
Load transactions	Loads transactions for import into Oracle Fusion Project Costing from other Oracle Fusion applications.
Derive transaction attributes	Derives transaction attributes, such as human resource assignment details for the person, accounting date, project accounting date, and period information. These attributes are used to derive cost rate information and perform accounting.

Transaction Processing Task	Description
Validate transactions	Validates transactions for business and transaction control rules. If the Revalidate during import option is enabled at the transaction source document level, the process revalidates the cost transactions imported from other Oracle Fusion applications such as Payables, Cost Management, and Time and Labor.
Create additional transactions	Creates additional transactions if overtime is enabled. This is an optional task.
Calculate costs	Calculates raw and burdened costs, and also converts amounts from the transaction currency to project currency, provider ledger currency, and receiver ledger currency.
Check funds	Validates transactions based on budgetary control and encumbrance accounting rules and computes funds status.
Generate accounting events	Generates cost accounting events, which are used to create cost accounting entries for transactions.
Create expenditure items and cost distribution lines	Creates expenditure items and cost distributions after costs are calculated and validated.
Reconcile transaction details with the source application	Reconciles the transaction processing status with the source application. Third-party applications use a service to update the transaction status and error details. For Oracle Fusion applications, the transaction status is always updated.

You can review the errors for pending and rejected transactions in the **Manage Unprocessed Costs** page or in the **Import Costs Report**. After fixing the errors, you can submit the transactions for reprocessing. Instead of reinitiating the process, the application reprocesses transactions from the point of error. For example, if a transaction is rejected while determining the cost rate, the application reprocesses the transaction from the cost rate determination stage and not earlier.

Related Topics

- [How can I enable budgetary control and encumbrance accounting for my transactions?](#)
- [What happens if I validate project cost transactions in the desktop Excel integration spreadsheets?](#)
- [Accounting Burden Costs: How They're Processed](#)

Project Costs: How They're Validated

The application validates cost transactions for data entry, standard business rules, transaction controls, and budgetary control that you set up during implementation.

Setup Options: Transaction Validation

Project cost transactions are validated according to setup options at various levels.

Setup Level	Validation
Transaction Document	Import and accounting options
Document Entry	
Project Type	Transaction processing options
Project	Transaction controls
Task	

Data entry and business rule validations are performed when you create transactions. You can also validate transactions from third-party and certain Oracle Fusion applications before importing them.

How Costs Are Validated

The different types of validations performed on project cost transactions are listed in the table.

Validation	Description
Data Entry	The application validates the project name, project number, task name, and task number.
Business Rules	<p>Transaction sources must be valid. Document and document entry must be valid for the transaction source.</p> <p>Transactions aren't charged to a project template or an intercompany provider project.</p> <p>Transactions are billable only if the project type is enabled for billing.</p> <p>Transactions must have an active expenditure type.</p> <p>Transactions with negative quantities must have matching expenditure items, unless they are unmatched transactions.</p> <p>Expenditure item dates must be within expenditure organization dates. Usage item dates must be within the nonlabor resource organization dates.</p> <p>Project status determines whether you can enter new transactions. Expenditure items must be within the project date range. Transaction controls must allow charges of this expenditure type.</p> <p>Tasks for transactions must be lowest level tasks and chargeable. You must charge expenditure items to tasks within the task date range.</p> <p>Employees must be active and have valid human resource assignments for the expenditure item dates.</p>
Transaction Control	All transaction controls based on combinations of project, task, expenditure category, expenditure type, nonlabor resource, person, job, organization, and system person type must pass validation.
Budgetary Control	The application validates transaction amounts against budgetary control that is set at the project or project and top resource levels. Both actual raw costs and actual burdened costs are checked for funds validation.

Validation	Description
	Only the transactions that fail funds check in a batch are excluded from further processing.

The application tracks validation errors and the corrective actions. You can view the rejected transactions in the Manage Unprocessed Costs page, and rejected adjustment transactions in the Manage Project Costs page. You can reprocess the transactions after fixing the errors.

Validation rules vary for uncosted labor transactions, uncosted nonlabor transactions, and costed and accounted transactions. The following example provides validation checks for uncosted labor transactions.

Example: Validation Checks for Uncosted Labor Transactions

The application validates uncosted labor cost transactions for the following.

Validation Attribute	Criteria
Business Unit Name	Required
Transaction Source	Required
Transaction Document	<ul style="list-style-type: none">• Required• Valid for the expenditure item date
Transaction Document Entry The combination of transaction source, transaction document, and transaction document entry must be valid.	<ul style="list-style-type: none">• Required• Valid for the expenditure item date
Project	<ul style="list-style-type: none">• Project number or name is required• Enabled for cross-charge processing• Not a project template• Active for the expenditure items date• Valid project status that allows creation of new transactions
Task	<ul style="list-style-type: none">• Valid task number or name• Active for the expenditure item date• Chargeable
Expenditure Item Date	Required
Expenditure Type	<ul style="list-style-type: none">• Required• Valid and active for the expenditure item date, project unit, and expenditure type class associated to the document entry of the transaction
Organization If you don't provide the organization, the application derives the organization based on the primary human resources assignment of the person.	Active expenditure-owning valid for the expenditure item date If the organization isn't the same as the organization assigned to the primary assignment of the person in HCM, and the transaction document setup doesn't allow for override of person organization, then organization validation fails.
Person	<ul style="list-style-type: none">• Valid person name or number

Validation Attribute	Criteria
If you don't provide the assignment, then the application derives the primary assignment, job, and expenditure organization from the primary assignment of the person for the expenditure item date.	<ul style="list-style-type: none">Valid person assignment that is active for the expenditure item date
Time Card Quantity	Required

Related Topics


- How can I enable budgetary control and encumbrance accounting for my transactions?

Determining Transaction Billable or Capitalizable Status: Points to Consider

The billable status of a transaction is based on the lowest task, transaction controls setup, and work type setup. You can specify the billable or capitalizable status of a transaction when you create transactions if the billable or capitalizable status attributes are enabled in the cost collection flexfield. If you don't specify anything during point of entry, then the application considers the billable or capitalizable details specified on the lowest task, transaction controls setup, and work type setup.

Billable and Chargeable Status of Transactions

The application considers the following specifications for the billable status of a transaction in the listed order if the project type of the project on the transaction is enabled for billing. If the project type of the project on the transaction isn't enabled for billing then the transaction isn't billable.

 **Note:** When the project type of the project on the transaction isn't enabled for billing, if you specify that the transaction is billable in the flexfield, then the transaction is rejected.

1. If you specify the transaction billable status in the source application.
2. If the option to derive the billable indicator from the work type is enabled, then the billable indicator on the transaction is determined by the work type.
3. If the transaction control setup for the project or task indicates the transaction is billable.
4. If the task is billable.

Similarly, the application considers the following specifications for the capitalizable status of a transaction in the listed order if the project type of the project on the transaction is enabled for capitalization. If the project type of the project on the transaction isn't enabled for capitalization then the transaction isn't capitalizable.

1. If the task isn't a retirement task.
2. If the project type of the project of the transaction is enabled for capitalization.
3. If the transaction control is set up for the project and task indicates the transaction is capitalizable.
4. If the task is capitalizable.

To ensure that transactions are billable or capitalizable by default, you can specify the option for the entire project type or transaction controls setup options. You can also specify it when you set up a task.

Expenditure Item Chargeable Status: How It's Determined

Oracle Fusion Project Costing checks all levels of chargeable controls when you try to charge a transaction to a project. The application checks the chargeable status when you enter a new cost transaction or transfer expenditure items to another project or task, and you save the record.

Settings That Affect Chargeable Status

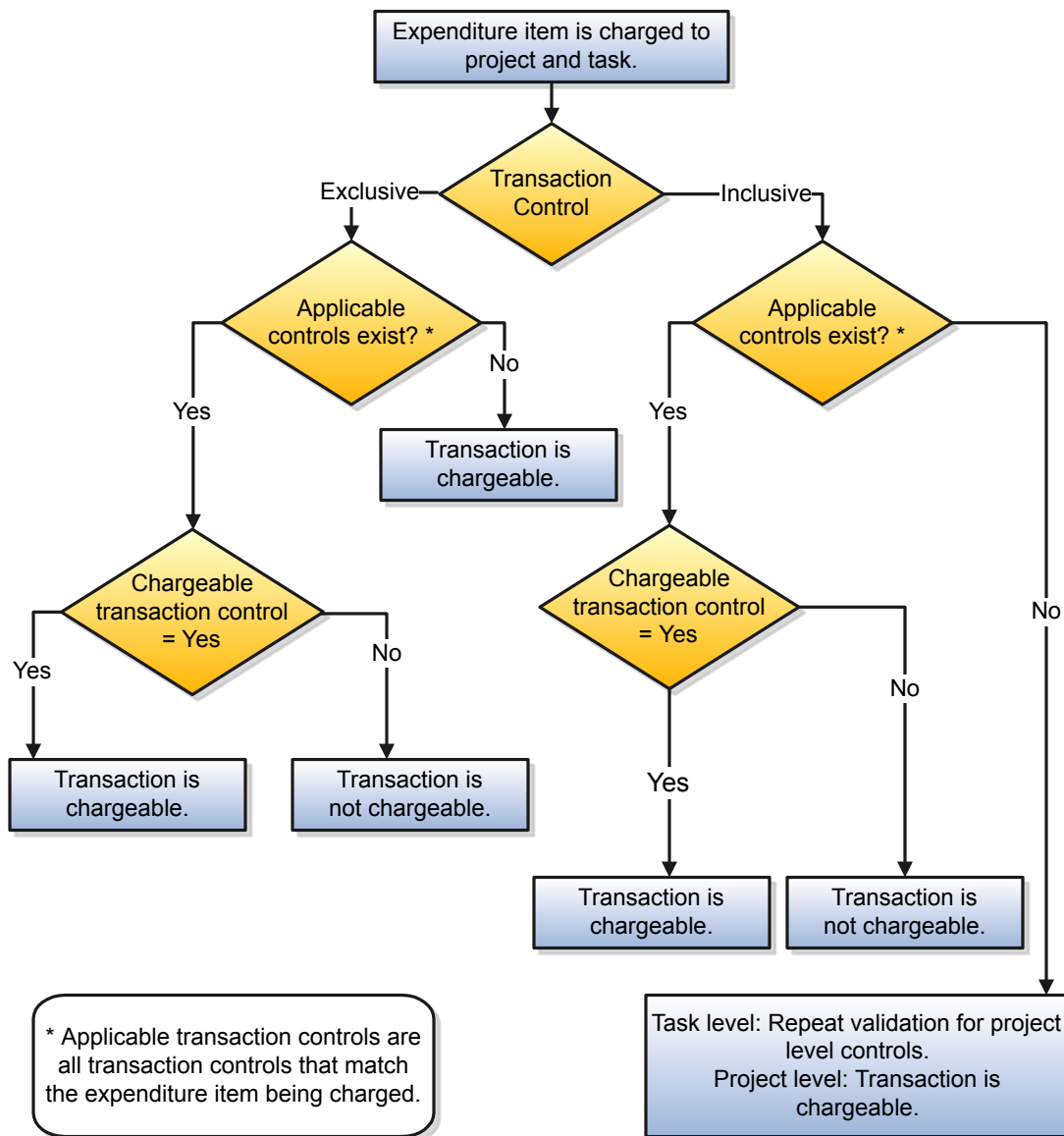
Use the exclusive and inclusive transaction control options to set the chargeable status for all expenditures charged to the project.

Inclusive transaction controls prevent all charges to a project or task except the charges you specifically allow. Specify the types of expenditures that you want to allow, and enable the **Chargeable** option.

By default, exclusive transaction controls allow all charges to a project or task. Specify the types of expenditures that you don't want charged to the project or task.

How Chargeable Status Is Determined

The following illustration shows the steps that Project Costing uses to determine the chargeable status of an expenditure item.



If the inclusive option is selected and applicable transaction controls don't exist, then the transaction isn't chargeable. If applicable controls exist, then the application checks whether the transaction controls allow charges.

If the exclusive option is selected and there are no applicable controls, then the transaction is chargeable. If applicable controls exist, then the application checks whether the transaction controls allow charges.

For both inclusive and exclusive transaction controls, a transaction is chargeable if the **Chargeable** check box is enabled for an applicable control. If the **Chargeable** check box isn't enabled, then the transaction isn't chargeable.

Transaction Controls: Explained

Define transaction controls to specify the types of transactions that are chargeable or nonchargeable for projects and tasks. Use transaction controls to configure your projects and tasks to allow only charges that you expect or plan. You can also define which items are billable and nonbillable on your projects that are enabled for billing. For capital projects, you can define which items are capitalizable and noncapitalizable.

You create transaction controls by configuring the following components:

- Expenditure category
- Expenditure type
- Nonlabor resource
- Person
- Job and organization for the person
- Person type
- Chargeable status
- Billable or Capitalizable status
- From and To dates

You can create any combination of transaction controls that you want. For example, you can create a transaction control for a specific person and expenditure type, or you can create a combination for a person, expenditure type, and nonlabor resource. You also specify the date range to which each transaction control applies. If you don't enter transaction controls, you can charge expenditure items from any person, expenditure category, expenditure type, and nonlabor resource to all lowest tasks on the project.

Chargeable Status

You can further control charges for each transaction control record by specifying whether to allow charges. The default value is to allow charges.

You usually select Chargeable when you're using inclusive transaction controls. For example, if you want to allow people to charge only labor to your project, you define a transaction control with the Labor expenditure category, and allow charges to the project or task.

You usually don't select Chargeable when you're using exclusive transaction controls because exclusive transaction controls list the exceptions to chargeable transactions.

System Person Type

You can use this control to specify whether transactions incurred by employees, contingent workers (contractors), or both are chargeable.


The validation rules for system person type controls are described in the following table.

Transaction Control Type	System Person Type	Validation Rule
Inclusive	No value	Transactions incurred by employees and contingent workers aren't chargeable.
Inclusive	Employee	Only transactions incurred by employees are chargeable.
Inclusive	Contingent worker	Only transactions incurred by contingent workers are chargeable.
Exclusive	No value	Transactions incurred by employees and contingent workers aren't chargeable.
Exclusive	Employee	Transactions incurred by employees aren't chargeable.
Exclusive	Contingent worker	Transactions incurred by contingent workers aren't chargeable.

Billable and Capitalizable Status

You can define billable transactions for billable projects and capitalizable transactions for capital projects by selecting the billable or capitalizable option. You can choose between the options of **No** and **Task Level**. Select **No** if you want the charges to be nonbillable or noncapitalizable. Select **Task Level** if you want the billable or capitalizable status to use the value from the task to which the item is charged.

You define the billable or capitalizable status for a task in the **Task Details** section.

 **Note:** The billable or capitalizable status of an individual transaction takes precedence over the billable or capitalizable status of a task.

From and To Dates

You can define transactions as chargeable for a date range by entering a From Date and To Date for each transaction control record.

Budgetary Control Funds Status: Explained

Budgetary control funds status indicates the validation result of the actual amount against the budget amount. You can set budgetary control for a project or a project and top resource.

Reviewing Funds Status Results

You can review transaction and budget level budgetary control results on the following pages.

Page	Section	Action
Manage Unprocessed Costs This page displays: <ul style="list-style-type: none"> Only those transactions that failed funds check. Results at the distribution level. 	Search Results	<ol style="list-style-type: none"> Select the transaction row. Click the Failed icon in the Funds Status column to open the Funds Reservation window.
Manage Project Costs This page displays: <ul style="list-style-type: none"> Adjustments made to transactions. Results at the transaction level. 	Search Results	<ol style="list-style-type: none"> Select the transaction row. Click the Failed icon in the Funds Status column to open the Funds Reservation window. <p>Alternatively,</p> <ol style="list-style-type: none"> Click the transaction number. Click the Adjustment History tab on the Expenditure Item page. Click View Budgetary Control Results in the Adjustment Errors region to open the Funds Reservation window.
Manage Project Costs If the original transaction passes budgetary control validations but the adjustments: <ul style="list-style-type: none"> Pass with warning, then the overall status is Warning. Fail, then the overall status is Passed. Cost distribution lines aren't generated for the transactions that fail budgetary control validations. 	Errors	<ol style="list-style-type: none"> Select the transaction row in the Search Results region. Click View Budgetary Control Results in the Errors region to open the Funds Reservation window.
Manage Cost Distributions This page displays: <ul style="list-style-type: none"> Adjustments made to transactions. Results at the distribution level. 	Search Results	<ol style="list-style-type: none"> Select the transaction row. Click the Failed icon in the Funds Status column to open the Funds Reservation window. <p>Alternatively,</p> <ol style="list-style-type: none"> Click the transaction number. Click the Adjustment History tab on the Expenditure Item page. Click View Budgetary Control Results in the Adjustment Errors region to open the Funds Reservation window.
Diagnostic Dashboard	Diagnostic Test Run Status	Generate the Project Budgetary Control Validation and Balance Activities diagnostic report.

Page	Section	Action
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By default, transaction-level results are displayed in the secondary window. You can change the view to display budget-level results.

Understanding Funds Status Results

The following table describes funds status results of budgetary control on actual cost transactions.

Status	Description
Blank	Transaction isn't eligible for funds check or transaction isn't validated for funds.
Passed	Transaction successfully passed funds check.
Failed	Transaction failed funds check.
Warning	Transaction passed funds check with warnings.

