

CAPPS AGENCY COMMITMENT CONTROL

COMMITMENT CONTROL

Introduction

CAPPS Financials

End-User Training (EUT)

Agency Commitment Control

Course Number 215

Course Name: Commitment Control

Recommended Users: Agency Budget, GL, AP and Purchasing Buyers

Welcome

Hello,

Welcome back to the CAPPS Financials training.

Before taking this course you should have already completed the CAPPS Financials Fundamentals course.

Duration

This course will take approximately four hours. You can complete it all today or by sections. It's really up to you. You can take the training how it best fits in your schedule.

Preparation

It is recommended that you avoid distractions during training. You should close all other applications including your email while taking the course and silence your cell phone.

Navigation

Be sure you use the Next and Prev navigation buttons only when directed to view information in this course.

CAPPS AGENCY COMMITMENT CONTROL

Course Outline

This course is organized into five (5) sections. Learn how to use CAPPS Commitment Control (KK) functionality in each of the following sections:

- Section 1 - Commitment Control Overview and Budget Structures
- Section 2 - Entering and Managing Budgets
- Section 3 - Budget Checking
- Section 4 - Running Reports
- Section 5 - Review

Course Objectives

After completing this course you will be able to:

- Define Commitment Control
- View Commitment Control Budget Structures
- Enter and Manage Budgets
- Budget Check
- Run Reports

Section 1 – Commitment Control Overview & Budget Structures

Section 1 - Objectives

After completing this section you will be able to:

- Apply Commitment Control Terminology
- Differentiate Budgets Components
- Identify Budget Summary vs. Detail
- Review Appropriation Budget Definitions
- Review Expenditure Budget Definitions
- Review Revenue Budget Definitions

Section 1 - Outline

Lesson 1 - Commitment Control Overview – Duration: 10 min

Lesson 2 - Understand the Primary Components of Budget Definitions – Duration: 20 min

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Lesson 3 - Reviewing an Appropriation Budget Definition – Duration: 20 min

Lesson 4 - Reviewing an Organizational Budget Definition – Duration: 20 min

Lesson 5 - Reviewing a Revenue Budget Definition – Duration: 20 min

Section 1 – Lesson 1

Commitment Control Overview

- Key Terminology
- Module Integration
- Commitment Control Definition

Key Terms

Below are the key terms and definitions associated with Commitment Control:

Appropriation Budget - Controls an agency's operating and Capital item expenditures as defined by Legislative Budget Board and approved by the Texas State Legislature.

Associated Expenditure Budget - Is an optional field on the Revenue Estimate Control Budget page. It is used for selecting the expenditure ledger group whose limits are to be increased by revenue budgets in this budget definition. Associated revenue and expenditure budgets are specified on the Associated Budgets page.

Budget Checking - Displays the dollar amounts committed against:

- Pre-encumbrance - Requisition level
- Encumbrances - Purchase Order level
- Expenditures - Accounts Payable level

Budget Definition - Budget definitions provide the financial rules used to process all commitment control transactions.

Budget Exceptions - Report of errors generated from the Commitment Control Budget Processor.

(Budget) Key ChartFields - (Budget) Key ChartFields, set up in the control budget definition, are the ChartFields that are required for budget journals and source transactions to identify budgets for budget checking.

Budget Type - Budget Types are either Expenditure or Revenue. Expenditures are recorded against APPRPO, ORG, and DETAIL budgets.

Control ChartField - This ChartField is used by the Budget Processor to determine whether or not the transaction will be subject to a budget check.

Commitment Control Option –

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- **Control:** This option strictly controls transactions against budgeted amounts. Error exceptions are logged when transactions exceed the budgeted amount.
- **Tracking with Budget:** This option tracks transaction amounts against a budget, but does not issue error exceptions unless a corresponding budget row does not exist. Transaction amounts will pass if a budget row exists, even for a zero amount, but the system will issue a warning when transactions exceed the budgeted amount.
- **Track without Budget:** This option tracks transactions even if no budget journal setup exists. If a budget journal row does exist, warnings will be logged when transactions exceed the budgeted amount. If no budget row exists, no warning is issued.

Integration

CAPPS is an integrated system. Meaning information in CAPPS is shared or communicated across modules at an Agency. CAPPS core modules are Accounts Payable, Asset Management, Commitment Control, General Ledger, and Purchasing.

