



# Budget Manager User Guide

Basware P2P 18.2

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# 1 Budget Manager – Getting Started

## 1.1 Budgets Introduction

Budgets Manager can help your organization efficiently manage and track specific budgets. This empowering tool helps you and your business make intelligent decisions by managing the funding cycle of budgets, whether they are for charities, grants, specific types of funds, annual spending, etc.

Budget Manager features:

- Keeping transactions separate from money
- Maintaining an audit trail
- Managing the workflow of money

The Budget menu allows easy access to all budget related activities.

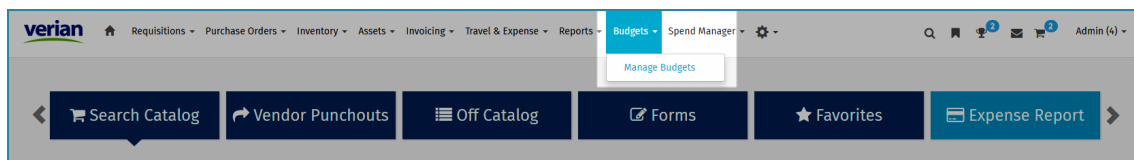


Figure 1: Budget Menu

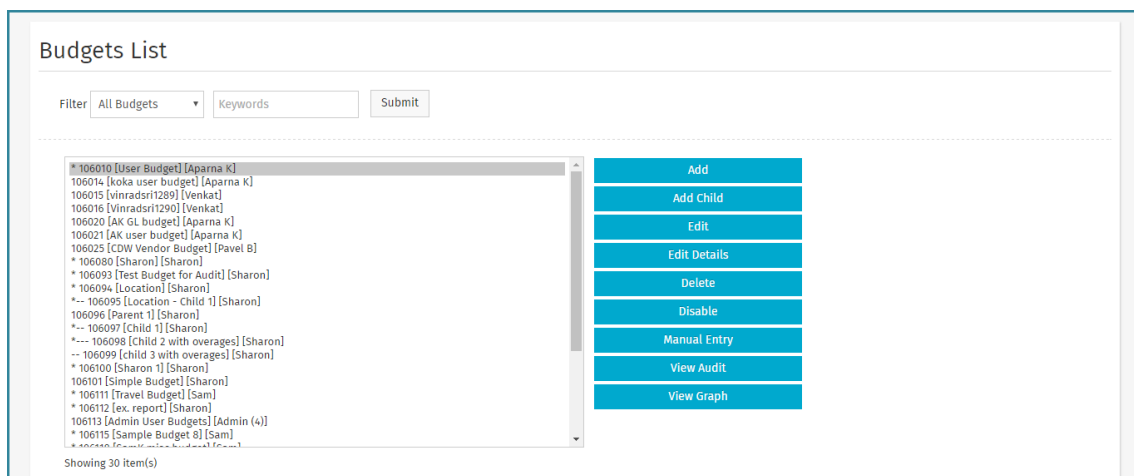
Menu Heading	Menu Options	Required Permissions
Budgets	Manage Budgets	Manage Budgets (160)
		View Budgets (165)

## 2 Creating Budgets

### 2.1 Budget Management

You can click the **Manage Budgets** link to view the Budget Management page. On this page, the following information is found under the Budget list in this order.

- The system ID for the budget number.
- The title of the budget.
- The user who created the budget.



**Figure 2: Budget Administration page**

Additional features on the budget list:

- An asterisk (\*) in front of the budget ID means that the budget is disabled.
- Dashes in front of the budget ID mean that the budget is a child of the above budget. The number of dashes represents the level of the budget. For example, the three dashes in front of the budget Child 2 with overages indicate that it is the third level of a budget. The main level is Parent 1 (no dashes), the second level is Child 1 (two dashes), and the third level is Child 2 with overages (three dashes).

#### 2.1.1 Add Budgets

**Location: Budgets > Manage Budgets**

To add a budget:



1. Click **Add**.
2. Enter the following budget information.

Field	Notes
Budget Name	This is a required field. Note: The budget name cannot exceed 50 characters.
Budget Description	
Allow Overages	Select <i>yes</i> if the budget is able to exceed its allocated amount. Select <i>no</i> if the budget cannot exceed its allocated amount. If set to Yes, the budget can be exceeded indefinitely.
Budget Type	This selection determines how the budget is to be tracked. Available budget types are GL (accounts coding), user, location, location group, vendor, project, and custom. A budget type is required.