Related Topics

- [Reviewing Budgetary Control Validation Errors: Procedure](#)

Editing Burden Schedule Multipliers: Points to Consider

When you edit burden multipliers for burden schedules, certain procure-to-pay financial transactions are impacted whereas others aren't.

Transactions Impacted

The revised burden multiplier is used to:

- Reserve burden cost for purchase requisitions, payable invoices, purchase orders, and Oracle Fusion Project Costing expenditure items.

 **Note:** For change orders, it applies only to new distributions for an approved PO.

- Reserve burden cost for payable credit and debit memos not associated to a validated invoice.
- Reserve receipt accounting distribution funds for receipt cost, retroactive price adjustments, and invoice price variances.

Transactions Not Impacted

The previous burden multiplier continues to be used to:

- Reserve burden cost while adjusting the original PO distributions through a change order.
- Liquidate a requisition while reserving or approving a PO matched to the requisition.
- Liquidate a PO while reserving a payable invoice matched to the PO.
- Liquidate payable cost while importing payable cost to Oracle Fusion Project Costing.
- Cancel, withdraw, and reject requisitions and POs.
- Cancel payable invoices and make prepayment applications for supplier invoice corrections.
- Reserve burden cost for payable credit and debit memos for a validated invoice.
- Reserve receipt accounting distribution funds for receipt correction and return, liquidation of receipt accounting distribution cost, and retroactive price adjustments during interface to project costing.

FAQs for Process Project Cost Transactions

How can I determine the expenditure organization for a transaction?

Based on the type of transaction, you can specify the expenditure organization for a transaction. For example, for time cards and expense reports, the organization to which the employee is assigned is the expenditure organization, unless you allow the override of person organization. For usage, supplier invoices, and purchasing commitments, it is the expenditure-incurring organization that is entered on the expenditure.

What's a borrowed and lent processing method?

A method of processing cross-charge transactions that generates accounting entries to share revenue or transfer costs from the provider organization to the receiver organization within a legal entity. An internal invoice isn't created but costs or revenue are shared based on the transfer price rules. This method provides a financial view of the performance of an organization.

Why are burdened costs not calculated based on the burden schedules I select for a sponsored project or task?

Actual cost transactions for sponsored projects use the burden schedules and burden schedule overrides that you select in the associated award. These transactions don't use the burden schedules and burden schedule overrides that you assign for a sponsored project or task.

You can select burden schedules for planning cost transactions in the planning options of the financial and project plan types. Alternatively, you can set planning options to use actual rates instead of planning rates for planning transactions, in which case, burden schedules and burden schedule overrides assigned in the associated award are also used for planning cost transactions.

If you are using planning rates for financial or project planning, you can select specific rate schedules and burden schedules for the plan type.

Why can't I release expenditure batches from the Manage Unreleased Costs page?

The option to separate the duties to enter and release expenditure batches is enabled for the project. This option must be disabled so that the person who creates the expenditure batches can also release them. Disable the **Separate the duties to enter and release expenditure batches** option on the **Costing** tab in the **Project Options** section of the **Configure Project Accounting Business Function** task from the **Setup and Maintenance** work area.

Alternatively, your manager can release expenditure batches for you from the **Manage Unreleased Costs** page.

If the **Separate the duties to enter and release expenditure batches** option is disabled, then you can edit the unreleased costs and release them by clicking **Save and Release**. If the **Separate the duties to enter and release expenditure batches** option is enabled, then you can either create and edit the unreleased costs, or release the costs by clicking **Release**.

How can I perform budgetary control and encumbrance accounting for my transactions?

You can perform budgetary control for both raw costs and burden costs and perform encumbrance accounting for burden costs on project transactions. Use the **Manage Budgetary Control** or **Manage Encumbrance Accounting** task from the Setup and Maintenance work area to enable budgetary control and encumbrance accounting for your ledger and business unit. These tasks also allow you to enable budgetary control and encumbrance accounting for procure-to-pay business functions, such as requisitioning, procurement, and so on. Additionally, for project accounting business functions, you can exclude specific transaction sources and documents from budgetary control.

The project accounting business function requires that you enable budgetary control for a business unit before enabling encumbrance accounting.

Can I perform budgetary control validation for cross-charge transactions?

The application performs budgetary control validation in context of the transaction ledger and expenditure business unit. If you enable budgetary control for the transaction ledger and business unit, then budgetary control validation is performed against project control budgets if the project control budgets also exist in the same ledger.

3 Distribute Overhead Costs to Projects

Distribute Overhead Costs to Projects: Overview

Perform burdening for project costs using Oracle Fusion Project Costing.

You can also set burdening options, including additive and precedence burden structures, adjust, and recalculate burdening your projects.

Burden Costs: How They're Calculated

Burdening provides the aggregate of raw and burden costs to represent the total cost of doing business accurately. You can calculate burdened costs as a markup of costs by using a precedence of multipliers. Oracle Fusion Project Costing performs a summation of burden costs with raw costs to provide a true representation of costs. Using burdening, you can perform internal costing, revenue accrual, billing, asset capitalization, and budgetary control including the type of burden costs that your company applies to raw costs.

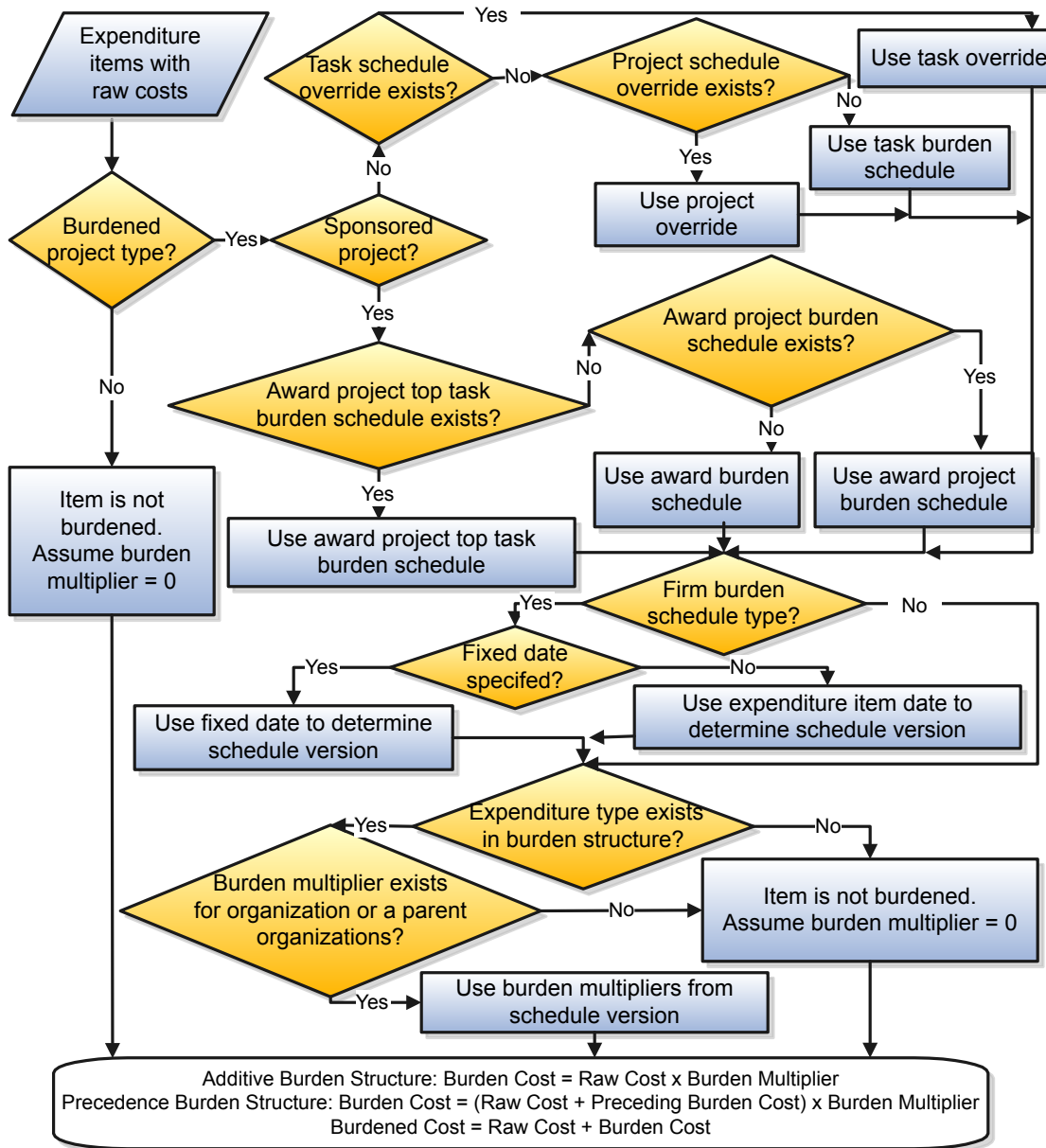
Settings That Affect Burden Cost Calculation Processing

You define the projects that need to be burdened by enabling project types for burdening. When you specify that a project type is burdened, you must then specify the burden schedule to be used. The burden schedule stores the burden multipliers and indicates the transactions to be burdened, based on cost bases defined in the burden structure. You specify the expenditure types that are included in each cost base. With burdening, you can use an unlimited number of burden cost codes, easily revise burden schedules, and retroactively adjust multipliers. You can define different burden schedules for costing, revenue, and billing purposes.

If you enable the option to create separate expenditure items for burden costs at the project type level and the transaction is eligible for budgetary control, then you must associate an expenditure type to the burden cost code in the cost bases of the burden structure.

How Burden Costs Are Calculated

The calculation of burden cost includes the following processing decision logic and calculations.



1. The application selects the expenditure items with raw cost amounts for processing.
2. The process determines if the related project type of the expenditure item is enabled for burdening.
3. If the project type is enabled for burdening, then the process determines the burden schedule to be used.
4. If the project type is not enabled for burdening, then the expenditure item is not burdened. The process assumes the burden multiplier is zero; therefore, burden cost is zero and thus burdened cost equals raw cost.

5. To determine which burden multiplier to use, the process determines if there is a burden schedule override for the expenditure.
6. If a burden schedule override exists, then the process uses the task burden schedule override on the associated task. For sponsored projects, the process ignores the task burden schedule overrides.
7. If no task burden schedule override exists on the associated task, then the process uses the project burden schedule override on the associated project. For sponsored projects, the process ignores the project burden schedule overrides.
8. If there are no burden schedule overrides, the process uses the burden schedule assigned at the task level for burden cost calculations.

For sponsored projects, the process determines the burden schedule to use for burden cost calculations in the following order:

- a. Burden schedule assigned at the summary task level of the award project
 - b. Burden schedule assigned at the award project level
 - c. Burden schedule assigned at the award level
9. If the burden schedule type is a firm schedule, then the process checks if a fixed date is specified for burdening. If yes, it uses the fixed date to determine the schedule version. If a fixed date isn't specified, then the process uses the expenditure item to determine the burden schedule version.
 10. After a schedule version is determined, the process verifies that the expenditure type of the expenditure item is found in any of the cost bases of the selected burden schedule version.
 11. If an expenditure type is excluded from all cost bases in the burden structure, then the expenditure items that use that expenditure type aren't burdened (burden cost equals zero, thus burdened cost equals raw cost).
 12. The process then checks if burden multipliers exist for the organization to which the cost transaction belongs. If burden multipliers aren't defined for the organization, then the process checks if multipliers are defined for any of the parent organizations in the hierarchy. If burden multipliers don't exist for the organization or any of the parent organizations, then the expenditure isn't burdened.
 13. The application calculates burden cost and burdened cost amounts according to the following calculation formulas:
 - o For additive burden structures, burden cost equals raw cost multiplied by a burden multiplier.
 - o For precedence burden structures, burden cost equals the sum of raw cost and preceding burden costs multiplied by a burden multiplier.
 - o Burdened cost equals the sum of raw cost and burden costs.

Burdened Cost Calculation

The burden structure assigned to the burden schedule version determines whether calculations are additive or based on the precedence assigned to each cost code. A burden structure can be additive or precedence based.

If you have multiple burden cost codes, an additive burden structure applies each burden cost code to the raw costs in the appropriate cost base. The examples in the following tables illustrate how burdened cost is calculated as a combination of raw and burden costs and how different burden structures using the same cost codes can result in different total burdened costs.

The following table shows the cost codes and multipliers for calculating burdened cost using the additive burden structure.

Cost Code	Precedence	Multiplier
Overhead	1	0.10
Material Handling	1	0.10

Cost Code	Precedence	Multiplier
General Administrative Costs	1	0.10

Cost Type	Calculation	Amount
Raw Cost	Not Applicable	1000.00
Overhead	1000.00×0.10	100.00
Material Handling	1000.00×0.10	100.00
General Administrative Costs	1000.00×0.10	100.00
Burdened Cost	$1000.00 + 100.00 + 1000.00 + 100.00$	1300.00

A precedence burden structure is cumulative and applies each cost code to the running total of the raw costs, burdened with all previous cost codes. The calculation applies the multiplier for the cost code with the lowest precedence number to the raw cost amount.

The calculation applies the cost code with the next lowest precedence to the subtotal of the raw cost plus the burden cost for the first multiplier. The calculation logic continues in the same way through the remaining cost codes. If two cost codes have the same precedence number, then both are applied to the same subtotal amount.

The following table shows the cost codes and multipliers for calculating burdened cost using the precedence burden structure for an expenditure item which is not rate based.

Cost Code	Precedence	Multiplier
Overhead	10	0.10
Material Handling	20	0.10
General Administrative Costs	30	0.10

Cost Type	Calculation	Amount
Raw Cost	Not Applicable	1000.00
Overhead	1000.00×0.10	100.00
Material Handling	$(1000.00 + 100.00) \times 0.10$	110.00
General Administrative Costs	$(1000.00 + 100.00 + 110.00) \times 0.10$	121.00
Burdened Cost	$1000.00 + 100.00 + 110.00 + 121.00$	1331.00

Cost Type	Calculation	Amount
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The order of the burden cost codes has no effect on the total burdened cost with either additive or precedence burden structures.

Recalculating Burden Costs: Points to Consider

Oracle Fusion Project Costing identifies existing transactions that are eligible for burden cost recalculation and marks the transactions for reprocessing. For example, when a multiplier for an organization and burden cost code changes on a burden schedule version, the application marks for recalculation all transactions for the organization that are charged to an expenditure type that's linked to the burden cost code.

Burden Cost Recalculation Is Required

Burden cost recalculation is required in the following situations:

- A build occurs on a burden schedule version that was previously built.
- An actual burden schedule version is built to replace a provisional burden schedule version.
- During recalculation, one or more transactions aren't marked for recalculation of burden cost amounts, such as when an expenditure item is locked by another unprocessed adjustment, or a technical error occurs in the process.

A burden schedule can have multiple versions. The **Recalculate Burden Cost** button is enabled for a burden schedule if at least one version requires recalculation.

Click the **Recalculate Burden Cost** button after selecting the burden schedule on the Manage Burden Schedules page for the process to identify and process eligible transactions for burden cost recalculation.

After the impacted transactions are identified for burden cost recalculation, the Recalculate Burden Cost process initiates the Import Costs process to create expenditure items and cost distribution lines for the transactions.

If burden cost recalculation is still required after the Recalculate Burden Cost process completes, then review the process output report to determine why the process didn't identify eligible transactions for recalculation.

Same Line Burdening

In case of same line burdening,

- The adjusted expenditure item creates a:
 - Reversed cost distribution line with the original burden schedule.
 - New cost distribution line with the updated burden schedule.
- Recalculation uses the latest burden schedule.

Separate Line Burdening

The Recalculate Burden Cost process initiates the Generate Burden Costs process to regenerate the burden costs.

Transactions that are being processed for the first time aren't picked up because the burden on the expenditure item is already reserved when the transaction is imported.

If the identified transactions are eligible for budgetary control then the latest cost distribution lines for these transactions are used.

Burden Cost Recalculation Isn't Required

Burden cost recalculation isn't required in the following situations:

- All burden schedule versions for the build are in a new status.
- Changes are made to burden schedule versions prior to the build.
- The Recalculate Burden Cost process is complete and all impacted transactions are successfully marked for burden cost recalculation.

If burden cost recalculation isn't required, the **Recalculate Burden Cost** button is disabled for the burden schedule.

Related Topics

- [Editing Burden Schedule Multipliers: Points to Consider](#)

Additive and Precedence Burden Structures: Examples

A burden structure can be additive or precedence based. If you have multiple burden cost codes, an additive burden structure applies each burden cost code to the raw cost in the appropriate cost base. A precedence burden structure is cumulative and applies each cost code to the running total of the raw cost, burdened with all previous cost codes. You assign the multiplier on the burden schedule that Oracle Fusion Project Costing uses to perform the cost buildup for each detailed transaction.

Additive Burden Structure

Create an additive burden structure to apply each burden cost code assigned to a cost base using the same precedence when calculating burden costs. Each burden cost code in an additive burden structure is automatically assigned a default precedence value of 1, as shown in the following table.