To learn more about each module and how they are integrated, review the 'CAPPS Modules & Integration' section below.

CAPPS MODULE INTEGRATION

Introduction

There are four modules, or areas of system functionality, in the CAPPS Financial Suite.

The four modules are:

- Accounts Payable
- Asset Management
- General Ledger
- Purchasing

To learn how the four modules work together, view the integration section.

To learn more about a specific module, view the individual section.

INTEGRATION

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Integration Flowchart

Understanding how CAPPS Core Financial Modules Integrate

- When a Requisition is created it can reference a Contract, be copied to an RFQ or sourced to a Purchase Order (PO).
- The Purchase Order is created and dispatched to the Supplier previously known as a Vendor.
- Once the goods are received, the Receipt is entered.
- Receipts are then matched to supporting documentation and available to Accounts Payable.
- Asset Receipts can also be tagged for tracking in Asset Management.
- Once goods are received and matched to the Purchase Order an Accounts Payable voucher is created.
- An Accounts Payable journal is then sent to General Ledger (GL) to record the expenditure.

Now that you understand how the modules are integrated, let's take a moment to review when and how the budget is impacted using Commitment Control.

When a requisition is created the funds are pre-encumbered (Commitment Control/Budget), and the funds available in the budget are reduced. After a requisition has been sourced to a purchase order the pre-encumbered funds are then encumbered. When an accounts payable voucher is created the budget is updated to reflect the expenditure.

ACCOUNTS PAYABLE (AP)

This AP module is used to record vendor invoices and track vendor payments for example:

AP Voucher: Once goods are received (or services rendered) and matched to the PO, an AP voucher is created and the budget is updated to reflect the expenditure. In addition, CAPPS allows for the convenient copying of data from the PO to the voucher. An AP journal is sent to the General Ledger (GL) modules to record the financial impact (expenditure) in GL. Vouchers are then interfaced to USAS.

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ASSET MANAGEMENT (AM)

The AM module is used to track assets throughout their lifecycle; from acquisition to retirement. In addition, AM is used to calculate the asset's depreciation which can be posted to the General Ledger.

For asset purchases, the physical asset data from the Purchasing module is shared with the Asset Management (AM) module along with the financial asset data from the Accounts Payable module. An AM journal can be sent to GL to record the financial impact (balance sheet update) in GL.

GENERAL LEDGER (GL)

The GL module manages the financial accounting information within CAPPS. This includes journal entries that are loaded in from other CAPPS modules, as well as entries manually entered or uploaded directly into GL.

Commitment Control (KK) is used to check revenue and expenditure entries against predefined budgets. If entries exceed the defined budgets plus any established tolerances, a warning or error message will appear depending on the system's configuration.

PURCHASING (PO) & e-Procurement (ePRO)

The PO and ePro modules are used to initiate and create purchase requests and purchase orders. Once the goods are received, a receipt is generated. For example:

Requisition: A requisition is the initial document created to fulfill the need for a good or service. A requisition can be directly sourced to a purchase order (PO) or it may be copied to a request for quote solicitation (RFQ) allowing for the manual setup of a procurement contract that can be used to track spending in accordance with legal requirements. In addition, procurement spending is monitored and/or controlled by budgets that have been setup in the Commitment Control (KK) module. Once a requisition has been created/approved, funds are pre-encumbered and the funds available in the budget are reduced.

Purchase Order: After a requisition has been sourced to a PO, the pre-encumbered funds are then encumbered and the budget is updated to reflect the encumbrance.

Receipt: A receipt records the receipt of goods or services and is used in the matching process to support the paying of invoices. Assets can be tagged at receipts.

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Commitment Control Definition

What is Commitment Control?

The Commitment Control module provides the mechanism for an agency to:

- Define Budgets
- Create Budgets
- Use Budgets to Manage Spending and Revenues

What modules are supported by Commitment Control?

Commitment Control (KK) is an integrated feature that performs budgetary control and/or tracking of financial transactions against pre-defined authorized budgets.

Commitment Control has connection points with the four Core CAPPS modules, General Ledger, Accounts Payable, Purchasing and Accounts Receivable, as well as the other non-core CAPPS modules, Billing, Contracts and Projects.