- Click **Continue to Step 2**.
- Specify additional budget details.

Field	Notes
Warning To	Use the look-up icon to select the user a warning is to be sent to when the amount of the budget held, committed, and/or expensed reaches a designated percentage.
Warning at Budget %	Enter a percentage to designate when a warning is sent to the user selected. This is a one-time warning.
Auto Reserve Tax %	Enter a percentage to determine the percentage of money reserved for tax when creating an order request against a budget.
Auto Reserve Freight %	Enter a percentage to determine the percentage of money reserved for freight when creating an order request against a budget.
Approve at Budget %	Enter the remaining budget percentage at which actions against the budget require approval. If .15 is entered, when 15% of the budget is remaining, all new actions against the budget are sent for approval.
Approval Rule	The approval rule is created in the rules section using the advanced budgeting rule for budgets.
Priority	Enter a number to establish when this budget can be hit if single line items are tracked only for a single budget. The lower the number the greater is its priority. If two or more budgets have the same priority, then the system randomly selects a budget. Contact your Basware Implementation or Client Care team to learn more about this feature.
Budget Period Type	Select the duration of the budget. The available options are monthly, quarterly, semi-yearly, and yearly. This is a required field.
Number of Budget Periods	Enter the number of periods for the budget. This is a required field.
Budget Effective Start Date	This is a required field. The effective start date can go back as far as 18 months.

- Click **Continue to Step 3**.
- Select or enter the appropriate information. Fields on this page vary depending on the budget type selected in step 1. If the *custom* budget type is selected, step 3 is skipped.
- Click **Continue to Step 4**.

8. Use the fields specified to define details for each budget period. On this page, you can set the budget amount for each specified period based on the period type and number of periods set in step 2.

Field	Definition
Budget Period	Select the period for the budget detail record being added.
Budget Amount	Set the budget amount for the specified period.
Notes	Enter any necessary notes for the budget detail.

9. Click **Add Detail Record**.
10. If the budget amount or notes need to be edited after being entered, make the changes in the appropriate fields under the Current Budget Details header and click **Save Detail Record** for that line.

### 2.1.2 Budget Levels

Advanced Budgets allow for the creation of budget levels.

When you **Add** a budget, it automatically becomes a level-one budget, with no dashes in the Budget List. When you select a budget and click **Add Child**, the new budget becomes a level-two budget, with two dashes on the Budget List. This relationship is often referred to as parent/child relationship. The maximum number of budget levels allowed (up to six) is determined by system configuration.



The budget details (amounts) for a given budget level must be completed before adding the child budget.