Cost Code	Precedence	Multiplier	Formula	Amount (USD)
Raw Cost				100.00
Overhead	1	0.50	0.50×100.00	50.00
Fringe Benefits	1	0.30	0.30×100.00	30.00
General and Administrative	1	0.20	0.20×100.00	20.00
Burdened Cost				200.00

Cost Code	Precedence	Multiplier	Formula	Amount (USD)
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Precedence Burden Structure

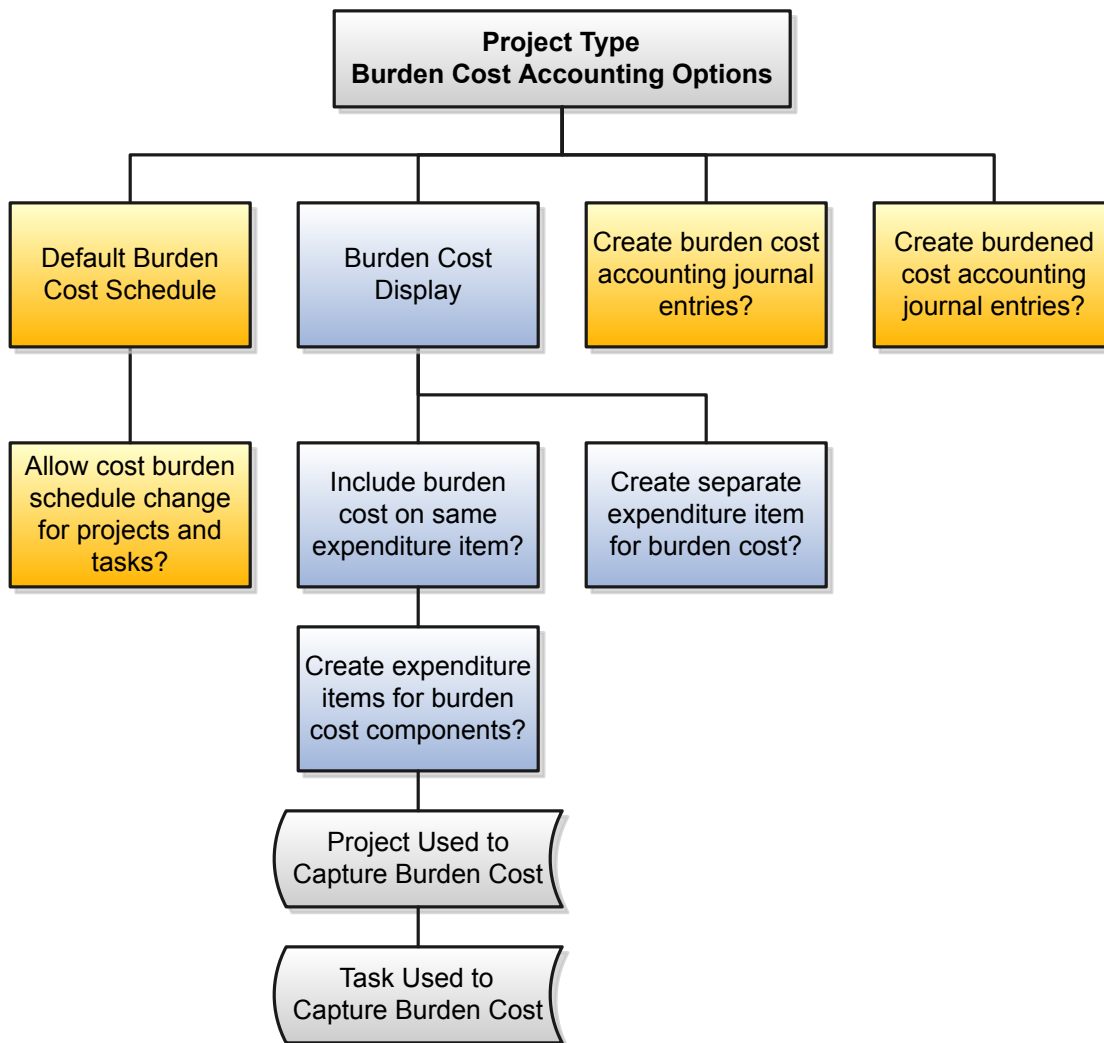
Create a precedence burden structure to specify the order in which each burden cost code assigned to a cost base is applied to raw costs, as shown in the following table.

Cost Code	Precedence	Multiplier	Formula	Amount (USD)
Raw Cost				100.00
Overhead	10	0.50	0.50×100.00	50.00
Fringe Benefits	20	0.30	0.30×150.00	45.00
General and Administrative	30	0.20	0.20×195.00	39.00
Burdened Cost				234.00

Burdening Options for Project Types: Points to Consider

Burdening is a method of applying one or more burden cost components to the raw cost amount of each individual transaction to calculate burden cost amounts. Use project types to control how burden transactions are created and accounted. If you enable burdening for a project type, you can choose to account for the individual burden cost components or the total burdened cost amount.

The following diagram illustrates the burden cost accounting options for project types.



You specify the following options when setting up burdening options for project types.

- Default Cost Burden Schedule
- Allow Cost Burden Schedule Change for Projects and Tasks
- Include Burden Cost on Same Expenditure Item
 - Create Expenditure Items for Burden Cost Components
- Create Separate Expenditure Item for Burden Cost
- Create Burden Cost Accounting Journal Entries
- Create Burdened Cost Accounting Journal Entries

Default Cost Burden Schedule

If you enable burdening for the project type, you must select the burden schedule to use as the default cost burden schedule for projects that are defined with this project type.

Allow Cost Burden Schedule Change for Projects and Tasks

Enable this option to allow a change of the default cost burden schedule when entering and maintaining projects and tasks. Don't enable this option if you want all projects of a project type to use the same schedule for internal costing.

Include Burden Cost on Same Expenditure Item

Enable this option to include the burden cost amount in the same expenditure item. You can store the total burdened cost amount as a value with the raw cost on each expenditure item. Oracle Fusion Project Costing displays the raw and burdened costs of the expenditure items on windows and reports.

If you include burden cost amounts on the same expenditure item, but wish to see the burden cost details, enable the option to create expenditure items for each burden cost amount on an indirect project and task.

Create Separate Expenditure Item for Burden Cost

Enable this option to account for burden cost amounts as separate expenditure items on the same project and task as the raw expenditures. The expenditure items storing the burden cost components are identified with a different expenditure type that is classified by the expenditure type class Burden Transaction. Oracle Fusion Project Costing summarizes the cost distributions to create burden transactions for each applicable burden cost code. The most important summarization attributes are project, lowest task, expenditure organization, expenditure classification, supplier, project accounting period, and burden cost code.

Create Burden Cost Accounting Journal Entries

Indicate whether to create an entry for the burden cost amount.

If burdened costs are calculated for reporting purposes only, and you don't want to interface burdened costs to the general ledger, you can disable the creation of accounting journal entries. If you select this option, only the burden cost, which is the difference between the burdened cost and raw cost, is interfaced to general ledger.

Create Burdened Cost Accounting Journal Entries

Indicate whether to account for the total burdened cost amount of the items. You typically use this option to track the total burdened cost amount in a cost asset or cost work-in-progress account.

The burdened cost is the sum of raw and burden costs. Therefore, selecting this option may result in accounting for raw cost twice. For example, assume that the raw cost of an item is 100 USD, the burden cost is 50 USD, and the burdened cost is 150 USD. When the application creates a journal entry for 150 USD, it accounts for the 100 USD that was already accounted for as raw cost, plus the 50 USD burden cost.

Testing Burden Cost Calculations: Explained

Test burden cost calculations to view a breakdown of the total burdened cost for a specific project transaction and to verify your burden structure and burden schedule implementation. The test emulates an actual burden cost transaction for a set of

criteria consisting of the project, task, burden schedule, expenditure type, expenditure organization, raw cost, quantity, and transaction date.

The application uses the burden schedule that you specify as burden cost criteria to calculate burden amounts. If you specify a project as burden cost criteria, and you don't specify a task or burden schedule, then the application uses the burden schedule on the project. If you specify a project and task, and you don't specify a burden schedule, then the application uses the burden schedule on the task.

Test burden cost calculations to:

- Verify that the amounts for each burden cost code and for the total burdened cost are calculated correctly according to the specified criteria.
- Confirm that the correct schedule is used for the given project and task.
- Confirm that the desired burden cost codes and rates are used for the organization and expenditure type.

FAQs for Distribute Overhead Costs to Projects

What's the difference between allocation and burdening?

Both allocation and burdening are related to expenditure item costs. Allocation uses actual amounts from sources such as project sources, ledger sources, and fixed amount source to provide the source pool amount. Allocation generation apportions these source pool amount to target projects and tasks. When you release the allocation, expenditure items are created against each target project.

Burdening uses a set of estimated burden multipliers to increase the total cost amount of expenditure items. This fixed percentage is an estimate of the indirect or burden costs associated with the raw costs for each expenditure item.

Allocations and burdening aren't mutually exclusive; you can use both. Whether your company uses allocations, burdening, or both in a particular situation depends on how your company works and how you have implemented Oracle Fusion Project Costing.

How can I charge burden cost to a task in another project?

You can charge burden cost to a task in another project by selecting to create separate expenditure items for burden cost components and by specifying the target project and task where you define burden options for a project type.

How can I correct burden costs?

Recalculate the burden cost of an expenditure item or a group of expenditure items if the burdened cost amount is incorrect. To produce correct recalculation results, you must first correct the source of the problem before redistributing the items. You must verify burden setup details, such as the burden structure, burden multiplier in burden schedule, and burden schedule at the project or task level. After changing the burden setup, identify and mark the impacted expenditure items for recalculating the burden cost amount and then perform the adjustment.

What happens to processed expenditure items when I add a project or task burden schedule override?

If you change the burden schedule for a lowest-level task with processed expenditure items, then the expenditure items aren't automatically marked for reprocessing.

Only new expenditure items charged to the task use the new burden schedule. You can mark the expenditure items for recalculation and reprocess using the new burden schedule assigned to the task. You can manually adjust the expenditure items to recalculate the burden cost amounts by using the new burden schedule assigned to the task and then reprocessing the expenditure items.

What happens to the existing expenditure items if I rebuild a burden schedule version?

When you rebuild burden schedules and recalculate burden cost amounts, Oracle Fusion Project Costing identifies the existing transactions that are impacted by the adjustments and marks the transactions for reprocessing. For example, if the multiplier for an organization and the burden cost code change, all transactions that are charged to an expenditure type associated to the burden cost code in that organization are marked for reprocessing. The adjustments are processed and burden costs are updated.

Why are burden costs summarized into multiple expenditure items for each project, task, and period?

Summarized burden transactions are created into separate items based on the following attributes that determine the summarization process: project, task, organization, billable indicator, capitalizable indicator, project accounting period, accounting period, transaction currency, provider ledger currency, receiver ledger currency, project currency, indirect cost code, expenditure type class, person type, and purchase order line.

4 Review and Adjust Project Costs

Review and Adjust Project Costs: Overview

Perform adjustments to your processed project costs and commitments after reviewing them in Oracle Fusion Project Costing.

You can review and adjust your cost transactions both before and after importing them to Oracle Fusion Project Costing.

Project Cost Adjustments: How They're Processed

Project cost adjustments include expenditure item modifications that are required after you import project transactions into Oracle Fusion Project Costing. For example, a project cost adjustment is needed if a transaction is incorrectly charged to a project or task. You can correct the transaction by performing an expenditure item adjustment of transferring the costs to a different project or task or changing cost or burden rates for the expenditure item. Oracle Fusion Project Costing adjusts the expenditure items and performs the related cost processing. You can review expenditure items and then perform various costing and billing adjustments.

Settings That Affect Project Cost Adjustments

The document entry option to allow adjustments determines if adjustments can be performed on the expenditure items created for that document entry.

How Adjustments Are Processed

Perform adjustments to recalculate cost or cross-charge amounts, recalculate currency conversions, change the billing status, or split the quantity and transfer the expenditure items to another project or task. You can perform one or more adjustments on one or multiple expenditure items. However, you can only perform one type of adjustment at a time, regardless of the number of expenditure items that will be impacted. Depending on your privileges, you either submit the adjustment for approval or approve adjustments and submit them for processing.

The application processes the expenditure items for the adjustment along with cost processing. The expenditure items go through the basic validation. Then, depending on the adjustment type, the expenditure items are run through the **Import and Process Cost Transactions** process.

The application rolls back the processing automatically for process validation errors such as those for pricing, accounting, period derivation, and for transaction control violations. For split and transfer expenditure item adjustments, if transferring of any one of the expenditure item fails, then the application doesn't create new expenditure items or the associated cost distributions. The original expenditure item is set to rejected status and the error details are provided in the adjustment history of the expenditure item. For other adjustments such as billable status changes or raw cost and burden cost recalculation, the application rolls back the creation of the reversing and new cost distributions and updates the original expenditure item as rejected. You can't cancel an adjustment performed on an expenditure item for which funds are already reserved against a control budget.

The application tracks adjustment history for the expenditure item, including details such as the person submitting the adjustment and the submission date. It also records whether the adjustment comes from costing, invoice, or revenue. Review the errors and then either cancel or reprocess the adjustment.

You can review the cost distributions for a specific period, and compare and reconcile the cost amounts to amounts in other applications.

Expenditure Item Adjustment Statuses: Explained

After reviewing and submitting expenditure item adjustments for processing, Oracle Fusion Project Costing processes expenditure items for the specified costing and billing adjustments. The application tracks the adjustment activity in the Adjustment History of the expenditure item. You can review the adjustment status and process the expenditure item accordingly.

Expenditure Item Adjustment Statuses

The possible adjustment statuses of expenditure items during the adjustment processing are explained as follows.

Resulting Adjustment Status	Description	Tasks You Can Perform
Pending Approval	Adjustment is submitted and is pending for approval.	You can't cancel an adjustment in this status. Once approved, the status changes to completed.
Pending	Adjustment is submitted for processing.	You can cancel the adjustment.
Failed	Adjustment isn't selected for processing because of validation errors. Failure reasons are provided.	<p>You can't resubmit or cancel an adjustment in this status. The transaction failed because of basic adjustment validation such as project status is closed or not allowing adjustment on a net-zero expenditure item.</p> <p>The billing adjustments aren't validated for the closed status of a project because you can perform adjustments on a closed contract.</p>
Rejected	Adjustment is rejected for processing by the Import Costs process due to processing errors, transaction control validation errors, or costing errors.	Review the error details, correct the issues, and then resubmit to process them again. You can cancel the adjustment. Even if two adjustments in rejected status exist, you can cancel one of them independently.
Completed	Adjustment is successfully completed.	None
Canceled	Adjustment is canceled. You can cancel only pending or rejected adjustments of any type except rebuilding burden costs and updating project and task organizations.	None

You can cancel only pending or rejected adjustments of any type except rebuilding burden costs and updating project and task organizations. Also, you can't cancel an adjustment performed on an expenditure item for which funds are already reserved against a control budget.

Reviewing Budgetary Control Validation Errors: Procedure

You can review budgetary control validation errors and resolutions in the Project Budgetary Control Validation and Balance Activities diagnostic report.

You can generate the diagnostic report in the following manner.

1. Sign in as the application diagnostics administrator.
2. Select **Run Diagnostics Tests...** under **Troubleshooting** from your user profile menu.
3. Search for the test Project Budgetary Control Validation and Balance Activities on the diagnostic dashboard.
4. Click the check box to select the diagnostic test and click **Add to Run** on the toolbar.
5. Click the warning icon under the **Input Status** column to open the **Input Parameters** window.
6. Enter the required parameters under the **New Value** column and click **OK**.
7. Verify that the warning icon changes to success under the **Input Status** column and click **Run** on the toolbar.
8. Click **OK** to close the confirmation message and click the refresh icon on the toolbar of the **Diagnostic Test Run Status** table.
9. Expand the test run so that the Project Budgetary Control Validation and Balance Activities test appears.
10. Click the **View Test Results** icon under the **Report** column to review the diagnostic report.

FAQs for Review and Adjust Project Costs

Can I adjust an expenditure item to be both billable and capitalizable?

Yes, an expenditure item can be both billable and capitalizable. You can adjust expenditure items for both the attributes.

Can I perform all adjustments on multiple expenditure items?

You can perform all the adjustments when you select multiple expenditure items except adjustments that are performed on a single expenditure item, such as the following.

- Edit comment
- Split
- Split and transfer

What happens if I split and transfer an expenditure item with related expenditure items?

When you perform a split, transfer, or split and transfer adjustment on an expenditure item that has related items, the application automatically reverses the source transaction and related transactions and creates expenditure items that result from the split and transfer adjustment in the destination project or task.

You can't split and transfer a related item independently to another project or task. However, you can perform billing adjustments and other adjustments such as changing the capitalizable status of an expenditure item and the related expenditure items independently.

Can I prevent expenditure items from being recognized for revenue?

Yes. You can place expenditure items on revenue hold to stop the expenditure items from being recognized for revenue. If the expenditure items are already recognized, then they're identified for reversing during the next revenue generation and aren't eligible until the revenue hold is released.

Can I prevent expenditure items from being invoiced?

Yes. You can place expenditure items on invoice hold to stop the expenditure items from being invoiced. If the expenditure items are already invoiced, then they're identified for reversing during the next invoice generation and aren't eligible until the invoice hold is released.

For external or interproject billing, you can select either the **Hold Invoice Once** or **Hold Invoice Until Released** option to place expenditure items on invoice hold. For intercompany billing, you can select only the **Hold Invoice Until Released** option to place expenditure items on invoice hold.