What is the Budget Processor?

At the center of Commitment Control is the Budget Processor. The Budget Processor performs both budget journal posting and transaction budget checking. It also generates commitment accounting activity that post to the commitment control ledger and activity tables.

Section 1 – Lesson 2 Outline

Understand the Primary Components of Budget Definitions

- Chart of Accounts
- Trees and Levels
- Budget Types
- Ledger Group Types
- Rules for Commitment Control Ledger Groups
- Control Option

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Section 1 – Lesson 2

Understand the Primary Components of Budget Definitions

Budget Definitions are set up once a year. They control how the budget will function throughout the appropriation year. CAPPS Budget definitions include general parameters, including control ChartField, parents and children, associated budget definition, control options, Ruleset ChartField, and status.

The Budget Definitions page is an excellent starting page when troubleshooting budget errors early in the appropriation year.

There are several components to setting up a budget definition:

- Chart of Accounts
- Trees and Levels
- Budget Types
- Ledger Group Types
- Rules for Commitment Control Ledger Groups
- Control Option

Budget Definition – Chart of Accounts

Step 1: Review the section below on CAPPS Chart of Accounts. Then see if you can match the account name with its purpose.

CAPPS Chart of Accounts (Chartfields)

1) Review the following information pertaining to Chart of Accounts. Then see if you can match the account name with its purpose.

ChartFields

The backbone of the PeopleSoft Financial System is the Chart of Accounts. These are fields and values that provide a common language for classifying an organization's business transactions. ChartFields are also referred to as Chart of Accounts, ChartField String or Coding Block.

ChartFields in CAPPS

ChartFields are used throughout CAPPS. Purchasing, Accounts Payable, Commitment Accounting (Budget), and General Ledger all require ChartFields. For this reason, it is

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important that you understand what each field is used for and how the various fields are combined into a ChartField string.

There are four required ChartFields in CAPPS and a few optional fields that are defined by the agency. The CAPPS required fields are: Account, Fund, Appn/PCA, and Budget Ref (AY).

Account

The Account ChartField is the segment of the chart of Accounts that captures the nature of financial transactions as Assets, Liabilities, Fund Equity, Revenues, and Expenditures. It provides the detail breakdown for Balance Sheet and Revenue/Expenditure reporting.

In CAPPS FIN, account is defined with a length of six characters. Agencies are required to use the first four characters for Comptroller Object (COBJ) or GL Account as in USAS. Agencies commonly use the last two characters to record transactions at a greater level of detail.

Appropriation (Appn)/PCA (Class Field)

The Appn/PCA ChartField is the segment of the Chart of Accounts that is required by USAS for any financial transactions. Appn is used only for Commitment Control budget entries. Since the Appn cannot be input on financial transactions directly, it must be looked up or translated from the PCA.

Appropriation Year (Budget Reference)

The Appropriate Year ChartField is the segment of the Chart of Accounts that are required by USAS. This value is entered in the Budget Reference field in CAPPS FIN.

In CAPPS FIN, Budget Reference is defined with a length of 10 characters. Most agencies use the first four characters to record the AY. Agencies can use the following two characters to reflect the month (e.g., 01=September). However, using 6-characters introduces a greater level of complexity.

Agency Options

Optional ChartFields Available to Agencies

Chartfield: Department

Field Length: 10

Description: The Department ChartField is used to identify the departmental structure for organizational and/or budgeting purposes.

Chartfield: Program Code

Field Length: 5

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Description: Available for agency use.

Chartfield: Product

Field Length: 6

Description: Available for agency use.

Chartfield: Project

Field Length: 15

Description: Used by Project Costing (PC), Customer, Contracts, and Grants module when PC is implemented. Note: This field may be used as an optional tracking field when PC is not implemented. For example, this field may be used to track costs associated with Grants when the full functionality of the Grants Module is not needed.

Understanding the Chartfield String

Now that you understand ChartFields, take a moment to view how they are displayed in CAPPS. Below are the details for a Financial Transaction Entry and a Budget Journal Entry:

- Financial Transaction Entry
 - This is an example of a Financial transaction entry using Agency Fund (5041) and PCA (90841).
 -

Unit	Ledger	SpeedType	Account	Oper Unit	Fund	Dept	Program	Appn/PCA	Appn Year
00000	ACTUALS		105000		5041	11420		90841	2015

- Budget Journal Entry
 - This is an example of a Budget entry using Agency Fund (5041A) and Appropriation (13024).

