

How to Enable Budgetary Control in Oracle Fusion

Budgetary control ensures that spending is monitored and controlled against a predefined budget, while encumbrance accounting tracks commitments and obligations to confirm funds are available before actual expenditures occur. This guide explains how to enable budgetary control in Oracle Fusion, covering the underlying concepts, the control budget process flow, and the detailed configuration steps for ledgers, business units, and business functions.

Prerequisites

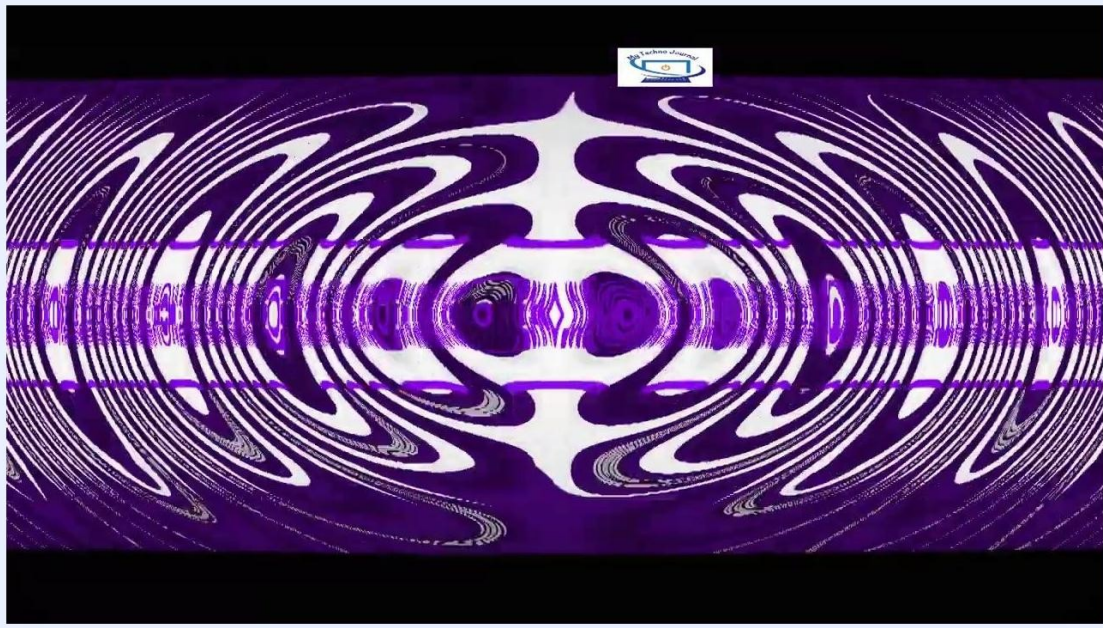
Before you enable budgetary control in Oracle Fusion, you should understand how budgetary control and encumbrance accounting relate to one another and fit into the broader process flow.

Understanding budgetary control and encumbrance accounting

Budgetary control and encumbrance accounting serve related but distinct purposes:

- **Configuration:** Budgetary control relies on Spending Controls; encumbrance accounting relies on the Sub Ledger Accounting Method.
- **Structure:** Budgetary control uses the Control Budget, Budget Account, and Budget Calendar; encumbrance accounting uses the Ledger, Chart of Accounts, and Accounting Calendar.
- **Transactions:** Budgetary control performs funds checks and funds reservation for requisitions, purchase orders, invoices, and similar documents. Encumbrance accounting creates journal entries for commitments and obligations.

- **Reporting:** Budgetary control reports on transaction consumption of budget and funds available. Encumbrance accounting reports on general ledger commitments, obligation journals, and balances.



Spreadsheet comparing budgetary control and encumbrance accounting across configuration, structure, transactions, and reporting.

Accounting methods and their relationship to budgetary control

Oracle Fusion supports several accounting methods:

- Cash basis accounting
- Accrual basis accounting
- Sub-ledger accounting, specifically encumbrance accounting