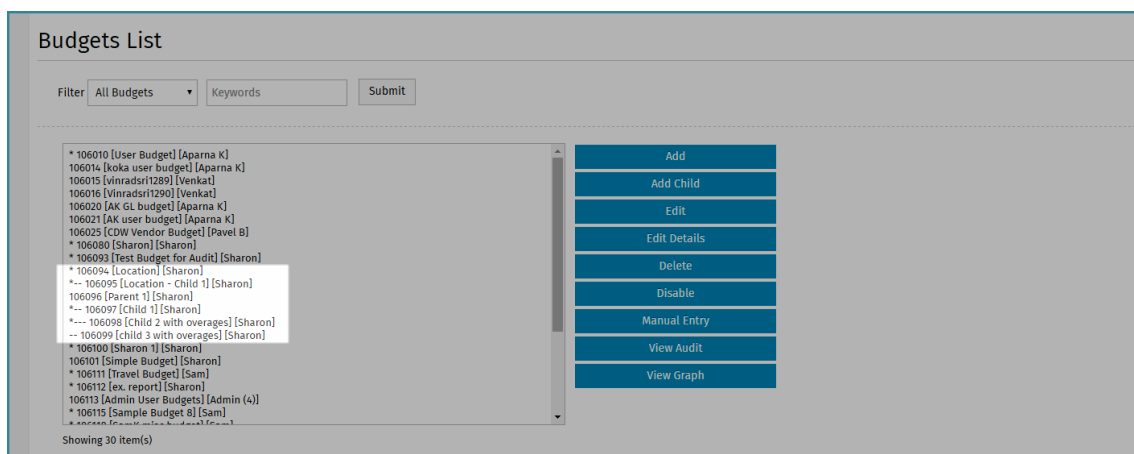


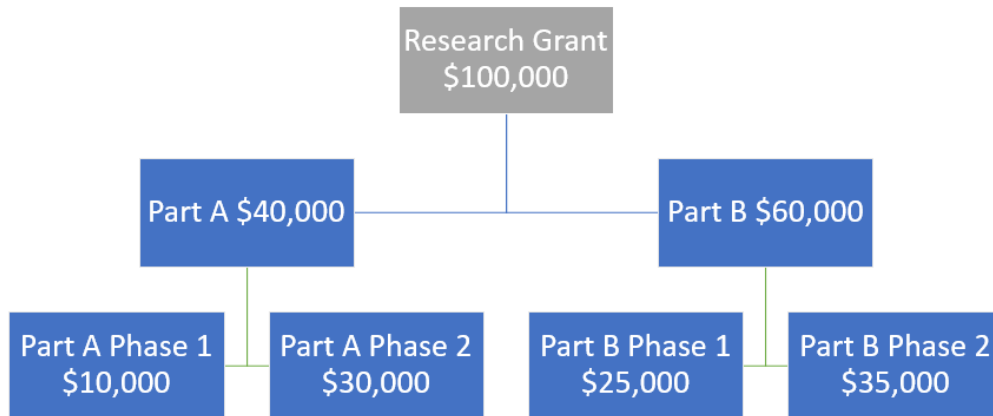
Figure 3: Budgets list with levels highlighted

### Distributing Amounts among Levels

When creating budget levels, the budgeted amounts for the lower levels cannot exceed the amount of the level above it. In the example below, the Research Grant budget is for \$100,000. The Part A budget is for \$40,000 and Part B is for \$60,000. Part A Phase 1 is for \$10,000 and Part A Phase 2 is for \$30,000. Part

B Phase 1 is for \$25,000 and Part B Phase 2 is for \$35,000. Notice that Parts A and B equal \$100,000 and that all the phases for Parts A and B equal \$100,000.

Also, since the totals for Part A and Part B equal the total for the Research Grant, a Part C cannot be created.



**Figure 4: Budget levels with budget breakdown.**



Not all the money from the upper level budget has to be distributed to the next level.

### Budget Types

When you create a budget with levels, all the budget levels must have the same budget type. The only exception to this is with a custom budget type. The budget type for that budget can be selected at the second level.

### Overages

Overages for budget levels need to be handled carefully. Several example scenarios and outcomes are described below.

Scenario 1:

- Level 1 — allow overages set to no — budget amount 1000.00
- Level 2A — allow overages set to no — budget amount 500.00
- Level 2B — allow overages set to no — budget amount 500.00

If...	Then...
A level 2 budget creates order requests totaling more than 500.00,	The order request that causes the budget amount to be exceeded is not created and an insufficient funds message is displayed.
If the Level 1 budget maxes out the 1000.00 before the Level 2A and/ or Level 2B budgets order,	There is no money left in the budget. Any requests made against these three budgets receive an insufficient funds message.
If Level 2A maxes out its 500.00 and Level 2B orders 300.00,	The Level 1 and/or Level 2B budgets can place an order for the remaining 200.00. Once the remaining money is spent, any requests made against the budgets receive an insufficient funds message.

Scenario 2:

- Level 1 — allow overages set to yes — budget amount 1000.00
- Level 2A — allow overages set to no — budget amount 500.00
- Level 2B — allow overages set to no — budget amount 500.00

If...	Then...
The Level 1 budget exceeds 1,000.00,	The Level 1 budget can keep ordering for an unlimited amount. Any requests made against the level 2 budgets receive an insufficient funds message.
If the Level 2A budget exceeds 500.00,	The Level 2A budget cannot have any more orders against it. Any requests made against this budget receive an insufficient funds message.
If the Level 2B budget exceeds 500.00,	The Level 2B budget cannot have any more orders against it. Any requests made against this budget receive an insufficient funds message.

Scenario 3:

- Level 1 — allow overages set to no — budget amount 1000.00
- Level 2A — allow overages set to no — budget amount 500.00
- Level 2B — allow overages set to yes — budget amount 500.00

If...	Then...
The Level 2B budget exceeds 500.00,	The order request is processed as long as there is money in the budget.
The Level 2B budget orders 600.00,	There is only \$400.00 left in the budget for all the budget levels to use.
The Level 2B budget orders 1,000.00,	There is no money left for any of the budgets. Any requests made against the budgets receive an insufficient funds message.
The Level 2A budget maxes out its allocated 500.00	The Level 1 or Level 2B budgets only have 500.00 to spend between them. The budget that gets to the money first gets to spend it.