Ledger	SpeedType	Account	Fund	Appn/PCA	Appn Year
APPROP_BUD		700000	5041A	13024	2015

Step 2 – Select the appropriate Chartfield name options to match the definition.

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Chartfields - 1-Account, 2-Fund, 3-Appn/PCA, 4-Budget Reference

Answer Options:

A - Required by USAS

B - Captures transactions as Assets, Liabilities, Fund Equity, Revenues, and Expenditures.

C - Appropriation Year

D - The source of money related to a transaction.

Answers:

C. Appropriation Year = 3-Appn/PCA

A. Required by USAS = 1-Account

D. The source of money related to a transaction = 4-Budget Reference

B. Captures transactions as Assets, Liabilities, Fund Equity, Revenues, and Expenditures = 2-Fund

Chart of Accounts (Summary vs. Actual)

Typically, budgets are established at a more summarized level than that used to record the actual entries.

For example, the appropriation budget is established for an entire budget year (e.g. 2012), as seen below:

Budget				
Account	Fund	Class	Budget Reference	Budget Amount
700000	0001	13002	2012	\$1,756,400.00

However when an actual transaction is recorded, you must enter at the detail level.

Actual				
Account	Fund	PCA	Appropriation Year	Transaction Amount
700000	10	10900	201202	\$50,000

As a result, mapping needs to be established between the actual value entered and the **value used for budgeting**. In CAPPS, this mapping is accomplished using 'budget trees'.

Here is how it works!

A budget reference of 201202 was used during a voucher entry.

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When budget checking takes place, the transaction uses the tree structure to find the budget. In this case, CAPPS will look at the summary budget defined for budget year 2012 to determine whether there are sufficient funds.

Keep in mind this is a very simple example of how tree structures are used.

Budget Definition – Trees and Levels

Budget trees can contain multiple levels. These levels are also known as ‘nodes’. Typically, all nodes at the same level will represent the same type of information. For example, the second level (highlighted in green) of this tree is used to represent various expense categories.

Budget Tree Example

7000000 – EXPENDITURE BUDGET – Level ALL

- SFTWAR – SOFTWARE Level EXPENSE CATE
 - 738701 – SOFTWARE CAPITALIZED – Level DETAIL VALUE
 - 738001 – COMPUTER SOFTWARE – EXPENSED – Level DETAIL VALUE
- BENEFI – BENEFITS – Level EXPENSE CATE
 - 703201 – RETIREMENT STATE CONTRIBUTION – Level DETAIL VALUE
 - 704101 – INSURANCE EMP CONTRIBUTION – Level DETAIL VALUE
 - 704301 – OASDI EMPLOYER MATCHING – Level DETAIL VALUE
 - 705001 – BENEFIT REPLACEMENT PAY – Level DETAIL VALUE
- CAPITAL – CAPITAL – Level EXPENSE CATE
 - 738901 – BOOK/PRE-RECORD REF MAT – CAP – Level DETAIL VALUE
 - 737901 – COMPUTER EQUIP – CAPITALIZED – Level DETAIL VALUE
 - 737301 – FURN/EQUIPMENT – CAPITALIZED – Level DETAIL VALUE
 - 737201 – PURCHASE OF MOTOR VEHICLES – Level DETAIL VALUE

Each ChartField is linked to a level within a tree structure. This represents where the budget is established. The ChartField is made up of many segments, next see how the Account and Fund segments appear in a budget tree.

The following is an example of how each **control budget Account Chartfield** is mapped:

When budgets (e.g. appropriation, organizational, etc.) are defined, they must be mapped to a budget tree and level where the budget amounts will be established.

For example, the Appropriation budget is mapped to the All level. This means, whenever any transaction is recorded with a detail account value (e.g. 738701,738901,737901, etc.) the system will look at the budget amount for account 700000.

The Organizational budget also uses the same tree structure as the Appropriation

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budget, but is mapped to the Expense Category level instead of the All level.

This means when a transaction is recorded for detail account 738701 the system will look at the Software budget amount. If a transaction is recorded using detail account value 737901, then the system will look at the Capital budget amount instead.