Selecting **Hold Invoice Once** prevents an expenditure item from being invoiced until an invoice is released for a contract line which is associated with the expenditure item. Selecting **Hold Invoice Until Released** prevents an expenditure item from being invoiced until you release the invoice hold by selecting the **Release Invoice Hold** option.

Why are some of the expenditure items adjustments not processed?

Expenditure item adjustments aren't processed if:

- The document entry of the expenditure item doesn't allow adjustments.
- The **Adjust transactions** status control of project status doesn't allow transaction adjustments.
- The expenditure item is already adjusted or reversed.
- The expenditure item is a net zero expenditure item.
- The same adjustment type for the expenditure item is already pending or rejected.
- The expenditure item is marked as a converted transaction and the adjustment type is other than Edit Comment, or Hold and Release Invoice and Revenue.
- You don't have the privilege to adjust.

Where is the source to determine details of summarized amounts?

Cost distribution lines become the source because they provide detailed data for summarized amounts. Summarized amounts are grouped by the period, billing or capitalization status, and resource assignments that reside on the distributions. Cost distribution lines are also the source for accounting events and can be used to reconcile with general ledger balances.

How can I view source transaction details for a transaction?

On the **Manage Project Costs** page, view source transaction details for a selected transaction from the **Actions** menu.

Alternatively, navigate to the **Expenditure Item** page by clicking the transaction number link. You can view the source transaction details by clicking the invoice number link in the **Supplier Invoice Details** section.

How can I perform a mass adjustment?

In the **Manage Project Costs** page, select the transactions that you want to update and click **Create Mass Adjustment**. In the **Create Mass Adjustment** page, select the adjustment type, provide justification, select the project or task to transfer to, or work type to change to depending on the adjustment type selected, and submit the adjustment.

Can I cancel an adjustment performed on an expenditure item for which funds are already reserved against a control budget?

No. You must fix the error by performing another adjustment that transfers the transaction back to its original source.

5 Manage Project Rate Schedules

Manage Project Rate Schedules: Overview

Specify project rates and schedules for your planning, costing, and billing requirements in Oracle Fusion Project Costing. You can specify schedule types such as job, person, nonlabor, and resource class for your rate schedules in Oracle Fusion Project Costing.

Rate Schedule Types: Explained

Schedule types determine usage for rates within rate schedules. You specify a schedule type for rate schedules created for costing, billing, or planning purposes in Project Financial Management applications.

The schedule types are:

- Job
- Person
- Nonlabor
- Resource class

Job

Job rate schedules contain rates used to calculate amounts for the following types of labor transactions:

- Costing
- Billing (invoice and revenue)
- Planning
- Budgeting
- Forecasting
- Transfer price

The rate is based on the standard hourly rate assigned to a job title in Oracle Fusion Human Capital Management.

If you are using planning rates for financial or project planning, you can select a specific job rate schedule when configuring rate settings at the plan type or project level. Job rate schedules are used if rates cannot be derived from the person labor rate schedule.

When creating a job schedule type, you must select a job set from Oracle Fusion Human Capital Management. The job set is the source of jobs in your rate schedule. Assign rates or markup percentages to jobs in the rate schedule.

Person

Person schedules contain raw cost rates and billing rates or markup percentages for labor transactions and transfer price amounts. The rate that calculates the cost or billing amount for a project transaction is based on the standard hourly rate

or markup percentage assigned to a person, or the job or organization assigned to the person in the schedule. The job or organization is based on the person's assignment in Oracle Fusion Human Capital Management.

You have the option of assigning rates to the following:

- Person
- Person and job
- Person, job and organization

If you assign a rate to a person and job combination, that rate has precedence over the person rate. If you assign a rate to a person, job and organization combination, that rate has precedence over the person rate or person and job combination.

If you are using planning rates for financial or project planning, you can select a specific person rate schedule when configuring rate settings at the plan type or project level. Person rate schedules are used if rates can't be derived from the labor rate schedule.

Nonlabor

Nonlabor rate schedules contain rates or markup percentages that calculate cost, bill, revenue, plan, budget, forecast, or transfer price amounts for nonlabor resources.

Enter a rate or markup percentage for expenditure types with the Rate Required option enabled. Otherwise, assign it only a markup percentage. Assign rates to nonlabor resources and optionally define rates for nonlabor resource organizations.

If you are using planning rates for financial or project planning, you can select a specific nonlabor rate schedule when configuring rate settings at the plan type or project level.

Resource Class

Resource class schedules contain the planning rates or markup percentages for a resource class or a combination of resource class and organization. You optionally assign a resource class schedule to a project plan or financial plan (budgets and forecasts) at the plan type level or version level. The resource class rate schedule determines rates for the associated resources if the rates cannot be derived elsewhere.

Enter a rate or markup percentage for each resource class in the rate schedule. Optionally, assign the rate or markup percentage to a specific organization for a resource class.

Related Topics

- [Labor Cost Rates: How They're Determined](#)
- [Selecting Rate Schedules for Project and Financial Planning: Points to Consider](#)
- [Invoice and Revenue Rates: How They Are Determined](#)
- [Job Mapping: Explained](#)

Import Project Rate Schedules Process

Use the Import Project Rate Schedules process to import project rate schedules from third-party applications, create new project rate schedules, or update existing project rate schedules.

You can use the Project Rate Schedules Interface macro-enabled Excel workbook template to prepare data for loading and importing, and ensure that your data conforms to the structure and format of the target application database tables. The workbook contains the following worksheets:

- **Instructions and CSV Generation:** Table-specific instructions, guidelines, formatted spreadsheets, and recommendations for preparing the data file for upload.
- **Rate Schedules:** Project rate schedule details such as schedule name, schedule type, currency, and so on.
- **Person Rates:** Labor rate details such as person name, rate, markup percentage, and so on.
- **Job Rates:** Job rate details such as the job code, cost or billing rate, and so on.
- **Nonlabor Rates:** Nonlabor rate details such as expenditure type, rate, markup percentage, and so on.
- **Resource Class Rates:** Resource class rate details such as resource class, unit of measure, rate, and so on.

After you prepare the data in the Project Rate Schedules Interface Excel template, click the **Generate CSV File** button in the template to create the CSV files in a zip file format to load data to the interface tables. Optionally, you can bypass the Excel template and manually create the CSV files.

On the Scheduled Processes page, submit the Load Interface File for Import process followed by the Import Project Rate Schedules process to transfer data to the application database tables.

Import Project Rate Schedules Process: Parameters

Rate Schedule

Name of the project rate schedule that's imported from the interface tables into the application. If you don't specify a value, then all the rate schedules that exist in the interface tables are imported.

Report Success Details

Option to display or hide the successfully imported rate schedules, person rates, job rates, nonlabor rates, and resource class rates in the Import Project Rate Schedules Report. The default value is No.

Import Project Rate Schedules Report

The Import Project Rate Schedules Report contains the output of the Import Project Rate Schedules process. The report displays the processing errors, warnings, and exceptions encountered during the import process. The report can optionally display all the rate schedules and rates that were successfully imported.

Review the processing errors, warnings, and exceptions for the rate schedules and fix the issues in your data. Reload the updated data to the interface tables and resubmit the Import Project Rate Schedules process.

Related Topics

- [External Data Integration Services for Oracle Cloud: Overview](#)

FAQs for Manage Project Rate Schedules

How can I bill a nonlabor expenditure item at cost?

Enter a zero percent markup for the expenditure type on the nonlabor rate schedule.

How can I define bill rates for inventory items?

You can enter cost markups in the nonlabor rate schedule instead of rates for expenditure types that are related to inventory items.

Alternatively, if you enter a bill rate for an expenditure type that relates to inventory items, then the base unit of measure for inventory transactions reported under the expenditure type must be the same as the unit of measure for the expenditure type. If the base unit of measure for an inventory transaction differs from the unit of measure for the expenditure type, the Generate Revenue process reports an error and doesn't process the transaction.

Where does the transaction currency for nonlabor expenditures come from?

The transaction currency of a nonlabor transaction comes from one of two possible sources.

If the nonlabor expenditure type uses a rate and quantity, then the transaction currency of the expenditure is the same as the transaction currency in the nonlabor rate schedule.

If the unit of measure of the nonlabor expenditure type is currency, then the transaction currency equals the ledger currency.

6 Record Accounting for Project Transactions

Record Accounting for Project Transactions: Overview

Perform accounting for your project costs and commitments using Oracle Fusion Project Costing.

You can review and validate accounting entries based on the settings for your accounting and project accounting periods.

Accounting Burden Costs: How They're Processed

Burdening enables you to review the raw cost, burden cost, and burdened cost of each transaction. You control burden accounting options by project type. Create accounting for burden costs in Oracle Fusion Project Costing even when raw costs are accounted in a third-party application. You can create and track the accounting independently for raw cost, burden cost, and burdened cost.


Settings That Affect Accounting of Burden Costs

When you define the project type, you specify the burden cost accounting options:

- **Create burden cost accounting journal entries:** Burden cost entries create an entry for the burden amount. If burden cost is created on the same expenditure item, then this is the burden cost amount that was calculated. If burden cost is created on a separate line, burden amount is zero on the source transaction because the raw and burdened costs are the same.
- **Create burdened cost accounting journal entries:** Burdened cost entries create entries for the burdened amount. If burdened cost is created on same expenditure item, then an additional entry is created for the burdened cost amount. If burdened cost is created as a separate expenditure item, it creates an entry for each source transaction for the same amount as the raw cost. It creates another entry for the burden expenditure items for the burdened cost.

How Accounting Is Performed

Based on the burden cost accounting options, the application performs accounting of burden costs as shown in the following examples.

 **Note:** The **Create Accounting** process for requisitions and POs creates a single journal header for both raw and burden costs during encumbrance accounting.

Accounting for Burden Costs by Burden Cost Code

Accounting by burden cost code is applicable only when you choose to create separate expenditure items for each burden cost code. You can account for individual burden cost codes to track each in Oracle Fusion Subledger Accounting and

Oracle Fusion General Ledger. The following table shows the accounting for a labor transaction (raw cost) with three types of burden costs: fringe, overhead, and general and administrative.

Transactions	Accounting Transactions	Debit	Credit
Labor Cost	Labor Expense	300	
Labor Cost	Payroll Clearing		300
Summarized Burden Cost	Project Fringe Expense	250	
Summarized Burden Cost	Fringe Absorption or Recovery		250
Summarized Burden Cost	Project Overhead Expense	300	
Summarized Burden Cost	Overhead Absorption or Recovery		300
Summarized Burden Cost	Project General and Administrative Expense	150	
Summarized Burden Cost	General and Administrative Absorption or Recovery		150

Accounting for Burden Costs


Accounting by burden cost is applicable only when you choose to include burden cost on the same expenditure item as the raw cost. The following table shows the accounting for a labor transaction and burden cost of 700 USD.

Transactions	Accounting Transactions	Debit	Credit
Labor Cost	Labor Expense	300	
Labor Cost	Payroll Clearing		300
Labor Cost	Work-in-Progress Project Cost	700	
Labor Cost	Labor Burden Work-in-Progress Transfer		700

Encumbrance Accounting for Burden Costs

The burden and burdened costs get actual accounted when you perform encumbrance accounting on burden costs. The offsetting reversals for the reserved for encumbrance and PO obligation entries are recorded based on the liquidation amount of the PO obligation. The following table shows the accounting for an overhead transaction with a burden cost of 16 USD.

Transactions	Accounting Transactions	Debit	Credit
Overhead Actuals	Burdened Cost	66	
Overhead Actuals	Burden Cost	16	
Overhead Actuals	Burdened Cost Clearing		66
Overhead Actuals	Burden Cost Clearing		16
Overhead Encumbrance	Reserve for Encumbrance	16	
Overhead Encumbrance	PO Obligation		16

 **Note:** For separate line burdening you must run the Generate Burden Costs process and then perform accounting to create the encumbrance accounting entries for burden costs.

Accounting for Burdened Cost

You can account for the burdened cost of the items, without distinguishing the amounts by burden cost components. Use this approach to track the burdened cost in a cost asset or cost work-in-progress account. This method is sometimes referred to as project inventory. You can track the work-in-progress cost when you:

- Capitalize burdened cost.
- Track the burdened cost as work-in-progress cost on contract projects and later calculate a cost accrual when you generate the revenue.

The following table shows the burdened cost accounting for a labor transaction (raw cost) with three types of burden costs: fringe, overhead, and general and administrative. The burdened cost is 1,000 USD.

Transactions	Accounting Transactions	Debit	Credit
Labor Cost	Labor Expense	300	
Labor Cost	Payroll Clearing		300
Labor Cost	Burdened Cost	1000	
Labor Cost	Burdened Cost Clearing		1000


Accounting for Burden and Burdened Costs

You can also account for the burden and burdened cost of the items.

Transactions	Accounting Transactions	Debit	Credit
Labor Cost	Labor Expense	300	

Transactions	Accounting Transactions	Debit	Credit
Labor Cost	Labor Clearing		300
Labor Cost	Burden Expense	700	
Labor Cost	Burden Clearing		700
Labor Cost	Burdened Cost	1000	
Labor Cost	Burdened Cost Clearing		1000

You can store burden cost on project transactions without an accounting impact by not selecting either of the accounting options in project type.

 **Note:** If you're capitalizing burdened costs, then you must also account the burdened costs.

You must set up account derivation rules so that they derive the same account number for both the debit and the credit. The accounts are derived by subledger accounting. After creating accounting, they're transferred to the general ledger.

Related Topics

- [Burden Costs: How They're Calculated](#)
- [Why are burden costs summarized into multiple expenditure items for each project, task, and period?](#)

Maintaining Accounting Periods and Project Accounting Periods: Critical Choices

During business unit implementation you determine whether to maintain common accounting and project accounting periods, or define project accounting periods that have a different frequency than the accounting periods.

Accounting periods are used by Project Financial Management applications to assign accounting periods and dates to transactions. Accounting periods are maintained by ledger and use the same calendar as the general ledger periods. Project accounting periods are used by Project Financial Management applications for project planning, costing, billing, budgeting, forecasting, and performance reporting. Project accounting periods are maintained by business unit and typically do not use the same calendar as the accounting and general ledger periods.

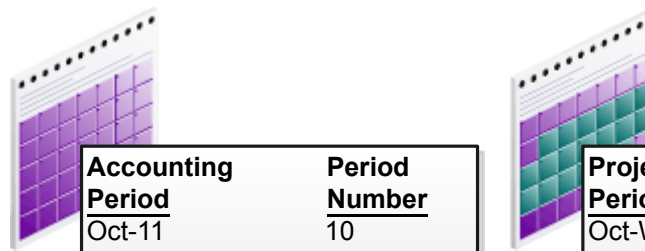
Maintaining Common Accounting and Project Accounting Periods

If you want to report project information with the same frequency as the accounting periods, you can use the accounting period as both the accounting and project accounting period.

When you maintain common accounting and project accounting periods, period maintenance is simplified, calendar periods are not copied to Project Financial Management applications, and period information is maintained in one physical location. Use Oracle Fusion General Ledger to maintain accounting period statuses and run the processes to open and close accounting periods.

Defining Project Accounting Periods that are Different from Accounting Periods

If you want to account for project transactions and report project information more frequently than the accounting periods allow, you can define project accounting periods that are shorter than the accounting periods. For example, you can define weekly project accounting periods and monthly accounting periods, as shown in the following diagram.



Accounting Period	Period Number
Oct-11	10
Sep-11	9
Aug-11	8
Jul-11	7
Jun-11	6
May-11	5
Apr-11	4
Mar-11	3
Feb-11	2
Jan-11	1
Dec-10	12
Nov-10	11
Oct-10	10

Project Accounting Period	Period Number
Oct-W4-11	42
Oct-W3-11	41
Oct-W2-11	40
Oct-W1-11	39
Sep-W4-11	38
Sep-W3-11	37
Sep-W2-11	36
Sep-W1-11	35
Aug-W4-11	34
Aug-W3-11	33
Aug-W2-11	32
Aug-W1-11	31
Jul-W4-11	30

Use Oracle Fusion General Ledger to maintain accounting period statuses and run the processes to open and close accounting periods, and Project Financial Management applications to maintain project accounting period statuses and run the processes to open and close project accounting periods.

Related Topics

- How can I set up project accounting periods that are different from accounting periods?
- How can I set up common accounting and project accounting periods?

Viewing Project Costs and Revenue Accounting Entries: Explained

Project accountants and billing specialists can use the **View Accounting** window to review accounting errors and entries created for cost and revenue transactions and take corrective actions. They don't need to navigate to the integrating applications to view the accounting entries of the imported transactions.

View the accounting entries and errors associated with a transaction for the following:

- Cost distributions

- Cross-charge distributions
- Revenue distributions
- Revenue accounting transactions

The accounting entries are displayed in the following regions of the View Accounting window:

Region Name	Description
Source Accounting	Displays accounting entries created by other Oracle Fusion Applications such as Oracle Fusion Payables, Oracle Fusion Receipt Accounting, and Oracle Fusion Cost Management.
Imported Accounting	Displays account combinations and amounts for accounted transactions created in and imported from third-party applications.
Project Accounting	Displays accounting entries created by Projects Financial Management applications.