**Disable/Delete Budget Levels**

Special attention is needed when disabling or deleting budget levels. Once a budget is disabled or deleted, it cannot be enabled or retrieved.

If...	Then...
A Level 1 budget is disabled or deleted,	All the associated budget levels below it are disabled or deleted with it.
A Level 2 budget is disabled or deleted,	All the associated budget levels below it are disabled or deleted with it. However, the Level 1 budget is not disabled or deleted nor is any other level 2 budgets associated with the Level 1 budget.
A Level 2A budget is disabled or deleted,	All the associated budget levels below it are disabled or deleted. However, the Level 2B budget and its levels are not disabled or deleted.
A Level 3 budget is disabled or deleted,	The levels above it are not affected.



Note: Only budgets without transactions against them can be deleted. Budgets with or without transactions can be disabled.

### 2.1.2.1 Add Child Budgets

**Location:** Budgets > Manage Budgets

You must define the details for all budget periods for the parent budget before you can add a child budget.

To add a child budget:



1. Select the budget to which a child budget needs to be added. Click **Add Child**.
2. Enter all needed information on the page.

Field Name	Notes
Budget Name	Required
Budget Description	
Parent Budget	The name of the budget that is one level above the budget being created. This is a non-editable field.
Allow Overages	Select <i>Yes</i> if the budget can exceed its allocated amount. Select <i>No</i> if the budget cannot exceed its allocated amount.
Inherit Reserves and Approvals from Parent	Select <i>Yes</i> if this budget is to inherit the reserves and approvals from the budget level above this budget. Select <i>No</i> if this budget is to have its own reserves and approvals.

3. Click **Continue to Step 2**.
4. Follow the directions from [Add Budgets](#) to complete the child budget.

### 2.1.3 Edit Budgets

**Location:** Budgets > Manage Budgets

No transactions may be recorded against the budget being edited. If the budget already has budget details defined, the Budget Period Type, Number of Budget Periods, and Budget Effective Start Date cannot be edited. Details must be entered for all budget periods before transactions can be recorded against the budget.

To edit a budget:



1. Select a budget with no transactions recorded against it.
2. Click **Edit**.
3. Follow the steps for adding a budget in [Add Budgets](#) to complete edits.

### 2.1.4 Edit Budget Details

**Location:** Budgets > Manage Budgets

The budget being edited must not have any transactions recorded against it. Details must be entered for all budget periods before transactions can be recorded against the budget.

The **Edit Details** action on the Budgets List allows a user to directly access the Budget Details page of a new budget to add or edit the period details.

To edit budget period details:



1. Select the budget with the details to be added or edited and click **Edit Details**.
2. Enter or change the budget amount for each period as needed. Click **Add Detail Record** to add details to a budget period, or **Save Details Record** to save changes to a detail record already created.
3. When finished, click **Return to Manage Budgets** to go back to the Budgets List.

### 2.1.5 Delete Budgets

**Location: Budgets > Manage Budgets**

You can delete budgets only if no transactions are recorded against them. Deleting a parent budget also deletes all associated child budgets.

To delete a budget:



1. Select a budget to be deleted.
2. Click **Delete**.
3. Click **Okay** on the pop-up confirmation window.
4. Enter a reason for deleting the budget. This is a required field.
5. Click **Delete Budget**.

### 2.1.6 Disable Budgets

**Location: Budgets > Manage Budgets**

You can disable budgets before or after transactions are made against them. Once a budget is disabled, it cannot be enabled again. Also, no transactions can be made against disabled budgets. A disabled budget has an asterisk (\*) in front of it in the Budgets List.

Be careful when disabling budgets with levels (parent budgets). Disabling a parent budget disables all associated child budgets.

To disable a budget:



1. Select a budget to be disabled.
2. Click **Disable**.
3. Enter a reason for disabling. This is a required field.
4. Click **Disable Budget**.

## 2.1.7 Create Manual Entries against Budgets

**Location:** Budgets > Manage Budgets

At times, you may need to make a manual entry against a budget. The two types of manual entries are adjustment and expense. Adjustment is used when money needs to be credited (added) to the budget. Expense is used when money needs to be debited (subtracted) from the budget.

To create a manual entry for a budget:



1. Select the desired enabled budget.
2. Click **Manual Entry**.
3. Select the budget period that the entry is against.
4. Select the manual entry type: adjustment or expense.
5. Enter a description for the entry.
6. Enter the amount for the entry.
7. Click **Apply Manual Entry**.