The Revenue budget is mapped to the All level. This means whenever any transaction is recorded with a detail account value (e.g. 3175, 3722, 3725, etc.) the system will look at the budget amount for account 300000.

Here's an example of the Fund ChartField:

For three budgets (Appropriation, Revenue and Organizational) the same tree structure can be used:

Appropriation

Tree Name: DIR_CC_EXP_CAT

Level: ALL

Organizational

Tree Name: DIR_CC_EXP_CAT

Level: EXPENSE CAT

Revenue

Tree Name: DIR_CC_FUND

Level: AGENCY

Budget Tree Structure

- All – All FUNDS – Level ALL
- 0001 – GENERAL REVENUE – Level USAS FUND LE
 - 0010 – AGENCY FUND – 0001 – Level AGENCY
 - 1000 – UNAPPROPRIATED GR – Level AGENCY
 - 2000 – PURCHASES FOR RESALE – Level AGENCY

*Note: All budgets **can use** the same tree structure. The trees and tree levels can be shared by control budgets, if appropriate.*

Budget Definition – Budget Types

Budget Types are either **Revenue** or **Expenditure**.

Revenue – The Revest budget-records revenue-related transactions.

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Expenditure – The Appropriation, Organizational, Project*, Project-Child* and Detail budgets record expense-related transactions.

*Used for Project expenditures. They do not impact the Appropriation, Organizational or Detail budgets.

Budget Definition – Ledger Group Types

Setting up control budgets definitions is synonymous with establishing processing rules for Commitment Control ledger group. Depending on the budget requirements of your agency, you may need one or many expenditure budget definitions and one or many revenue budget definitions. Ledger Groups contain the ledgers (i.e. books) used to record transactions.

Expenditure Ledger Group Type

- Budget (Budgeted)
- Pre-Encumbrance (Requisition)
- Encumbrance (Purchase Order)
- Expense (Vouchers)

Revenue Ledger Group Types

- Budget (Budgeted)
- Collected Revenue (Invoiced)
- Recognized Revenue (Received Payments/Receipts)

Budget Definition - Rules for the Commitment Control Ledger Groups

CAPPS budget definitions establish processing rules for Commitment Control Ledger groups.

Appropriation

- Account
- Fund
- Class
- Appropriation Year

Organizational

- Account
- Fund
- Class
- Department*

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- Appropriation Year

Revenue Estimate

- Account
- Fund
- Class
- Appropriation Year

For example, when checking the Appropriation budget, the system uses the values entered for the Account, Fund, Class and Appropriation Year ChartFields.

***Note:** The Organizational budget also checks against the Department Chartfield.

Budget Definition - Control Options

In CAPPS, the Control Option will determine how a transaction is treated during the budget checking process. Review the available options below:

Control – This option strictly controls transactions against budgeted amount. Error exceptions are logged when transactions exceed the budgeted amount.

Tracking with Budget – This option tracks transaction amounts against a budget, but do not issue error exceptions unless there is no corresponding budget row. Transaction amounts will pass if a budget row exists, even for a zero amount, but the system will issue a warning when transactions exceed the budgeted amount.

Tracking without Budget – This option tracks transactions even if there is no budget journal setup. If a budget journal row does exist, warnings will be logged when transactions exceed the budgeted amount. If no budget row exists, no warning is issued. No warning is issued for commitment control detail tracking ledger groups with the control option of 'track without budget'.

Section 2 – Lesson 3

Reviewing an Appropriate Budget Definition

- View the elements of an Expenditure budget
- Understand the required information needed to setup an Appropriation budget definition

Section 1 – Lesson 3 Exercise

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The exercise below provides step-by-step instructions on how to perform the following task in CAPPS:

Appropriation Budget Definition

Scenario 1: Reviewing an Appropriation Budget Definition

Select the following link for the exercise:

[View Section 1 – Lesson 3 Exercise](#). After completing the exercise, close the browser tab and return to the course. Once you have returned to the course select next to continue.