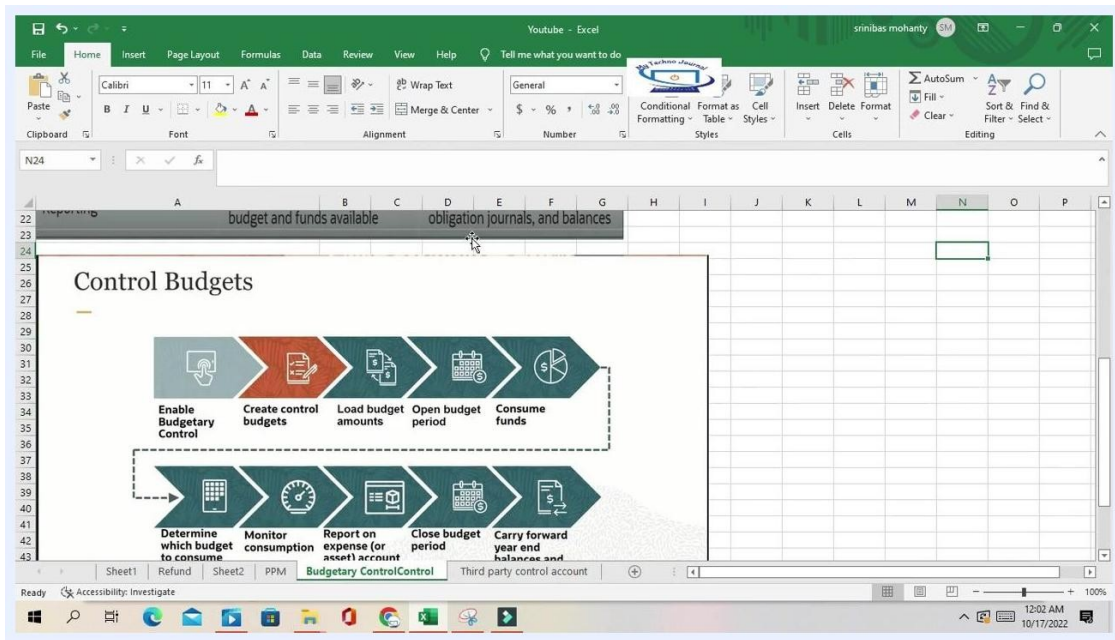
If you enable encumbrance accounting, you can manage it based on budgetary control. Enabling both budgetary control and encumbrance accounting together allows the system to perform fund checks and fund reservations.

Reviewing the control budget process flow

Before configuring settings, it helps to understand the overall sequence:

- Enable budgetary control.
- Create control budgets.
- Load budget amounts.

- Open the budget period.
- Consume funds.
- Determine which budget to consume.
- Monitor consumption.
- Report on the expense (or asset) account.
- Close budgetary control.
- Carry forward year-end balances and encumbrances.



Spreadsheet depicting the control budget process flow from enabling budgetary control through carrying forward year-end balances.

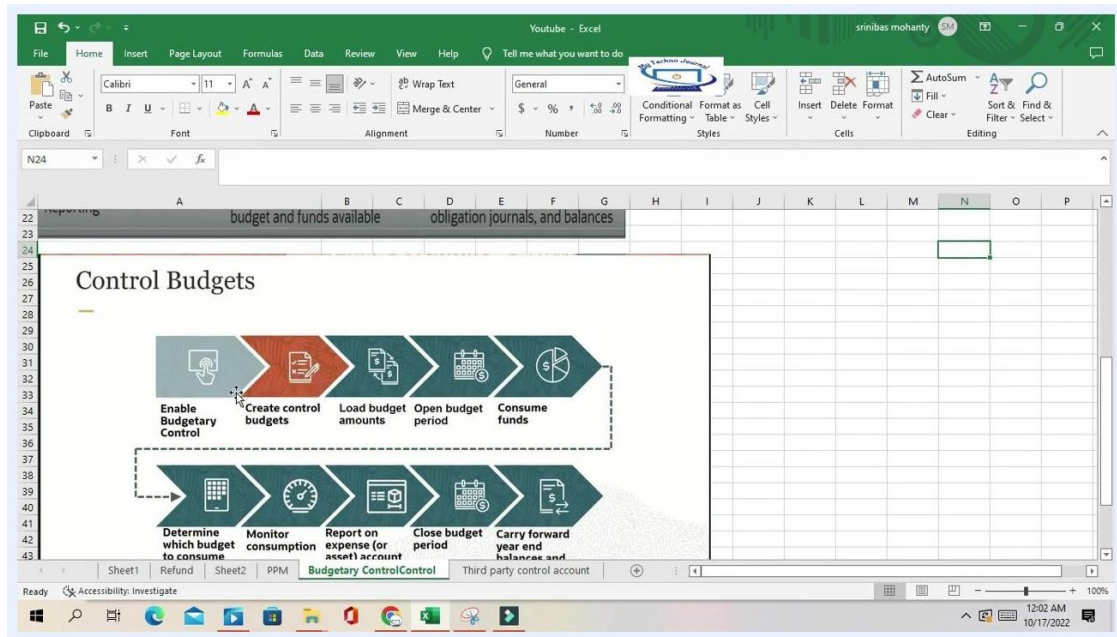
Identifying transactions to enable for budgetary control

Assign and enable budgetary control and encumbrance accounting for specific transaction types, such as requisitions, purchase orders, and invoices. Once enabled, Oracle Fusion performs fund checks and creates encumbrance journal entries for these transaction types.