## 2.1.8 View and Export Budget Audit

**Location:** Budgets > Manage Budgets

Any time an action is made against a budget, it is logged in the budget audit.

The Budget Audit page is divided into two sections. The top section is the budget summary, and provides at a glance where the money is in the budget. The lower section is a log of all entries made against the budget, including the date, user, budget period, description, details, detail type, the transaction, and the budget available. This section also includes a link to export the budget audit to Excel.

To view or export the budget audit:



1. Select the desired budget.
2. Click **Audit**.
3. If desired, click **Export to Excel** to export all budget details to a .xls file.

## 3 Using Budgets

### 3.1 Budget Tracking

The main feature of Budget Manager for users is the Budget Transaction Summary table that is displayed at the bottom of the Order Request Detail page, the Purchase Order Detail page, the View Invoice page, the appropriate Approval pages, and the appropriate Work Queue pages.

If line items on an order request contain reference information that is associated with a budget or several budgets, that line item is tracked through the Budget Manager module.

Budgets are created based on budget types. The seven budget types are:

- GL - Tracks budgets by using an assigned specific account code to a range of account codes.
- User - Tracks budgets by using assigned users. Multiple users can be assigned to one budget.
- Location - Tracks budgets by using an assigned location. Multiple locations can be assigned to one budget.
- Location Group - Tracks budgets by using an assigned location group. Multiple location groups can be assigned to one budget.
- Vendor - Tracks budgets by using an assigned vendor. Multiple vendors can be assigned to one budget.
- Project - Tracks budgets by using an assigned project. Multiple projects can be assigned to one budget.
- Custom - Tracks budgets by using a specified user-defined field.

Each line item on a budget can be tracked using one budget or multiple budgets. This is dependent upon the company's business processes and the setup of Budget Manager. To learn more about this feature contact your Basware Implementation or Client Care team.

When line items are tracked using a single budget, the priority of the budget determines the order in which budgets are selected if more than one budget hits the line item references. The priority is determined during budget creation. The first budget hit is the one with the lowest priority number. If the priority is set to zero for any or all budgets or two budgets have the same priority, one budget is randomly selected by the system. It is possible for different line items to hit different budgets. The budget hit is displayed in the Budget Transaction Summary table.

#### Budget Transaction Summary

The budget hit is displayed in the Budget Transaction Summary table. When line items are tracked using multiple budgets, all budget references associated with the line item/items are displayed in the Budget Transaction Summary table.



The amounts recorded against each budget can be different based on the criteria tracked under each budget and the budget setup.

The Budget Transaction Summary displays two types of information. The first type is the budget summary which provides information for the entire budget. The second type is the transaction summary which provides information for the transaction only.

**Table 1: Budget Transaction Summary Column Definitions**

Column	Definition
Summary Type	Indicates whether the line information is for the entire budget or for the transaction. The budget summary is displayed first and then the transaction summary.
Budget Name	Displays the name of budget and links to the budget graph. The user must have permission 160 or 165 to access the graph.
Budget Period	Displays the budget period.
Budget Available	Displays the amount remaining in the budget excluding the expensed, committed, and held amounts.
Expensed Amount	Displays the expensed amount for the entire budget and for the transaction.
Committed Amount	Displays the committed amount for the entire budget and for the transaction.
Held Amount	Displays the held amount for the entire budget and for the transaction.

### Procurement Cycle Tracking

As the request moves through the procurement cycle, the allocated money is transferred from one status to another. The three statuses are *held*, *committed*, and *expensed*. The money is *held* when there is a request being tracked against a budget. When a purchase order is created, the money is transferred from *held* to *committed*. Finally, when the purchase order is reconciled, the money is transferred from *committed* to *expensed*.

The Budget Transaction Summary table reflects the changes as the request moves through the cycle. The tables below explain the flowpath in more detail.

**Table 2: Budget Summary Line**

If the user:	then:
views the order request before it the items are added to a purchase order,	the <i>held</i> amount includes the amount for the order request and all other order requests tracked under the budget.
views the order request after it becomes a purchase order,	the <i>held</i> amount only contains the amount for all the other order requests tracked under the budget. The amount for the current request is not included.
views the order request after reconciliation,	the <i>expensed</i> amount includes this order request and all other order requests reconciled against the budget.
views the purchase order before reconciliation,	the <i>committed</i> amount includes the amount for this purchase order and all other purchase orders tracked under this budget.
views the purchase order after reconciliation,	the <i>committed</i> amount only contains the amount for all the other purchase orders that are tracked under this budget. The amount for this purchase order is not included.
views the invoice,	the <i>expensed</i> amount includes all the purchase orders that have been reconciled against this budget.