Section 1 – Lesson 4

Reviewing an Organizational Budget Definition

- View the elements of an Expenditure Budget
- Understand the required information needed to setup an Organizational budget definition

Section 1 – Lesson 4 Exercise

The exercise below provides step-by-step instructions on how to perform the following task in CAPPS:

Organizational Budget Definition

Scenario 1: Reviewing an Organizational Budget Definition

Select the following link for the exercise:

[View Section 1 – Lesson 4 Exercise](#). After completing the exercise, close the browser tab and return to the course. Once you have returned to the course select next to continue.

Section 1 – Lesson 5

Reviewing a Revenue Budget Definition

- View the elements of an Expenditure Budget
- Understand the required information needed to setup a Revenue budget definition

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Section 1 – Lesson 5 Exercise

The exercise below provides step-by-step instructions on how to perform the following task in CAPPS:

Revenue Budget Definition

Scenario 1: Reviewing a Revenue Budget Definition

Select the following link for the exercise:

[View Section 1 – Lesson 5 Exercise](#). After completing the exercise, close the browser tab and return to the course. Once you have returned to the course select next to continue.

Section 2 – Entering and Managing Budgets

Section 2 - Objectives

After completing this section you will be able to:

- Create an Appropriation budget journal entry.
- Identify errors for budgets that fail the edit or post process.
- Identify if the budgeted funds have been surpassed for a specific period.
- Review, copy, update and post a budget journal.

Section 2 - Outline

Lesson 1 - Entering an Appropriation Budget – Duration: 20 min

Lesson 2 - Reviewing an Organizational Budget and Creating an Adjustment Journal – Duration: 20 min

Lesson 3 - Reviewing, Editing and Clearing a Budget Error – Duration: 20 min

Lesson 4 - Copying a Budget Journal – Duration: 20 min

Section 2 – Lesson 1

Entering an Appropriation Budget

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- Understand the components needed to enter an Appropriation budget journal.

Section 2 – Lesson 1 Exercise

The exercise below provides step-by-step instructions on how to perform the following task in CAPPS:

Appropriation Budget

Scenario 1: Entering an Appropriation Budget

Select the following link for the exercise:

[View Section 2 – Lesson 1 Exercise.](#) After completing the exercise, close the browser tab and return to the course. Once you have returned to the course select next to continue.

Section 2 – Lesson 2

Reviewing an Org. Budget and Creating an Adj. Journal

- Identify errors for budgets that fail the edit or post process.
- View budgeted funds for a specific period.
- Check to ensure budgeted funds are not surpassed.

Section 2 – Lesson 2 Exercise

The exercise below provides step-by-step instructions on how to perform the following task in CAPPS:

Reviewing an Org. Budget and Creating an Adj. Journal

Scenario 1: Reviewing an Organizational Budget and Creating an Adjustment Journal

Select the following link for the exercise:

[View Section 2 – Lesson 2 Exercise.](#) After completing the exercise, close the browser tab and return to the course. Once you have returned to the course select next to continue.

Section 2 – Lesson 3

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Reviewing, Editing and Clearing a Budget Error

- Find an existing budget journal
- Copy a budget journal line
- Review a Budget Exceptions page
- Update a Budget Journal Line
- Post the budget journal to clear the error

Section 2 – Lesson 3 Exercise

The exercise below provides step-by-step instructions on how to perform the following task in CAPPS:

Working with Budget Errors

Scenario 1: Reviewing, Editing and Clearing a Budget Error

Select the following link for the exercise:

[View Section 2 – Lesson 3 Exercise.](#) After completing the exercise, close the browser tab and return to the course. Once you have returned to the course select next to continue.

Section 2 – Lesson 4

Copying a Budget Journal

- Copying a journal saves times because you can use an existing journal entry as the basis for a new journal entry.

Section 2 – Lesson 4 Exercise

The exercise below provides step-by-step instructions on how to perform the following task in CAPPS:

Copy a Budget Journal

Scenario 1: Copying a Budget Journal

Select the following link for the exercise:

[View Section 2 – Lesson 4 Exercise.](#) After completing the exercise, close the browser

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tab and return to the course. Once you have returned to the course select next to continue.

Section 3 – Understanding Budget Checking

Section 3 - Objectives

- Describe the CAPPS Budget Function
- Explain the Procure-to-Pay process
- Budget check requisitions and purchase orders in CAPPS

Section 3 – Lesson Outline

Lesson 1 – Procure-to-Pay Process – Duration: 5 min

Lesson 2 – CAPPS Budget Function – Duration: 5 min

Section 3 – Lesson 1

Procure-to-Pay Process

- Understand the role of Commitment Control in the Procure-to-Pay process

Discover how the Procure-to-Pay process affects the Budget.