Settings that control the creation of journal entries are displayed in the View Accounting window to help you understand why certain journal entries were created or not created. The settings are as follows:

- Transaction source document import and accounting options.
- Project type options for creating burden and burdened cost journal entries.

In Oracle Fusion Project Costing, accounting entries are created for each cost distribution and cross-charge distribution. If a transaction has multiple cost distributions, then separate accounting entries are created for each distribution. You can view accounting entries for all distributions associated with a transaction on the Manage Project Costs page, while for a single cost or cross-charge distribution on the Expenditure Item page. In Oracle Fusion Project Billing, you can view the accounting entries for revenue on the Edit Events and Manage Revenue Distribution pages. You can also view the accounting entries for accounting transactions on the Manage Accounting Transactions page.

Creating Accounting for Transactions: Points to Consider

Create accounting entries for project transactions either for selected transactions or for a batch of transactions by running the **Create Accounting** process. If the accounting is not correct, you can modify the transaction attributes used to derive the accounts or modify the accounting rules. Then you can create the accounting entries in draft or final mode and transfer and post the accounting entries to the general ledger.

Creating Accounting for Selected Transactions

You can create accounting entries for individual cost, cross-charge, revenue, and billing offset reclassification transactions. For cost or cross-charge transactions, search and select the transactions in the **Manage Project Costs** page and then create accounting in draft mode or directly create accounting in final mode and post the accounting entries to the ledger. You can also create the accounting for individual cost or cross-charge distributions from the **Expenditure Item Details** page. For revenue transactions, accounting is at the distribution level. You can search and select the revenue transactions and then create accounting entries from the following pages.

- Edit Events
- Manage Revenue Distributions

- Edit Revenue Distributions

You can similarly search and select billing offset reclassification transactions and create accounting entries from the Manage Accounting Transactions page.

Creating Accounting for a Batch of Transactions

To create accounting entries for all transactions or for transactions assigned to a specific processing category, you can run the Create Accounting process anytime from the following pages.

- Costs: Tasks pane in Project Costs work area
- Revenue: Tasks pane in Contract Revenue work area

The Create Accounting Process report tracks the details of impacted transactions. Review and correct the errors and then run the Create Accounting process to create accounting entries and then post them to the general ledger.

Accounting Class Usages in Project Financial Management: Explained

An accounting class usage is a group of accounting classes that provides a systematic way to identify the characteristics of a particular journal entry line or to retrieve a specific account for a transaction. In Project Financial Management, for example, a single journal entry may contain journal entry lines for raw cost, raw cost clearing, burden cost, burden cost clearing, burdened cost, or burdened cost clearing. To determine the journal line that represents burden cost, the burden cost accounting class usage retrieves the account within the journal entry to which the burden cost was posted.

Project Financial Management uses accounting class usages to retrieve accounts for asset generation, borrowed and lent processing, and cost adjustments. These processes assume that only one journal entry line or account will be returned for each accounting class usage. If you modify the accounting class usages, ensure that each usage returns only one account for a given journal entry. This can be done by associating only one project accounting class to an accounting class usage.

For an event class, if you modify or add journal line rules for a specific cost, ensure that the accounting classes are unique across the journal line rules.

Accounting Period and Project Accounting Period Closing: How Validation Works

When you change the project accounting period and accounting period to Close Pending or Close status, you generate the Period Close report. The application validates the transactions in the period and tracks the warnings and errors. Review the errors, fix the issues, and then change the accounting period and project accounting period status to Close or Close Pending status. After closing the accounting periods and project accounting periods, you can open new periods for transaction processing. For warning exceptions, the period status is set to Close or Close Pending status.

How Period Closing Validation Works

When you set an accounting period or project accounting period to Closed or Close Pending, the application generates the Period Close report. The report provides summary information and details of transactions that completed successfully, with warnings, and with errors. If errors were encountered, review the stated corrective actions, fix the issues, and then close the periods.

The following table describes the validation rules for transactions and the validation result for the respective period statuses.

Validation Rule	Close Pending a Project Accounting Period	Close a Project Accounting Period	Close Pending an Accounting Period	Close an Accounting Period
Accounted transactions (for example, supplier invoices, receipts, miscellaneous inventory transactions) entered in an integrating Oracle Fusion application in the same period that are not yet transferred and imported to Oracle Fusion Project Costing.	Validated with a warning	Validated with a warning	Validated with a warning	Fails validation with an error
Unaccounted transactions (for example, supplier invoices, costed receipts, miscellaneous inventory transactions) entered in an integrating Oracle Fusion application aren't yet transferred and imported to Oracle Fusion Project Costing. Net-zero receipts are ignored for validation.	Validated with a warning	Validated with a warning	Validated with a warning	Validated with a warning
Accounting events generated in Project Financial Management applications for both new and adjusted transactions that are not finally accounted or swept to the next open or future-enterable period.	Validated with a warning	Validated with a warning	Validated with a warning	Fails validation with an error
Rejected cost adjustments that are not processed.	Validated with a warning	Validated with a warning	Validated with a warning	Validated with a warning

Validation Rule	Close Pending a Project Accounting Period	Close a Project Accounting Period	Close Pending an Accounting Period	Close an Accounting Period
Pending burden summarization items that are not yet processed.	Validated with a warning	Validated with a warning	Validated with a warning	Validated with a warning
Cross-charge or revenue or billing offset reclassification distribution lines that are not transferred to subledger accounting.	Validated with a warning	Validated with a warning	Validated with a warning	Fails validation with an error
Billable transactions with a revenue classification of rate-based or as-incurred or as-invoiced, that are invoiced but for which revenue was not generated.	Validated with a warning	Validated with a warning	Validated with a warning	Validated with a warning
Revenue events whose completion date has passed but for which revenue was not generated.	Validated with a warning	Validated with a warning	Validated with a warning	Validated with a warning
Accrual transactions that must either be finally accounted or swept to the next period.	Validated with a warning	Validated with a warning	Validated with a warning	Fails validation with an error
The corresponding Oracle Fusion Payables accounting period is not yet closed.	Validated with a warning	Validated with a warning	Validated with a warning	Validated with a warning
Unaccounted transactions that are not swept to the next period.	Validated with a warning	Validated with a warning	Validated with a warning	Fails validation with an error

Sweeping Transaction Accounting Events: Explained

All eligible transactions must be accounted in final mode before closing the period. At the end of a period, you review accounting exceptions and then run the **Sweep Transaction Accounting Events** process to sweep the unprocessed accounting events into the next Open or Future-Enterable period so that you complete the period close. All the accounting events that aren't finally accounted are moved into the next Open or Future-Enterable period.

Run the Sweep Transaction Accounting Events process either for transactions within a business unit or for transactions across business units but assigned to the same ledger. Specify the accounting period that's in Open or Close Pending status to move the accounting events. Using the source parameter, you can choose to sweep cost accounting events, revenue accounting events, or both. You can preview the transactions that will be swept to the next Open or Future-Enterable period

by running the process in the Review mode, or you can move the accounting events directly by running the process in the Update mode.

As a result of this processing, the accounting and project accounting dates are updated directly on the cost and revenue distributions. Adjustment transactions and new distributions aren't created. If the transaction is summarized, the transaction amount is reversed in the current period and summarized in the next Open or Future-Enterable period.

Account Rules: Explained

Account rules are used to determine the accounts for subledger journal entry lines. In addition, you can specify the conditions under which these rules apply. Using these capabilities, you can develop complex rules for defining accounts under different circumstances to meet your specific requirements. You can define account rules for an account, segment, or value set.

Account Rules by Account

Define account rules by account to determine the entire account combination. For example, an account rule defined by account can be used to determine the complete supplier liability account in Oracle Fusion Payables.

Account Rules by Segment

Define segment rules to derive a specific segment of the general ledger account. For example, a particular segment like the company segment can be determined from the distribution account.

Another segment can be determined with the use of a constant value. Creating the account one segment at a time offers greater flexibility, but also requires more setup.

Use both segment based and account based rules to derive a single account. Segment-specific rules are used, where they are defined, and take the remaining values from an account-based rule. For example, you can select an account rule which is for all segments and also separately select a rule which is for one particular segment. Segment-specific rules take precedence over the all segments account based rule.

Combine account rules with segment rules. In this case, the segment value is derived from the segment rule to override the corresponding segment of the account. If the segment rule has conditions associated with the priorities and none are met, no override occurs and the segment value is derived from the account rule.

Note:

- If the returned account is end dated with a date that is the same or before the subledger journal entry accounting date, and an alternate account is defined in the general ledger, the alternate account is used. The original account is stored on the journal line for audit purposes
- If the alternate account is invalid, and the **Post Invalid Accounts to Suspense Account** option is selected in the Create Accounting process, then a suspense account is used. An error message is displayed if a valid suspense account is not available.

Account Rules by Value Sets

In the absence of a chart of accounts, you may define account rules based upon value sets. This enables you to share the same rule between more than one chart of accounts if the segments in these charts of accounts share the same value set.

Sharing Account Rules across Applications

You may share account rules across applications in the following ways.

- Assign an account rule from the same or a different application to a journal line rule in the subledger journal entry rule set. For example, to derive an expense account for journal line rule Expense, assign the Projects Cost Account rule owned to the Payables journal line rule Expense.
- Create an account rule based on an account rule from another application and assign it to a journal line rule. For example, you may create an account rule Invoice Expense Account referencing Project Cost Account assigned in the Priorities region. You may attach the Invoice Expense Account rule to the journal line rule Expense in the journal entry rule set.

Note:

- To share an account rule across applications, all sources used by the account rule must be available for the event class.
- If the sources are available, an account rule is assigned to a journal line rule in the journal entry rule set. Verification occurs to confirm that all sources used by the account rule are available for the journal line rule accounting event class. Journal line rules are only available if the sources are shared; such as reference objects.

Account Rules and Mapping Sets

Mapping sets can be used to associate a specific output value for an account or segment. You can use mapping sets in account rules to build the account.

Account Rules Conditions

In the account rules you may specify conditions for each rule detail line. Priorities determine the order in which account rule conditions are examined. When the condition is met, the rule associated with that priority is used. Depending on which of the defined conditions is met, a different account rule detail is employed to create the account.

The Create Accounting process evaluates conditions based on the priority of the rule detail. When the condition is met, the rule detail is applied.

Related Topics

- [Creating Conditions: Examples](#)
- [Creating Account Rules: Points to Consider](#)

Posting Subledger Transactions to the General Ledger: Explained

Post subledger journals to the general ledger when you create accounting, or run the Post Subledger Journal Entries process to transfer and post at a later time.

- To perform posting to General Ledger, you must have the privilege to execute this task.

With the required privileges, you can select the Account and Post to Ledger option to create and post journal entries to the general ledger, during the online Create Accounting process.

- If you do not have the privilege to post, select Account in Final to create journal entries and transfer to General Ledger.
- You can view the output of the Post Subledger Journal Entries process for the summary of the transfer process.

You can manually run the Create Accounting process to create a batch of transactions. Set the following parameters to create journal entries and post to the general ledger.

- Accounting Mode is set to Final.
- Transfer to General Ledger is set to Yes.
- Post in General Ledger is set to Yes.
 - If you do not have the privilege to post, the Post in General Ledger parameter is not available.

Related Topics

- [Disabling Posting Subledger Transactions to the General Ledger: Explained](#)


Accounting Project Costs Externally

You can integrate Oracle Fusion Project Costing with external financial applications, such as Oracle E-Business Suite or third-party applications. Export project cost transactions and interface them to an external application where they can be accounted.

You can do this by using the following processes.

Process Name	Process Description
Extract Cost Distributions for External Accounting	Extracts cost distributions to be accounted in an external application and updates the export status of such cost distributions.
Extract Cross-Charge Distributions for External Accounting	Extracts cross-charge distributions to be accounted in an external application and updates the export status of such cross-charge distributions.

The distribution lines are exported into a CSV file that can be imported into the external application and used to create accounting.

 **Tip:** You can report on these exported transactions in Oracle Transactional Business Intelligence and reconcile them with the external application. Use the Export Status attribute available in the Project Costing - Actual Cost Real Time subject area to filter transactions that have been extracted.

Parameters

Business Unit

Business unit that owns the project transaction. This is a mandatory parameter.

Period

Period for which you want to export the transactions. This is a mandatory parameter.

Transactions Selected for Extraction

Available options are previously extracted transactions, new transactions that have not been extracted, and all transactions. This is a mandatory parameter which ensures that transactions are exported only once.

Expenditure Type Class

Category of transactions, such as supplier invoice, inventory, or miscellaneous.

Cost Distribution Line Type

Available options are original transactions, adjustment transactions, and all transactions. This is a mandatory parameter. For example, if you have already accounted the original transactions and want to account only adjustments made in Oracle Fusion Project Costing, then select the option Adjustment Cost Distribution Lines.

Project Costing Accounts for Budgetary Control: Explained

The following accounts are available in Oracle Fusion Project Costing.

- Raw Cost Account
- Burden Cost Account
- Burdened Cost Account
- Budget Account

Budget accounts are derived according to the following rules.

Document	Same Line Burdening	Separate Line Burdening
Purchase Requisitions	<p>Raw cost uses the raw cost account provided on the requisition.</p> <p>The raw cost account is copied to the burden cost account.</p>	<p>Raw cost uses the budget account provided on the requisition.</p> <p>The raw cost account is copied to the burden cost account.</p>
Purchase Orders	<p>Raw cost uses the raw cost account provided on the PO.</p> <p>The raw cost account is copied to the burden cost account.</p>	<p>Raw cost uses the budget account provided on the PO.</p> <p>The raw cost account is copied to the burden cost account.</p>
Account Payables	<p>Raw cost uses the raw cost account provided on the payables invoice.</p> <p>The raw cost account is copied to the burden cost account.</p>	<p>Raw cost uses the budget account provided on the payables invoice.</p> <p>The raw cost account is copied to the burden cost account.</p>
Receipt Accounting	<p>Raw cost uses the raw cost account provided on the receipt.</p>	<p>Raw cost uses the budget account provided on the receipt.</p>

Document	Same Line Burdening	Separate Line Burdening
	The raw cost account is copied to the burden cost account.	The raw cost account is copied to the burden cost account.
Project Expenditures	Raw cost uses the raw cost account derived by the transaction account builder. The raw cost account is copied to the burden cost account.	Raw cost uses the budget account derived by the transaction account builder. The raw cost account is copied to the burden cost account. Transaction account builder is always invoked to derive accounts for all externally accounted and unaccounted transactions.

For separate line burdening, you must use the burden cost account that's derived by the application.

FAQs for Record Accounting for Project Costs

Can I modify accounting details of a third-party application transaction?

Yes. You can modify provider ledger currency conversion attributes such as currency conversion rate type, rate date, rate, and the rounding limit of accounted third-party application transactions. You can modify other accounting attributes only if the transaction isn't validated.

Related Topics

- [Can I edit unprocessed transactions?](#)

What happens if I close an accounting or project accounting period permanently?

You can't enter any transactions in the period you have closed and you can adjust transactions in subsequent periods.

How can I account burden costs for my purchase order burden encumbrance obligations?

You must first enable budgetary control by using the **Manage Budgetary Control** or **Manage Encumbrance Accounting** task from the **Setup and Maintenance** work area.

You must then enable one of the following options in the **Burden Cost Accounting Options** section on the **Edit Project Type** page for the project type to which your project belongs.

- Create burden cost accounting journal entries
- Create burdened cost accounting journal entries

Why does a zero amount line exist in my encumbrance journal?

A burden rate was dropped from the new burden schedule during a burden schedule change. You can select not to display this zero amount line in the journal.

Why don't my supplier invoice entries reserved for encumbrance have offsetting credit and debit amounts?

Subledger accounting records are reserved for encumbrance entries at the transaction level. However, the **View Accounting** window displays entries at the distribution level only. Since the transaction-level reserved for encumbrance entries aren't displayed, the credit and debit amounts don't balance out.

What happens if receipt accounting transactions have tax burdens?

For receipt accounting transactions, item burden cost and burden tax cost are liquidated together for the PO obligation encumbrance instead of being liquidated individually.