Step 1: Access the Financials setup area

1. Open your web browser and log in to the Oracle Fusion application.
2. From the main menu, locate and select the **Setup: Financials** section.
3. In the **Functional Areas** panel, scroll down to find **Budgetary Control and Encumbrance Accounting**.

4. Click **Budgetary Control and Encumbrance Accounting** to expand its options.



Oracle Fusion Setup: Financials screen with "Budgetary Control and Encumbrance Accounting" highlighted in the Functional Areas list.

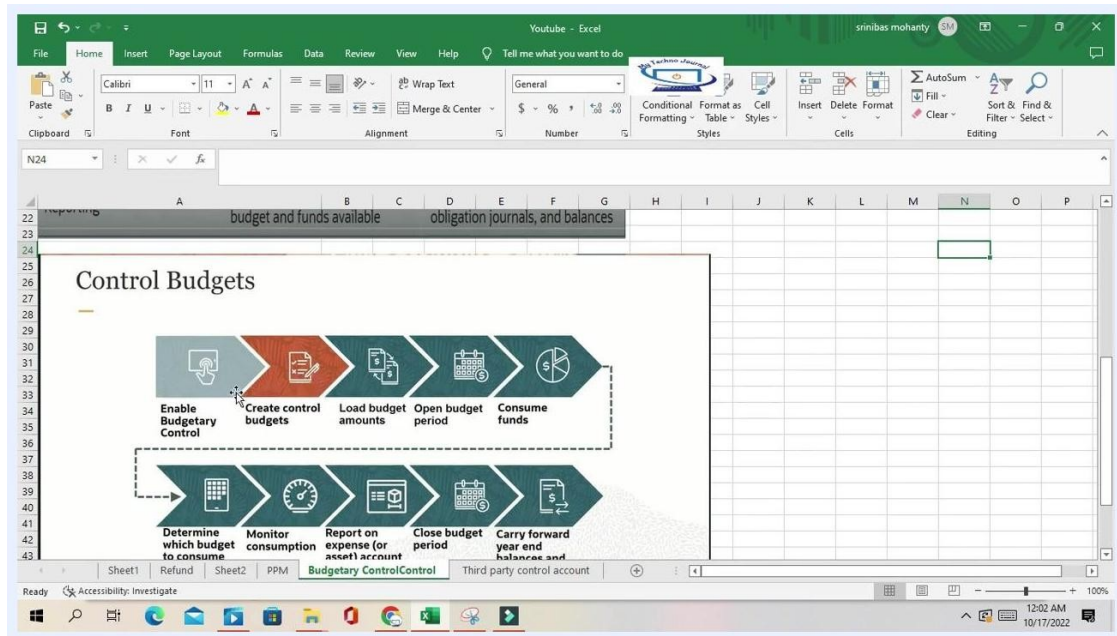
Step 2: Open the Manage Budgetary Control task

Click **Manage Budgetary Control** under the **Task** list to open the management page for budgetary control and encumbrance accounting.

On this page, review the **Enterprise Options** and **Ledger and Business Unit Options** sections:

- The **Enterprise Options** section lists features such as budgeting to summary accounts in General Ledger, synchronizing hierarchy maintenance, additional budgetary control liquidation validation, and securing control budget definitions.

- The **Ledger and Business Unit Options** section lists available ledgers and business units, with columns for Name, Ledger, Budgetary Control Enabled, Encumbrance Accounting Enabled, and Business Unit.



Oracle Fusion task list for "Budgetary Control and Encumbrance Accounting" with "Manage Budgetary Control" highlighted.

Enterprise Options

Feature	Description	Learn More	Enable
Budget to summary accounts in General Ledger	Summary accounts that are used for budgetary control will be automatically generated in General Ledger.	?	☐
Synchronize hierarchy maintenance	Automate the maintenance of the account hierarchies to ensure they remain the same in General Ledger and Budgetary Control.	?	☒
Additional budgetary control liquidation validation	Fails budgetary control validation when the liquidation of a transaction doesn't impact the same control budget as originally reserved.	?	☒
Secure control budget definitions	Limit the users who can update control budget definitions on the Manage Control budget page.	?	☒

Ledger and Business Unit Options

Ledger			Business Unit		
Name	Budgetary Control Enabled	Encumbrance Accounting Enabled	Name	Budgetary Control Enabled	Encumbrance Accounting Enabled
01Apollo US	No	No	01Apollo US Business Unit	No	No
01Ledger UM	No	No			
01Ledger US	No	No	01Business Unit	No	No

Manage Budgetary Control and Encumbrance Accounting screen showing enterprise options and a list of ledgers and business units with their status.