Pre-encumbrance, encumbrance, and expenditure...what does it all mean?

Pre-encumbrances, encumbrances, and expenditures are all a part of the budget checking process. This process ensures funds are available at the time a request is made.

First, I will explain how the budget is impacted by the budget checking process. Then, you will be provided with details to learn how the Procure-to-Pay process works.

This is a simple chart to explain how pre-encumbrances, encumbrances, and expenditures affect the budget. Take a moment to review the following:

- Beginning Balance is 10,000
- Pre-encumbrance is \$0
- Encumbrance is \$0
- Expenditure is \$0 and the
- Remaining Spending Authority is \$10,000

Scenario: Nancy needs to place an order for office supplies. She created a requisition to order office supplies that cost \$100. Now let's see how the transaction affected her

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budget.

When a requisition is created and budget checked, CAPPS will pre-encumber the funds; place them on hold. A pre-encumbrance reduces the total available funds in the Budget.

Nancy started with \$10,000 in her budget.

She pre-encumbered \$100 for office supplies.

Her total Remaining Spending Authority is \$9,900.

What happens to the requisition next? Nancy's requisition will need to be sourced to a Purchase Order and budget checked. Budgeting Checking a Purchase Order (PO) releases the pre-encumbrance and encumbers the funds. The total funds available in the Budget remain the same.

What happens to the requisition next? Nancy received her office supplies. Her supplier (vendor) has submitted their invoice to Accounts Payable. Accounts Payable creates and budget checks a voucher. This releases the encumbrance and creates the expenditure. The total funds available in the Budget remain the same.

Now that you understand the Budget Checking process, take a few minutes to review how the Procure-to-Pay process works.

CAPPS Financials Procure-to-Pay Process

Learning Objectives

After completing this brief demonstration you will be able to:

- 1) Understand the complete Procure-to-Pay Process within CAPPS
- 2) Identify where and how the Budget is impacted throughout the Procure-to-Pay Process.
- 3) Recognize the various Procure-to-Pay Roles and Responsibilities.

The Procure to Pay Process Timeline

- 1) Requisition - You create a Requisition to request a purchase of an item(s).
- 2) Purchase Order (PO) – Information is copied from the Requisition to the PO. There is no need for re-entry.
- 3) Receiving – The item is received from the supplier (vendor) or returned. The transaction is captured in CAPPS.
- 4) Accounts Payable (AP) – When an Invoice is received from a supplier a Payment Voucher is created.

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- 5) USAS – Provides payment to the supplier (vendor).

Review the different types of CAPPS functionality relating to Purchasing.

Requisitions

- Requisitions can be created from eProcurement.
 - A requisition line can reference an existing contract.
 - Requisitions require approval based on an agency's management structure.
 - Pre-encumber (place on hold) funds from the Budget.
 - May be created by anyone with the Requestor Role
- Purchase Orders

Purchase Orders

- Information from a Requisition can be copied into a PO. No dual entry needed.
- Can be created without a Requisition (Direct PO) or from a contract
- Removes requisition pre-encumbrance and encumbers the funds from the Budget.
- Purchase Orders may require approval from a Manager.
- Purchase Orders may be created by anyone with the Buyer Role.

Receiving

- A record of items being received or still outstanding is captured in CAPPS.
- A record of items that were rejected upon delivery is captured.
- Suppliers forward invoices to Accounts Payable.
- May be received or returned by anyone with the Receiver role.

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Accounts Payable

- In Accounts Payable a payment voucher is created.
- The payment voucher may require approval from a manager.
- Releases the PO encumbrance and creates an Expenditure entry in Budget.
- Automatically creates the General Ledger (GL) Journal entry.
- Automatically creates an Item in Asset Management.