7 Allocate Project Costs

Allocate Project Costs: Overview

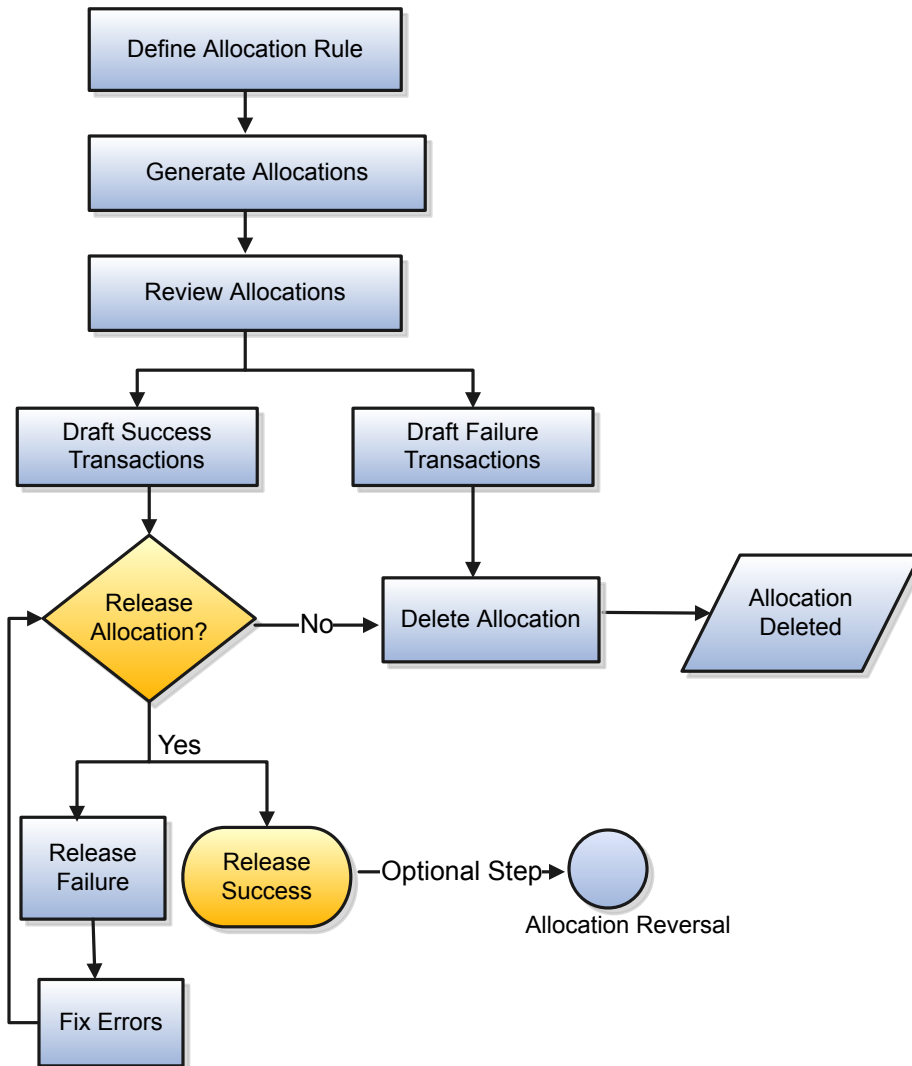
Allocate various types of costs to projects and tasks using Oracle Fusion Project Costing.

You can set up allocation rules, create basis and offset methods for these rules, and prorate amounts using these methods.

Project Cost Allocations: How They're Processed

Allocations are processed to distribute various types of costs to distinct sets of target projects and tasks. You identify the amounts to allocate and then define targets, projects and tasks to which you want to allocate the source amounts. Optionally, you offset the allocations with reversing transactions. Oracle Fusion Project Costing gathers source amounts into a source pool and then allocates to the targets using the basis method that you specify in the allocation rule. When the allocation is

released, expenditure items are created and processed. The following flowchart shows allocation processing from defining an allocation rule to releasing an allocation transaction.



Settings That Affect Project Cost Allocation Processing

You create a set of allocation rules to allocate various types of costs to distinct sets of target projects and tasks. Allocation transactions are generated based on the settings in the allocation rules such as:

- Allocation or offset transaction attributes
- Source amounts to allocate
- Target projects and tasks to allocate source amounts
- Allocation method
- Offset method to reverse and balance allocation transactions

- Basis method

Each allocation rule is associated with a business unit. Source projects and ledger accounts of an allocation must be from the same business unit as the one that is assigned to the allocation rule. During processing, based on the target selection, if the project cross-charge is enabled, costs can be allocated costs to projects across business units. However, offset transactions are charged to projects owned by the same business unit that owns the allocation rule.

How Project Cost Allocations Are Processed

When the allocation rule is prepared to generate allocations, costs are collected against the source. For project sources, the actual cost transactions are summarized and for ledger sources, journal entries are posted for the source ledger accounts. If a prorate basis method is used, then ensure that either actual cost or budget amounts are summarized for the target projects, depending on the prorate logic. The allocation is generated either once in an accounting period or incrementally in the accounting period.

The resulting allocation transactions are draft allocations in draft success or draft failure statuses, which are displayed in the **Manage Allocations** page. The application tracks the source amount, currently and previously allocated amounts so that the user can review if the source amount is allocated appropriately. Based on the type of basis method the allocation rule uses, the application provides the basis percentage and effective percentage. The allocation generation errors are tracked and displayed as exceptions. You can review the issues and fix them as required. If the allocation rule uses an incremental allocation method, then the missing amounts are tracked and you can determine differences from the previous allocation. For example, if a target project that received an allocation transaction during the previous allocation is now closed, then that the amount previously allocated to that project appears as a missing amount. If the draft allocations are as per your expectation, the allocation and offset transactions can get released, which results in the creation of expenditure items. The draft successful transactions can fail during the release of an allocation. For example the released transaction may violate a transaction control. You can fix the errors and then release the allocation.

The draft failure allocations are processed only after reviewing and fixing the issues. For example, you can edit the associated allocation rule or ensure that the actual amounts are summarized for source projects. After fixing the errors, delete the draft allocation and generate the allocation again.

Related Topics

- [What's the difference between allocation and burdening?](#)

Allocation Methods: Critical Choices

When you define an allocation rule, you specify the allocation method which determines how generated amounts are allocated to projects and tasks. Full and incremental allocations distribute all the amounts accumulated during the generation period. The two types of allocation methods are:

- Full Allocation
- Incremental Allocation

Full Allocation

The full allocation method always distributes the entire source pool amount to target projects and tasks and generates allocation transactions for the entire amount each time in a period. This method is suitable to process an allocation rule only once within the same accounting or project accounting period.

If you generate allocation transactions using a full allocation rule twice for the same period, then the complete source pool amount is allocated twice to target projects and tasks in the same period. If this is done inadvertently, then you can reverse the duplicate allocation.

Example: Allocation of Source Amount Using Full Allocation Method

This example explains how the source amounts are allocated using the full allocation method.

Allocation Number	Source Pool Amount	Total Allocated Amount to Targets	Previous Allocated Amount to Targets	Current Allocated Amount to Targets
1	1050.00	1050.00	0.00	1050.00

Incremental Allocation

Incremental allocations create expenditure items based on the difference between the transactions processed in the previous and current allocation generation. This method is suitable if you want to use the allocation rule to generate allocations several times in a single period. The application keeps track of the results of previous incremental allocation generations. Therefore, you can process an incremental allocation multiple times within the same period creating additional transactions to incrementally increase or decrease the amount allocated to each target project and task based on changes to the available source pool amount and basis logic from the previous incremental generation. You can review and delete draft allocations until you're satisfied with the results.

For incremental allocations, the application calculates the amounts allocated in the previous allocation generation.

Example: Allocation of Source Amount Using Incremental Allocation Method

The following example explains how the source amounts are allocated using the incremental allocation methods: The amount type used in this allocation rule is period-to-date and allocation is generated for the June 2010 period. The following table shows how costs are allocated incrementally to target projects and tasks throughout this period:

Allocation Number	Source Pool Amount	Total Allocated Amount to Targets	Previous Allocated Amount to Targets	Current Allocated Amount to Targets
1	1000.00	1000.00	0	1000.00
2	1100.00	1100.00	1000.00	100.00
3	1050.00	1050.00	1100.00	- 50.00

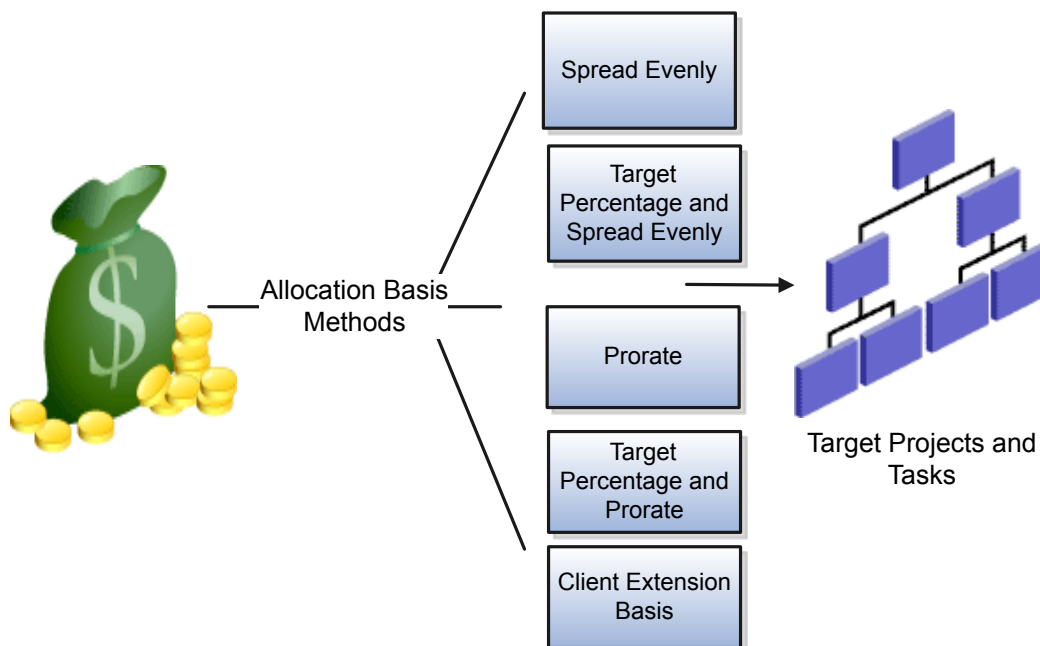
At the end of the period, the total amount allocated to targets is 1050.00. This is made up of sets of incremental allocation transactions. Incremental transactions can be positive or negative, based on changes to the source pool, eligible targets, and basis calculations.

Allocation Basis Methods: Critical Choices

When you define an allocation rule, you specify a basis method. The basis method determines how the amounts in the source pool are divided among the target lines. Each target line identifies projects and tasks. The following is a list of the basis methods used in allocations:

- Spread Evenly
- Target Percentage and Spread Evenly
- Prorate
- Target Percentage and Prorate

The image shows the various basis methods used in allocations.



Spread Evenly

The allocation rule divides the source pool amount equally among all the chargeable target tasks included in the rule. This is the most simple and direct basis method.

Target Percentage and Spread Evenly

Specify the percentage of the source pool that is required to allocate to each target line. The total specified target percentage must always equal 100 percent. The allocation rule calculates the amount to allocate to the target line, and then spreads the results evenly among the chargeable tasks.

Prorate


The allocation generation uses the attributes defined in the allocation rule to derive the rate at which the source pool amount is apportioned among the target projects and tasks. For this basis method, the allocation rule uses the basis attributes to apportion the source amount among all the tasks defined by the rule. The Prorate basis method provides precise control over how the rule distributes the source pool.

Target Percentage and Prorate

The allocation rule first uses the target percentage to calculate the amount to allocate to the line, and then apportions the results among all the tasks. The Target Percentage and Prorate basis method provides precise control over how the rule distributes the source pool.

Allocation Offset Methods: Critical Choices

You can use offsets to balance the allocation transactions with the source or other projects. When you define an allocation rule, you select the offset method to determine how offset transactions are created. After specifying the offset method, you must specify transaction attributes: expenditure organization, expenditure type class, and expenditure type. The attributes don't have to match those used for the allocation transactions.

 **Note:** All offset projects and tasks must be open and chargeable, and in the same business unit that owns the allocation rule. The allocation rule can have an offset method although it may not have source projects.

The allocation rule creates the offset transactions for the offset projects and tasks when you generate the allocation. Offset transactions offset the total amount allocated to target projects, although the total number of offset transactions doesn't usually equal the total number of allocation transactions. For example, with an offset method of Specific Project and Task, if the rule allocates 10,000.00 USD from the allocation sources to 1000 target projects and tasks, then the result is 1000 allocation transactions for a total of 10,000.00 USD and one offset transaction to the specified project and task for a negative amount of 10,000.00 USD.

You can select one of the following offset methods in an allocation rule:

- Source Project and Task
- Specific Project and Task

Source Project and Task

Use this offset method in the allocation rule to create reversing transactions for the specified source projects and tasks in the allocation rule.

If the allocation rule uses ledger sources or a fixed amount source, then the allocation rule can't use Source Project and Task offset method because a source project doesn't exist in such cases. Only project sources use this offset method.

Specific Project and Task

Use this offset method to create reversing transactions in one project and one of its tasks per the specified project and task in the offset method. You can use this method with any one of the sources or a combination of project, ledger, or fixed amount source.

Allocation Statuses: Explained

An allocation is processed through various tasks such as generating, releasing, deleting, and reversing allocation transactions. While the processing is based on the status of allocations, the processes also indicate the progress and possible status of the allocation and the tasks you can perform.

You can perform the following processes on allocations:

- Generate Allocations
- Delete Allocations
- Release Allocation Transactions
- Reverse Allocation Transactions

Generate Allocations

You can generate allocations if all existing allocations for the allocation rule are in Release Success or Reversal Success statuses. There is no allocation status for first-time processing.

The following table describes the possible statuses and the tasks you can perform after generating allocations.

Resulting Statuses	Description	Tasks You Can Perform
Draft Success	The allocation is generated successfully without any errors. Warnings may exist and are listed as exceptions.	Release Allocation Delete Allocation
Draft Failure	The allocation has errors. You must review and fix the errors, delete the allocation, and then generate the allocation again. For example, you can update the allocation rule, summarize costs for the project, or perform other actions to correct the errors before you generate the allocation again.	Delete Allocation

Delete Allocations

You can delete an allocation if it is in Draft Success, Draft Failure, or Release Failure status. The following table describes the possible statuses and the tasks you can perform after deleting an allocation.

Resulting Statuses	Description	Tasks You Can Perform
Deletion in Progress	The allocation is being deleted. After the allocation is deleted, you cannot search for the allocation because it does not exist.	Delete Allocation

You can resolve the issues that resulted in deletion of the draft allocation and generate the allocation again.

Release Allocation Transactions

You can release an allocation if it is in Draft Success or Release Failure status. The following table describes the possible statuses and the tasks you can perform after releasing an allocation:

Resulting Statuses	Description	Tasks You Can Perform
Release in Progress	The allocation is being released.	None
Release Success	The allocation is completely processed. The process creates and processes expenditure items for the allocation and offset transactions, if any. You can review the resulting expenditure items in the Manage Expenditure Items page. This is the final status for most allocations unless there is a need for reversal at a later stage.	Reverse Allocation
Release Failure	The allocation is not released because of errors encountered during processing. Even if one transaction fails processing, then no expenditure items are created. You can review and fix errors for each allocation and offset transaction and then release the allocation again. For example, an allocation transaction is rejected because of a project-level transaction control.	Release Allocation Delete Allocation

Reverse Allocation Transactions

You can reverse an allocation if it is in Release Success or Reversal Failure status. The terminal status for an allocation is Reversal Success and it does not require any further processing. The following table describes the possible statuses and the tasks you can perform after reversing an allocation:

Resulting Statuses	Description	Tasks You Can Perform
Reversal in Progress	The allocation is being reversed.	None
Reversal Success	Reversal is fully processed. The process creates reversing expenditure items for each of the original allocation and offset expenditure items.	None
Reversal Failure	Allocation is not reversed because of exceptions. If even one transaction is rejected, then no reversing transactions are created. You can review and fix errors and reverse the allocation again. Or you can cancel the failed reversal.	Reverse Allocation Cancel Failed Reversal

Cancelling a failed allocation reversal changes the allocation status to Release Success and deletes errors.

Allocation Source Pool Amount: How It's Calculated

You can create the allocation source pool from a fixed amount, open projects including resources within a project, and ledger account balances. Unless you define each source project and task individually, the results can change each time you process the allocation.

Settings That Affect Source Pool Amount

The allocation sources must be defined because the allocation generation uses the source pool amount for allocating the costs. The project sources, ledger source, a fixed source amount, and other aspects of the sources determine the calculation of the allocation source pool amount.

If you don't specify a particular project and task combination on a source line, then the rule derives source amounts from all eligible projects and tasks based on the source line criteria.

How Source Pool Amount Is Calculated

The allocation source pool amount is derived based on what's specified in the sources. Some of the aspects that determine the calculation of source pool amount are:

- Allocation pool percentage
- Fixed source amount
- Amount class
- Project sources
- Amount type
- Resource details
- Ledger sources

The allocation rule accumulates the amounts for the source pool during a specific period of time. The end date of that time period is based on the amount class. The amount class is the period or periods during which the amounts are accumulated. The start date is determined by both the allocation period type and amount class. The allocation period type options such as accounting period or project accounting period determine amount class options. The amount class determines the eligible source amounts. For example, if the period specified at generation is August 2010 and the source amount class is Period-to-Date, then only those amounts posted to August 2010 ledger sources or summarized actual amounts for the ledger period August 2010 project sources are eligible.

The allocation pool percentage specifies the percentage of the total eligible source pool amount to allocate to target projects and tasks.

At least one source is defined to derive the source pool amount. Depending on the allocation source, costs are collected against that source. For project sources the actual cost transactions are summarized. For ledger account sources, the journal entries are posted.

All source projects and tasks must be open and in the same business unit that owns the allocation rule.

For project sources, the source amount type determines the types of costs that are eligible to be included into the source pool. For example, include only raw costs or burdened costs.

The project source amount can be derived even from a subset of resources by specifying the resource breakdown structure and its resources. For example, you can derive project source amounts only from the actual labor costs. For resource, enter the resource or resource group and the percent you want to include. To exclude a specific resource, you must select the **Exclude** option on the appropriate line.