Step 3: Locate and select your ledger

Use the search bar to filter for the ledger you want to configure, for example, typing "US Pri" to find "US Primary Ledger." Review the current status: both **Budgetary Control Enabled** and **Encumbrance Accounting Enabled** should show "No" if they have not yet been enabled.

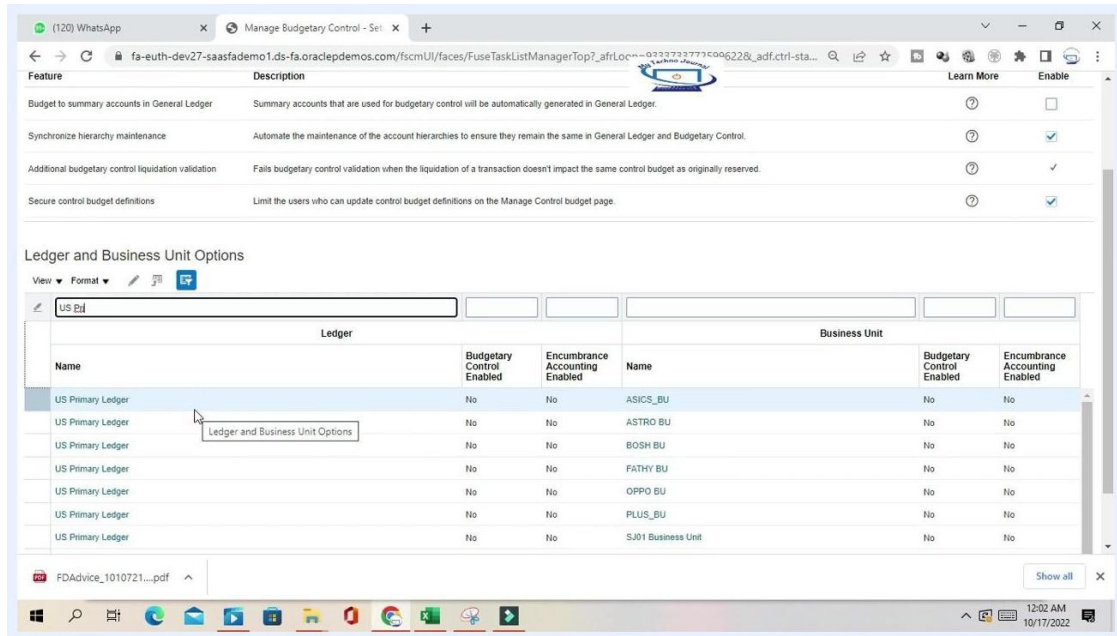
The screenshot shows the 'Manage Budgetary Control' web application. At the top, there's a 'Feature' table with columns for 'Feature', 'Description', 'Learn More', and 'Enable'. Below this is the 'Ledger and Business Unit Options' section. A search bar at the top of this section contains the text 'US Pri'. Below the search bar is a table with columns for 'Name', 'Budgetary Control Enabled', and 'Encumbrance Accounting Enabled'. The table lists several 'US Primary Ledger' entries and business units. All entries have 'Budgetary Control Enabled' and 'Encumbrance Accounting Enabled' set to 'No'.

Name	Budgetary Control Enabled	Encumbrance Accounting Enabled
US Primary Ledger	No	No
US Primary Ledger	No	No
US Primary Ledger	No	No
US Primary Ledger	No	No
US Primary Ledger	No	No
US Primary Ledger	No	No
US Primary Ledger	No	No

Ledger and Business Unit Options section filtered to "US Primary Ledger," showing budgetary control and encumbrance accounting both set to "No."

Click the row for **US Primary Ledger**, or your target ledger, to select it.

This opens the **Edit Budgetary Control and Encumbrance Accounting** page for your selected ledger. Confirm you are on the correct screen by checking the header and verifying that options for budgetary control and encumbrance accounting are present.



Row for "US Primary Ledger" selected in the Ledger and Business Unit Options table.

Step 4: Enable budgetary control for the ledger

Check the box labeled **Enable budgetary control for the ledger and all journal sources and categories**.