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- Creates the Payment for Supplier (Vendor)

Learn your role in CAPPS by reviewing the task that you perform today. The tasks and their roles are following:

- Task – Purchase Items or Services
 - Role – You are a Requestor. Requestors create a requisition to purchase items/goods. Recommended training class(es) are: 999 Financials Fundamentals and 305 Requisitioning and Receiving.
- Task – Manage Purchase Orders (PO)
 - Role – You are a Buyer. Buyers create, budget check, and dispatch Purchase Orders. Recommended training class(es) are: 999 Financials Fundamentals, 305 Requisitioning & Receiving, 306 Purchase Order Processing.
- Task – Approve Requisitions or POs
 - Role – You are an Approver. Approvers can approve Requisitions and/or Purchase orders. Recommended training class(es) are: 999 Financial Fundamentals and 310 Requisitioning Approval.
- Task – Receive Items or Goods
 - Role – You are a Receiver. Receivers enter a receipt of items and services delivered to the Agency. Recommended training classes) are: 999 Financials Fundamentals and 305 Requisitioning & Receiving.
- Task – Process Supplier Invoices

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- Role – You are an Accounts Payable Clerk. AP clerks process invoices and create Payment Vouchers. Recommended training class(es) are: 999 Financial Fundamentals and 200 Accounts Payable.

Hope you enjoyed learning about the process! Let's go back to the course.

Section 3 – Lesson 2

CAPPS Budget Function

- Follow a transaction through the budget checking process

Budget Functions

This lesson provides a simplified view of Commitment Control budget-checking of source transactions, showing warning and error exception handling through the update of Commitment Control ledgers.

No Warning – This process begins with the **Source Transaction** that gets validated through the appropriate Control Budgets. Based on the validity of the information checked against the Control Budgets transactions will be passed through to the Commitment Control Ledger for update.

Soft Warning/Warning Notice – When a transaction exceeds the available budget amount, the system may pass the transaction with a warning notice, depending on the processing rules that you set up in your control budget definition, budget attributes, and source transaction type definition.

If there are exceptions, also known as errors or warnings, the transactions must be manually reviewed by the user.

Hard Warning – Once an exception has been reviewed and the appropriate adjustments, the transaction is either processed to update the Commitment Control Ledger or rejected.

Section 3 – Lesson 2 Exercise

The exercise below provides step-by-step instructions on how to perform the following task in CAPPS:

Understand the Budget Checking Process

Scenario 1: Budget check Requisition and Purchase Order in CAPPS

Select the following link for the exercise:

[View Section 3 – Lesson 2 Exercise.](#) After completing the exercise, close the browser tab and return to the course. Once you have returned to the course select next to continue.

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Section 4 – Reports

Running Reports

Section 4 – Objectives

After completing this section you will be able to:

- Use Process Scheduler to run a report.
- Use Process Monitor to monitor the run status of a report.
- View the output of a report.

Section 4 – Lesson 1 Exercise

The exercise below provides step-by-step instructions on how to perform the following task in CAPPS:

Run a Budget Report

Scenario 1: Using Process Scheduler to run the Budget Transaction Detail Report

[View Section 4 – Lesson 1 Exercise.](#) After completing the exercise, close the browser tab and return to the course. Once you have returned to the course select next to continue.

Section 5 – Review

Important Takeaways

- Commitment Control can be used within each FIN module to check transactions against pre-defined authorized budgets.
- Each budget's Control Option determines how to handle transactions that exceed their budgets.
- Budgets are defined at the summary level.
- Budget definitions establish processing rules for Commitment Control.
- Appropriation (Control), Organizational (Track with Budgets) and Revenue Estimate (Track without Budgets) are the three different types of budgets against which transactions may be checked.
- The budget definition determines which of the transaction ChartFields need to be checked.
- Each ChartField is linked to a level within a tree structure.

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- Tree structures are used to define hierarchical organizations of budgets.
- Budget trees are used to map actual values entered and the value used for budgeting.

Course Summary

Congratulations, you have completed this course. You learned the following regarding CAPPS Commitment Control:

- How to define Commitment Control
- How to view Commitment Control Budget Structures
- How to Enter and Manage Budgets
- How the Budget Checking
- How to Run Reports

You are now ready to move on to your next course, see you there!

Congratulations

I hope you enjoyed your training!

This course is almost complete.

It's now time to review what you've learned in this course.

Knowledge Check

Next you will be presented with a series of questions covering important things to remember from this Commitment Control course.

[Knowledge Check](#)

To begin select the Knowledge Check link. After completing the knowledge checks, close the browser tab and return to the course.

This completes the course.