You can optionally limit the resources that are used to determine the source amounts from project sources. If you don't limit the resources, the rule uses all of the resources in the specified project in the source pool amount. If you specify an allocation pool percentage, then the allocation rule multiplies the percentage specified in the Allocation Pool Percentage to the percentage specified against the resource.

For allocations which use ledger sources, the allocation generation considers the posted amounts for a ledger account when calculating source pool amounts. You can't use the ledger summary accounts for the source amount. You can specify the percentage of account balance that you want to include for ledger sources. To subtract the amount in the ledger account from the source amount you use the Subtract option.

The application calculates the source pool amount based on the following formula.

$$\begin{array}{ccccccccc} \text{Fixed} & & \text{Project} & & \text{Ledger} & & \text{Source} & & \text{Source} \\ \text{Source} & + & \text{Sources} & + & \text{Source} & \times & \text{Pool} & = & \text{Pool} \\ \text{Amount} & & \text{Amount} & & \text{Amount} & & \text{Percentage} & & \text{Amount} \end{array}$$

Calculating Prorate Amounts Using Allocation Basis Method: Examples

The following example illustrates how allocation generation calculates the basis percentages and prorate amounts using the basis methods:

- Prorate
- Target Percentage and Prorate

The two prorate basis methods provide precise control over how the rule distributes the source pool. The rule uses the basis attributes defined in the allocation rule to derive the rate at which the source pool amount is apportioned among the target projects and tasks.

Prorate Basis Method

The Information Technology department captures its costs such as labor, supplies, and expenses in a shared service IT project. These costs are then allocated to projects that benefit from IT services based on the total labor hours charged to each project.

$$\frac{\text{Target Task Basis Amount}}{\text{Total Basis Amount}} \times \text{Source Pool Amount} = \text{Allocation Amount}$$

Using the Prorate basis method, for a source of \$1000.00, consider the following target details:

$$\frac{\text{Target Task Basis Amount}}{\text{Total Basis Amount}} \times 100 = \text{Basis Percentage}$$

The basis percentage for each target task is equal to the target task basis amount divided by the total basis amount, multiplied by 100. For example, for task 1 on project ABC the application determines the allocation amount by multiplying the basis percentage for each target task by the source pool amount.

Project	Task	Labor Hours	Basis Percentage	Allocation Amount
ABC	1	10	10	100.00
ABC	2	20	20	200.00
DEF	1	30	30	300.00
DEF	2	0	0	0.00
GHI	1	40	40	400.00

For the Prorate basis method, the allocation rule prorates the amount specified by the source pool to the targets based on the basis attributes in the allocation rule.

Target Percentage and Prorate Basis Method

In this example, a subset of projects utilizes the IT services. The allocation rule is configured to allocate a fixed percentage of the source amount to each project and then it spreads across tasks based on the total actual labor hours charged to each task.

$$\left(\frac{\text{Target Task Basis Amount}}{\text{Total Target Line Basis Amount}} \right) \times \left(\text{Source Pool Amount} \times \text{Target Line Percentage} \right) = \text{Allocation Amount}$$

Using Target Percentage and Prorate basis method, for a source of \$1000.00 allocated to the target line, consider the following details:

$$\frac{\text{Target Task Basis Amount}}{\text{Total Target Line Basis Amount}} \times 100 = \text{Basis Percentage}$$

Basis percentage for each target task is equal to the target task basis amount divided by the total basis amount the target line from the allocation rule, multiplied by 100. For example, for task 1 on project ABC the application determines the allocation amount by multiplying the basis percentage for each target task by the source pool amount for the target line.


Line Number	Project	Target Percentage	Allocation Source Pool Amount
1	ABC	50	500.00
2	DEF	25	250.00
3	GHI	25	250.00

Target Line Reference	Project	Task	Basis Amount Labor Hours	Basis Percentage	Allocation Amount	Effective Percentage
1	ABC	1	10	33.3	166.67	16.67
1	ABC	2	20	66.7	333.33	33.33
2	DEF	1	30	100	250.00	25

Target Line Reference	Project	Task	Basis Amount Labor Hours	Basis Percentage	Allocation Amount	Effective Percentage
2	DEF	2	0	0	0.00	0
3	GHI	1	40	100	250.00	25

For the Target Percentage and Prorate basis method, the rule first uses the target percentage to calculate the amount to allocate to the line, and then apportions the results among all the tasks for that line. In the application, an effective percentage column is also available when reviewing the basis details for an allocation. The effective percentage represents the following:

- percentage of the total source pool amount that the target task receives
- consolidated percentage of the target percentage and basis percentage calculations.

 **Note:** For simplicity in the above examples, each target line in the allocation rule specifies a project. In real life, the target line can be defined more broadly. For example, a target line could specify a project-owning organization of Services East, so the eligible targets would be all projects owned by Services East.

Expenditure Type Class for Allocation Transactions: Points to Consider

When defining an allocation rule, you must specify the expenditure type class for the allocation transaction attributes. Choosing the expenditure type class determines how the allocated amount is created as costs on the expenditure item.

Miscellaneous Transactions

The miscellaneous transaction expenditure type class is used to allocate the source amount as raw cost on the expenditure item.

Burden Transactions

The burden transactions expenditure type class is used to allocate the source amount as the burden cost for the expenditure item, while expenditure item quantity and raw cost remain zero.

Defining Allocation Rules to Allocate Labor Costs from a Shared Services Project: Worked Example

This example demonstrates how to set up the allocation rules to allocate labor costs from a shared services project. A central contract administration group supports billable projects in the company. Costs that the contract administration group incurs such as labor, expenses, and supplies are charged to a shared services contract administration project. Weekly, the costs are incrementally allocated to all billable projects in the organization. A major project is excluded from the allocation because of the project complexity the project has its own contract administration team and does not use the central contract

administration group. Therefore it's explicitly excluded in the targets. Costs are allocated incrementally throughout the year and prorated based on the total actual burdened cost charged.

You are implementing allocation rules for the organization. You want to allocate 100 percent of costs collected in the shared contract services project to all eligible tasks once a week. The costs are spread to all projects for the organization based on the total actual labor hours charged to each project, as more time is worked on the project. The following table summarizes key decisions for this scenario:

Decisions to Consider	In this Example
How to allocate the costs?	Allocate to all time and materials projects within the San Diego organization.
When to allocate costs?	Allocate labor costs incrementally on a weekly basis.
What costs to allocate?	Allocate 100 percent of the costs collected in the shared contract services project.

You define the allocation rule in this scenario to distribute labor cost amounts from shared services project. This allocation rule defines the following:

- Source of the amounts to allocate
- Target projects and tasks to receive the allocation
- Method to generate offset transactions, if required
- Method to divide the source amount among the target projects and tasks
- Attributes for the allocation and offset transactions, including the expenditure type, expenditure organization, and expenditure type class for the resulting expenditure items

Defining the Allocation Rule

1. On the **Project Costs** work area, click **Manage Allocation Rules** in the **Tasks** pane.
2. Click **Create** to open the Create Allocation Rule page.
3. Complete the general details to define the allocation rule for the following key fields as shown in the table.

Field	Value
Business Unit	InVision Services
Name	Shared Contract Services Allocation
Description	Rule to allocate shared contract service costs
Allocation Method	Incremental
Allocation Period Type	Accounting Period
Targets Selection	Within business unit

Field	Value
Basis Method	Prorate
Expenditure Organization	San Diego
Expenditure Type Class	Miscellaneous Transactions
Expenditure Type	Contract Services Allocation

Defining Allocation Sources

1. Click **Sources** and complete the key fields as shown in the table.

Field	Value
Allocation Pool Percentage	100
Fixed Source Amount	0
Amount Class	Fiscal year-to-date
Amount Type	Burdened Cost
Project Organization	San Diego
Project	Contract Shared Service Center

Defining Allocation Targets

1. Click **Targets** and complete the key fields as shown in the table.

Field	Value
Line Number	1
Project Organization	San Diego
Project Type	Time and Materials
Exclude	Leave unchecked

Field	Value
Line Number	2
Project Organization	San Diego
Project	Vision Software Install
Exclude	Select the check box.

Defining Allocation Offsets

1. Click **Offsets** and complete the key fields as shown in the table.

Field	Value
Offset Method	Source project and task
Expenditure Organization	San Diego
Expenditure Type Class	Miscellaneous Transactions
Expenditure Type	Service Offset

Defining Allocation Basis Details

1. Click **Basis** and complete the key fields as shown in the table.

Field	Value
Basis Category	Actual Amounts
Amount Type	Total Billable Burdened Costs
Amount Class	Fiscal year-to-date
Relative Period	0

2. Click **Save and Close**.

Defining Allocation Rules to Allocate Rent Costs from General Ledger: Worked Example

This example demonstrates how to set up the allocation rules to allocate rent costs. Your enterprise has an organization that rents building space, and the finance department wants to allocate rental cost to the projects owned by the organization. The project managers can then use the allocation to bill costs to customers. The Payables department charges rent to a different general ledger account for each organization by cost center. You implement the allocation rule for the organization. Allocate 100 percent of the rental cost collected in the general ledger to all eligible tasks for San Diego organization projects once a month. You can prorate the allocation based on the previous month's total raw cost for each task. Project Vision Software Install is performed completely at the customer location and should not be allocated any rent costs. This project must be excluded from receiving rent allocation.

You are implementing allocation rules for the organization. You want to allocate 100 percent of the rental cost collected in the general ledger account for the organization to all eligible tasks once a month. You also want to prorate the allocation based on the previous month's total raw cost for each task. The following table summarizes key decisions for this scenario:

Decisions to Consider	In this Example
How to allocate the costs?	Allocate to all eligible tasks and prorate the allocation by the total actual raw cost accrued for each task during the prior accounting period.
When to allocate costs?	Allocate rental costs once each accounting period.
What costs to allocate?	Allocate 100 percent of rental costs collected in the accounting period for the cost center.

You define the allocation rule in this scenario to distribute amounts between and within projects and tasks in a business unit. This allocation rule defines the following:

- Source of the amounts to allocate
- Target projects and tasks to receive the allocation
- Method to generate offset transactions, if required
- Method to divide the source amount among the target projects and tasks
- Attributes for the allocation and offset transactions, including the expenditure type, expenditure organization, and expenditure type class for the resulting expenditure items

Defining the Allocation Rule

1. On the **Project Costs** work area, click **Manage Allocation Rules** in the **Tasks** pane.
2. Click **Create** to open the Create Allocation Rule page.
3. Complete the general details to define the allocation rule for the following key fields as shown in the table.

Field	Value
Business Unit	InVision Services
Name	San Diego Rent Allocation
Description	Rule to allocate San Diego rental costs to projects
Allocation Method	Full
Allocation Period Type	Accounting Period
Targets Selection	Within business unit
Basis Method	Prorate
Expenditure Organization	San Diego
Expenditure Type Class	Miscellaneous Transaction
Expenditure Type	Rent Allocation

Defining Allocation Sources

1. Click **Sources** and then **Ledger Sources** and complete the key fields as shown in the table.

Field	Value
Allocation Pool Percentage	100
Source Amount Class	Period-to-date
Ledger Sources Account	01-420-7580-000
Percentage	100
Subtract	Leave unchecked

Defining Allocation Targets

1. Click **Targets** and complete the key fields as shown in the table.

Field	Value
Line Number	1
Project Organization	San Diego
Line Number	2
Project	Vision Software Install
Exclude	Select the check box.

Defining Allocation Offsets

1. Click **Offsets** and complete the key fields as shown in the table.

Field	Value
Offset Method	Specific project and task
Project	Allocation Offset Project
Task	1.0
Expenditure Organization	San Diego
Expenditure Type Class	Miscellaneous Transaction
Expenditure Type	Rent Allocation

Defining Allocation Basis Details

1. Click **Basis** and complete the key fields as shown in the table.

Field	Value
Basis Category	Actual Amounts
Amount Type	Total Raw Cost

Field	Value
Amount Class	Period-to-date
Relative Period	-1

2. Click **Save and Close**.

FAQs for Allocate Project Costs

How can I search for allocations by period effectively?

Select **Business Unit** and then select **Period** to search for allocations across allocation rules or for a specific allocation rule. Selecting a period finds allocations for a single period only.

When does the target project have duplicate transactions?

When the allocation rule is set to the full allocation method and if you process allocations more than once during a period, another set of transactions are created in your target project. If this is done by mistake, you can reverse this set of allocation transactions for the period.

Can I allocate the source amount to projects and tasks that belong to a different business unit?

Yes, if the projects are enabled for cross-charge processing and when the target selection in allocation rule is across business units. Allocation transactions are owned by the business unit to which the allocation rule belongs. However, you can't allocate the source amount to projects in other business units that are enabled for capitalization.

What happens if the total basis amount in an allocation is zero?

The allocation either results in an error or spreads the amount evenly to all the eligible target projects or tasks based on the **Allocation Method for Zero-Basis Amounts** profile option settings during implementation.

What happens to the allocation transactions if I release the allocation?

Expenditure items are created for each allocation and offset transaction. You can verify how the amounts are allocated. The entire allocation fails even if one exception is found during the import and process of cost transactions. You must fix the errors and then reprocess the allocation.

What's a missing amount for an allocation?

Missing amounts are listed only on subsequent allocation generation when the allocation uses an incremental method. For example, if a project was closed from the previous allocation generation, then the amount that was previously allocated to the project is listed under the **Missing Amounts** tab, though the project does not receive any further allocation transactions. The application tracks the missing amounts so that the source, target, or offset amounts are accurate. Example reasons for missing source amounts are: task is closed because the task is complete or the task is excluded from the source line.

Why can't I generate allocations for this allocation rule?

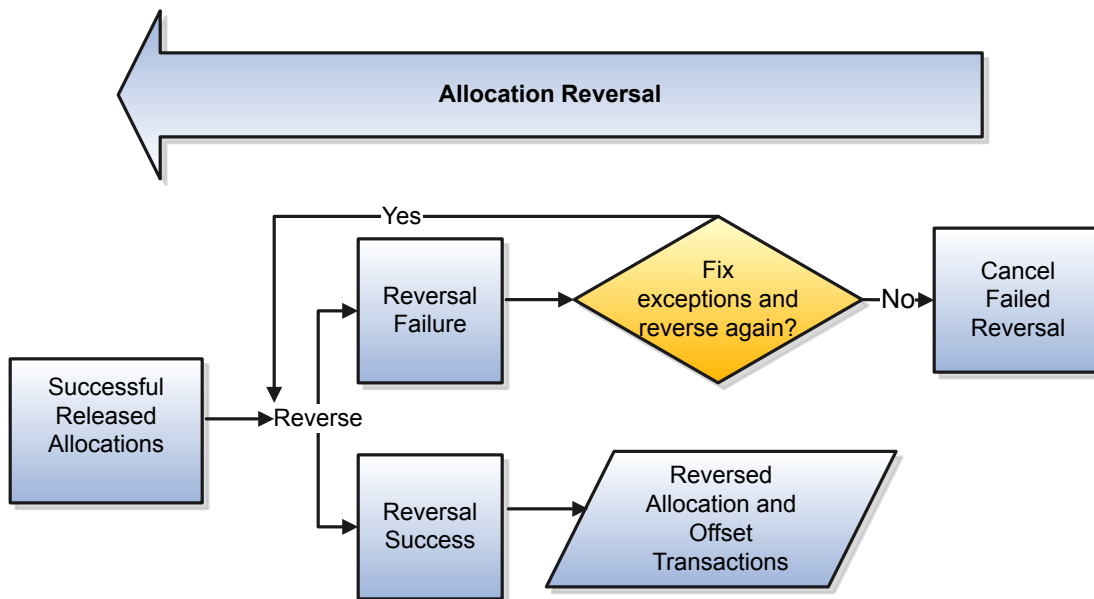
You cannot generate allocations for an allocation rule if the allocation rule already has draft allocations. This includes allocations with the following statuses:

- Draft Success
- Draft Failure
- Release Failure
- Deletion in Progress
- Release in Progress

When do I reverse an allocation?

If an allocation needs to be changed after releasing the draft successful allocation, you can reverse the allocation. For example, if all expected actual costs were not posted to the source ledger account for the accounting period, then you can reverse the successfully released allocation. Reversing an allocation creates, releases, and processes a set of reversing expenditure items. If any of the original expenditure items were transferred or split, then reversal processing reverses transferred or split items. These reversed amounts are considered for the next incremental allocation.

The allocation reversal process is illustrated in the following image:



If the reversal fails you can either fix the errors and reverse the allocation again or cancel the failed reversal. If you cancel the failed reversal, the allocation changes to Release Success status.

You cannot reverse an allocation if any of the target or offset projects can't accept new transactions, for example, new transactions aren't accepted if a project is closed.

What's the difference between allocation and burdening?

Both allocation and burdening are related to expenditure item costs. Allocation uses actual amounts from sources such as project sources, ledger sources, and fixed amount source to provide the source pool amount. Allocation generation apportions these source pool amount to target projects and tasks. When you release the allocation, expenditure items are created against each target project.

Burdening uses a set of estimated burden multipliers to increase the total cost amount of expenditure items. This fixed percentage is an estimate of the indirect or burden costs associated with the raw costs for each expenditure item.

Allocations and burdening aren't mutually exclusive; you can use both. Whether your company uses allocations, burdening, or both in a particular situation depends on how your company works and how you have implemented Oracle Fusion Project Costing.