**Table 3: Transaction Summary Line**

If the user:	then:
views the order request before it the items are added to a purchase order,	the <i>held</i> amount is the amount for this order request.
views the order request after it becomes a purchase order,	the <i>held</i> and <i>expensed</i> amounts are \$0.00.
views the order request after reconciliation,	the <i>expensed</i> amount is the amount reconciled for this order request. The <i>held</i> and <i>committed</i> amounts are \$0.00.
views the purchase order before reconciliation,	the <i>committed</i> amount is for this purchase order. The <i>held</i> and <i>expensed</i> amounts are \$0.00.
views the purchase order after reconciliation,	the <i>committed</i> amount and <i>held</i> amounts are \$0.00
views the invoice,	the expensed amount is the amount reconciled for this order request. The committed and held amounts are \$0.00.

### Multiple Line Order Requests

When an order request has multiple lines tracked under the same budget, some lines may be moved through the procurement cycle while others are not. This affects the amounts in the held, committed, and expensed statuses. Only the amount of the lines on the purchase order is transferred from the held amount to the committed amount. The same concept applies if some lines on a purchase order are reconciled while others are not.

### Account Code Splits

Budget Manager allows line items to have split account codes and to be tracked by budgets with the GL budget type. This is available when the system allows single line items to be tracked by multiple budgets. The following system settings must be correctly configured for this function:

- 12255 - Coding Segments Separator
- 12256 - Number of Coding Segments Used

For a GL budget to successfully track accounts coding usage, system setting 12255 must match the coding segment separator used in the accounts coding strings being tracked. System setting 12256 must be equal to or greater than the highest number of coding segments within the accounts coding strings being tracked.

## 3.1.1 Budget Tracking in Purchase Manager

### Requesting

When a request is made, the user is not aware of the Budget Manager functionality unless there are insufficient funds to make the request. An insufficient funds message is displayed and the request is not created. The message displays the budget name, the available amount, and the transaction amount.



Note: When multiple budgets are tracking one or more line items, if one or more budgets have insufficient funds, this message only displays information for one budget at a time.

If a request is deleted, then the held amount is returned to the budget.

### Approval

When an order request goes for approval, the Budget Transaction Summary is displayed on the Approval page.

If the approver declines the request, the money is removed from held status and returned to the budget.

If the approver changes the quantity and/or the price, the held amount is updated to reflect the changes.

### Ordering

When the purchaser is ordering the items tracked by a budget, the Budget Transaction Summary can be viewed on the Order Request Detail page.

If	Then
A purchase order is generated,	The held amount is transferred to the committed amount.
An order request is added to a purchase order,	The budget information is transferred to the existing purchase order and the held amount is transferred to committed.
A vendor is re-assigned and the budget being tracked is for a vendor,	The budget information is removed for the original vendor for the held amount.
A vendor is re-assigned and the new vendor has a budget,	The budget information is displayed for the new vendor's budget.
The price is changed,	The held amount is updated correctly as long as there are sufficient funds.
An order request is declined,	The held amount is removed and the money is returned to the budget.

### Receiving

Receiving items do not affect budget tracking. The only exception to this is when lines are added during receiving. The amount of the lines added is included in the committed amount. This addition can be viewed on the Purchase Order Detail page.

### Reconciliation

When a purchase order is reconciled, the actual amount of the invoice is moved to the expensed amount.

The amount of the invoice can increase due to taxes and freight and decrease due to discounts. If the invoice is less than the committed amount, then the extra money is returned to the budget balance. If the invoice is greater than expected, the extra money is removed from the available budget.

## 3.1.2 Budget Tracking In Invoice Manager

Non-PO invoices can be tracked using Budget Manager. Since there is not an order request or purchase order associated with the Non-PO invoice, all transactions are displayed in the *expensed* amount. The Budget Transaction Summary table is displayed on the View Invoice page.

The following system setting is required to track budgets for non-PO invoices:

- 12260 - Non-PO Invoice Budgets Enabled

The following invoice setting is also required:

- Check Budget Availability for Non-PO Invoice

When the invoice setting Check Budget Availability for Non-PO Invoice is enabled, the system verifies that there is enough money in the budget to process the non-purchase order invoice.

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