8 Record Capital Asset Costs

Record Capital Asset Costs: Overview

Track capital project costs, for example, asset and retirement costs, using Oracle Fusion Project Costing. You can also create asset cost allocation methods and specify capitalization options for your projects.


Capital Projects Processing: Explained

Capital projects are used to manage capital asset costs and retirement costs. You can create capital assets to accumulate costs for fixed assets that are being built, installed, or acquired. Additionally, you can create retirement adjustment assets to collect cost of removal and proceeds of sale amounts associated with assets that are being retired, removed, abandoned or otherwise disposed.

After you create assets for a project, you can assign assets either at the project level or task level. You can explicitly assign an asset to a level or collect costs common to all assets at the grouping level. Classify transactions either as construction-in-progress costs or retirement work-in-progress costs. Optionally, classify tasks as noncapitalizable to capture and expense these costs. Capturing both capitalizable and noncapitalizable costs provides you with the total cost of your project.

Calculate simple or compound interest on either the total construction-in-progress amount or the open construction-in-progress amount. Place the asset in service when it is ready to use. Generate asset lines from the construction-in-progress costs and then transfer the asset lines to Oracle Fusion Assets. If a project has more than one capital asset, then place each asset in service when it is completed. If the event processing method is periodic or manual, then you can create events to group costs and assets.

The assets are grouped based on their actual in-service date, while the costs are grouped based on its transaction date. Summary asset lines are generated by grouping the transactions based on the asset line grouping method. Review the summary asset lines and transfer them to Oracle Fusion Assets. To create actual assets, post them in the asset book, and then update them with the asset period details from Oracle Fusion Assets.

 **Note:** After capitalizing the asset and when the asset is in the period of addition in Oracle Fusion Assets, if you have erroneously placed the assets in service or incorrect asset costs are transferred, then you can reverse the asset.

You can retire the asset when you are ready to take it out of service. Capture the cost of removal and proceeds of sale from the retiring asset and then send to Oracle Fusion Assets. Post them as adjustments to the accumulated depreciation account of the group asset that corresponds to the retiring asset.

Asset Cost Allocation Methods: Explained

The asset cost allocation method determines how indirect or common costs incurred on a project are allocated to multiple assets.

You can specify an asset cost allocation method to enable Oracle Fusion Project Costing to automatically allocate unassigned asset lines and common costs across multiple assets. Unassigned asset lines typically occur when more than one asset is assigned to an asset grouping level.

Projects and project templates inherit a default asset cost allocation method from the associated project type. You can override the default at the project level. If you use capital events to allocate costs, then you can also override the asset cost allocation method at the event level.

Asset Cost Allocation Methods

The following table describes the available asset cost allocation methods.

Method	Basis of Cost Allocation
Actual Units	Number of units defined for each asset
Current Cost	Construction-in-process (CIP) cost of each asset
Estimated Cost	Estimated cost of each asset
Standard Unit Cost	Combination of the standard unit cost and the number of units defined for each asset
Spread Evenly	Equal allocation of cost to each asset

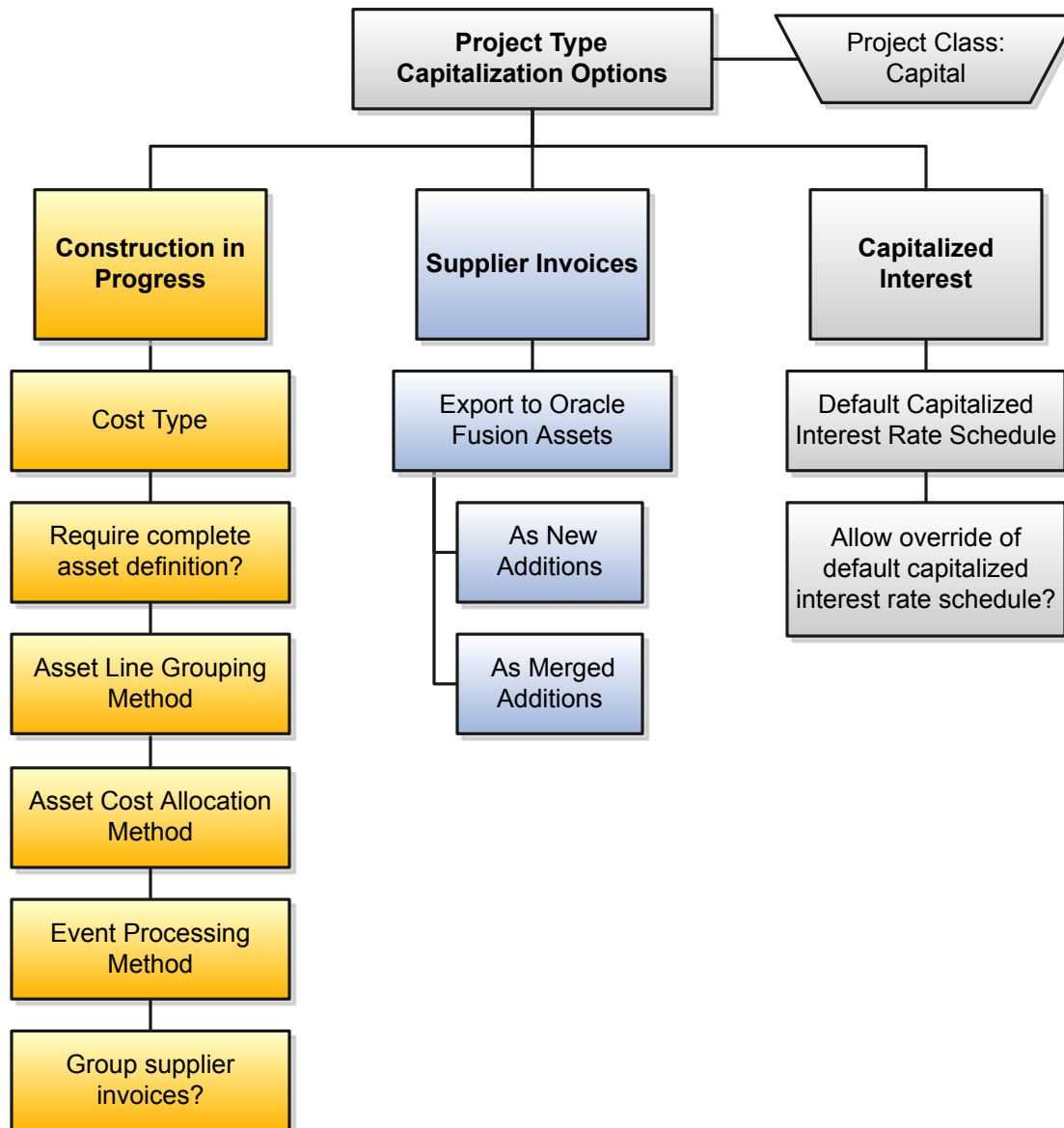
Related Topics

- [What's a standard unit cost method?](#)

Capitalization Options for Project Types: Points to Consider

You can assign assets to a project if capitalization is enabled for the project type. Use project types to enable capitalization and configure capitalization options that are inherited by the projects associated with that project type.

The following diagram illustrates the capitalization options for project types.



Specify the following information when setting up capitalization options for project types.

- Construction in Progress (CIP) Options
- Supplier Invoices Export Options
- Capitalized Interest Options

Construction in Progress Options

You specify the following Construction in Progress options when setting up capitalization options for project types.

Cost Type

Indicate whether to capitalize costs at the burdened or raw cost amount for projects with this project type.

Complete Asset Definition

Enable this option to require a complete asset definition in Oracle Fusion Project Portfolio Management before sending costs to Oracle Fusion Assets. If you select this option, you don't need to enter information for the imported asset lines in Oracle Fusion Assets. The Transfer Assets to Oracle Fusion Assets process places asset lines with complete definitions directly into the post queue in Oracle Fusion Assets.

Asset Line Grouping Method

Specify one of the following methods to summarize asset lines.

- **All**, which is the highest level of summarization
- **Expenditure Category**
- **Expenditure Category Nonlabor Resource**
- **Expenditure Type**
- **Expenditure Type Nonlabor Resource**
- **Expenditure Organization**
- **Expenditure Item**

Asset Cost Allocation Method

Select one of the following predefined allocation methods to automatically distribute indirect and common costs across multiple assets, or select no allocation method.

- **Actual Units**
- **Current Cost**
- **Estimated Cost**
- **Standard Unit Cost**
- **Spread Evenly**

Event Processing Method

Specify a capital event processing method to control how assets and costs are grouped over time. You can select either periodic or manual events, or no events.

Group Supplier Invoices

Enable this option to consolidate the expenditure items on a supplier invoice into one asset line according to the asset line grouping method. Deselect this option to send the lines to Oracle Fusion Assets based on the supplier invoice export option.

If you specify the grouping method as All, then no grouping occurs and asset lines are split into multiple lines when you transfer them from Oracle Fusion Project Costing to Oracle Fusion Assets.

Supplier Invoice Export Options

If you choose not to group supplier invoices, then select one of the following supplier invoice export options.

- **As New Additions:** Sends each expenditure item on a supplier invoice line to Oracle Fusion Assets as a separate addition line with a status of New.
- **As Merged Additions:** Sends each supplier invoice line to Oracle Fusion Assets as a separate addition line with the status of Merged.

Previously capitalized assets are transferred as new additions to Oracle Fusion Assets. If the asset was assigned an asset number in Project Costing, then you must remove or change the asset number in Oracle Fusion Assets before you can post the new addition.

After the addition lines are sent to Oracle Fusion Assets, you can split, merge, or split the lines manually in Oracle Fusion Assets.

Capitalized Interest Options

Use this field to specify a default interest rate schedule for capitalized interest.


You can select the **Allow Override** option to allow an override of the default capitalized interest rate schedule for individual projects.

Project Costing Source Lines: How They're Imported

You can collect construction-in-process (CIP) costs for capital assets you're building in Oracle Fusion Project Costing. When you finish building your CIP asset, you can capitalize the associated costs as asset lines in Projects and send them to Oracle Fusion Assets as mass addition lines.

When you finish building your CIP asset:

- Capitalize the associated costs as asset lines in Project Costing
- Send the asset lines to Oracle Fusion Assets as mass addition lines.

 **Note:** If you use Project Costing to build CIP assets, you don't need to create CIP assets in Assets. For costs that originate in Oracle Fusion Payables, you should send CIP costs to Project Costing, and capitalized costs to Assets.

Settings That Affect the Import Process

Asset lines sent from Project Costing to Assets must meet these specific conditions:

- The actual date in service must fall in the current or a prior Assets accounting period.
- The CIP costs for summarized asset lines must be interfaced to Oracle Fusion General Ledger.
- The CIP costs for supplier invoice adjustments must be interfaced to Payables.
- A CIP asset must be associated with the asset line.

How Project Lines Are Imported

In Project Costing, run the Transfer Assets to Oracle Fusion Assets process to send asset lines to Assets. This process:

- Creates a mass addition line for each asset line in Project Costing.
- Merges all mass additions for one asset into a single parent mass addition line. The merged children have a status of Merged.

In Assets:

- The parent mass addition is placed in the Post queue if the asset was completely defined in Project Costing and it's ready for posting.
- The parent mass addition is placed in the New queue if the asset definition isn't complete.

In this case you must enter additional information for the mass addition and then update the queue status to Post.

 **Note:** You don't need to change the queue status for lines with a status of Merged.

FAQs for Record Capital Asset Costs

Where can I view the summarized costs of a capital project?

You can view the summarized cost details of a capital project in the **Review Performance Overview** page. View project and task summary amounts such as capitalizable cost, noncapitalizable cost, expenses, budgeted cost, capitalizable cost percentage to total cost by task, by resource, or by period in a table or graph.

You can also drill down from the summary amounts to the transaction-level details.

Why is amortization information not transferred to Oracle Fusion Assets?

Amortization information isn't included when you first transfer an asset or if the asset is in a period of addition in Oracle Fusion Assets.

How are common costs allocated?

Costs captured under common cost tasks are allocated among assets based on the asset cost allocation method that is associated at the project level. However, you can override the asset cost allocation method at the capital event level, if the project is enabled for capital event processing.

The way common costs are allocated differs based on the common cost task structure.

If the common cost task is a top task, then costs captured under that task are allocated among assets, which are defined for the project and placed in service.

If the common cost task is the lowest task, then costs captured under that task are allocated among assets, which are assigned at the top task or lowest task in the same task hierarchy. If no asset is assigned for the task, then the application generates asset lines but leaves them as unassigned asset lines. You must assign the unassigned asset lines and then transfer the asset.

Can I designate cost of removal and proceeds of sale amounts when processing retirement costs?

Yes. When capturing retirement costs in a capital project, enter proceeds of sale amounts using expenditure types specifically created for that purpose. Oracle Fusion Project Costing automatically classifies amounts for all other expenditure types associated with the retirement cost task as cost of removal.


What's the difference between creating manual and periodic capital events?

Capital events are created to control the transfer of capital project assets and costs to Oracle Fusion Assets. You use capital events to group assets and costs on a project before you generate asset lines for capitalization and retirement cost processing. In periodic capital event processing the application automatically groups assets and costs based on the asset in-service date and expenditure item date, respectively.

In manual capital event processing, you must select costs and assets and create the grouping.

The other differences between periodic and manual capital event processing are as follows.

Periodic Capital Events	Manual Capital Events
Costs and assets are grouped periodically throughout the duration of the project.	You usually group the costs and assets at the required time within project duration.
Suitable for blanket projects that capture costs for repetitive work.	Suitable for phased projects where assets are placed in service after each phase is completed.

 **Note:** If you do not need either periodic or manual capital event methods, you can define the capital event processing method as **None**, where assets are placed in service only at the project completion. Grouping levels defined for the project is valid for the life of the project.

Grouped costs are automatically allocated to assets based on the asset cost allocation method associated to the project for both periodic and manual capital event processing. You can override it at the capital event level.

Can I update the asset or project name in the Create and Assign Assets ADFdi workbook?

Yes, however, if you change the asset to a name that doesn't already exist, it is created as a new asset.

Can I assign an asset to multiple tasks in the Create and Assign Assets ADFdi workbook?

No, however, you can assign an asset to multiple tasks from the Assets work area.

Can I delete an asset or asset assignment from the Create and Assign Assets ADFdi workbook?

No, however, you can delete an asset or asset assignment from the Assets work area.

Can I update an asset assignment in the Create and Assign Assets ADFdi workbook?

No, however, you can update an asset assignment from the Assets work area.

Glossary

accounting event class

Categories that classify transaction types and group event types for accounting rules.

accounting period

The fiscal period used to report financial results, such as a calendar month or fiscal period.

allocation

An allocation is distribution of existing amounts between and within projects and tasks.

allocation offsets

Reversing transactions that are used to balance allocation transactions with the source or other project.

allocation rule

A set of attributes that describes how to allocate amounts in the source pool to target projects and tasks.

budgetary control

Set of options and validation processes that determine which transactions are subject to validation against budgets to prevent overspending.

burden cost

Burden costs are legitimate costs of doing business that support raw costs and cannot be directly attributed to work performed.

burden cost base

The grouping of raw costs to which burden costs are applied.

burden cost code

A classification of overhead costs. A burden cost code represents the type of burden cost that you want to apply to raw cost. For each burden cost code in the burden structure, you specify what cost base it is applied to, the expenditure types it is associated with, and the order in which it is applied to raw costs within the cost base.

burdened cost

Cost of an expenditure item, including the raw cost and burden costs.

encumbrance accounting

An accounting practice that creates journal entries for requisitions and purchase orders that will become expenditures when goods and services are invoiced or received. The recording of estimated costs before the actual expenditures allows managers to plan for the future impact of previous financial decisions.

expenditure item

The smallest logical unit of expenditure you can charge to a project and task. For example, a time card item or an expense report item.

journal line rule

A rule that includes options to convert transactional data into a subledger journal line. Conditions can be defined within the rule so it's only used based on specific attributes of a transaction.

mapping set

Maps a combination of input source values to specific output values. The output value of a mapping set is used to derive accounts or segments in account rules.

nonlabor resource

An asset or pool of assets. For example, you can define a nonlabor resource with a name PC to represent multiple personal computers that your business owns.

project accounting period

Periods that are maintained by business unit and used to track budgets and forecasts, summarize project amounts for reporting, and track project status.

project type

Controls basic project configuration options, such as burdening, billing, and capitalization options, and class categories that are inherited by each project associated with the project type.

provisional burden schedule

A burden schedule of estimated burden multipliers that are later audited to determine actual rates. You apply actual rates to provisional burden schedules by replacing the provisional burden multipliers with actual burden multipliers. The application processes adjustments that account for the difference between the provisional and actual calculations.

raw cost

Costs that are directly attributable to work performed. Examples of raw costs are salaries and travel expenses.

source pool

A combination of all source amounts defined by an allocation rule. These costs comprise summarized projects costs, posted ledger account costs, or fixed amounts.

subledger journal entry line

An individual debit or credit line that is part of a subledger journal entry.

subledger journal entry rule set

A set of rules defining how to generate a complete journal entry for an accounting event.

targets

The identified projects and tasks to receive allocation amounts. Allocation rules specify the targets.

third-party application source

Non-Oracle application source of transactions.

value set

A set of valid values against which values entered by an end user are validated. The set may be tree structured (hierarchical).