Step 5: Set the control budget filter

Choose the appropriate control budget filter:

- **Ledger only:** Applies budgetary control at the ledger level.
- **Project:** Applies budgetary control at the project level.

- **Ledger or project:** Allows control at either level.

vision

Edit Budgetary Control and Encumbrance Accounting: US Primary Ledger...

Save Save and Close Cancel

Ledger: US Primary Ledger

☒ Enable budgetary control for the ledger and all journal sources and categories

Control Budget Filter

☒ Ledger only

☐ Project

☐ Ledger or project

Budgetary Control Validation ☐ Transaction budget date falls outside of date range across all control budgets

Failures

☐ Transactions without project attributes don't have a matching chart of account based control budget

Additional Ledger Options

Mapping Between Chart of Accounts and Budget Accounts Revenue and Cash Controls Budgetary Control Journal Exceptions

Chart of Accounts	Budget Segment	Segment Value
Company	Always use segment value from budget data	
LoB	Always use segment value from budget data	
Account	Always use segment value from budget data	

Control Budget Filter screen with "Ledger only" selected and other options visible.

Step 6: Enable encumbrance accounting (optional)

To enable encumbrance accounting, check the box labeled **Enable encumbrance accounting**. If enabled, specify the **Reserve for Encumbrance Account** by clicking the search icon and selecting an account. If no valid combination is available, a "No valid combination" message appears.

The screenshot shows the 'Edit Budgetary Control and Encumbrance Accounting' page for the 'US Primary Ledger'. The 'Enable encumbrance accounting' checkbox is checked. The 'Reserve for Encumbrance Account' field is empty, and a tooltip message 'No valid combination' is displayed. The 'Budgetary Control Validation' checkbox is unchecked. The 'Mapping Between Chart of Accounts and Budget Accounts' table shows 'Company', 'LoB', and 'Account' segments, all set to 'Always use segment value from budget data'.

Chart of Accounts	Budget Segment	Segment Value
Company	Always use segment value from budget data	
LoB	Always use segment value from budget data	
Account	Always use segment value from budget data	

Screen showing encumbrance accounting enabled with reserve account selection and a "No valid combination" message.

Step 7: Configure budgetary control validation (optional)

Check **Transaction budget date falls outside of date range across all control budgets** if you want to validate transaction dates against budget periods. If left unchecked, no date validation is performed.

Step 8: Map the chart of accounts to budget segments

Expand the **Additional Ledger Options** section if it is not already open, then review the **Mapping Between Chart of Accounts and Budget Accounts** table. For each row—Company, LoB, Account, Cost Center, Product, Sub Class—set the **Budget Segment** value. The default is **Always use segment value from budget data**; alternatively, select a fixed value from the dropdown in the **Segment Value** column.

The screenshot shows a web browser window with the URL `fa-euth-dev27-saasfadem01.ds-fa.oraclepdemos.com/fscmUI/faces/FuseTaskListManagerTop?_afrcLoc=...`. The page title is "Manage Budgetary Control - Set".

Under "Control Budget Filter", the "Ledger only" radio button is selected. Below it, "Budgetary Control Validation" has a checkbox for "Transaction budget date falls outside of date range across all control budgets" which is unchecked. A "Failures" section has a checkbox for "Transactions without project attributes don't have a matching chart of account based control budget" which is also unchecked.

The "Additional Ledger Options" section is expanded, showing the "Mapping Between Chart of Accounts and Budget Accounts" tab. This tab contains a table with three columns: "Chart of Accounts", "Budget Segment", and "Segment Value".

Chart of Accounts	Budget Segment	Segment Value
Company	Always use segment value from budget data	
LoB	Always use segment value from budget data	
Account	Always use segment value from budget data	
Cost Center	Always use segment value from budget data	
Product	Always use segment value from budget data	
Sub Class	Always use segment value from budget data	

Below the table, the "Business Unit: ASICS_BU" is selected. There are checkboxes for "Budgetary Control" and "Encumbrance Accounting", both of which are currently unchecked. A "Show all" button is located at the bottom right of the table area.

Mapping table between chart of accounts and budget segments, with dropdowns for each segment.

Specifying a fixed segment value

In the mapping table, locate the row for the segment you want to configure, for example, Company. In the **Budget Segment** column, select **Use a specified value when not provided in budget data**. Then, in the **Segment Value** column, click the dropdown arrow and choose the desired value, such as 101 - US 1 LE 1 BU 1, 110 - US1 LE1 2nd PBSV, or 151 - Canada. This setting ensures that the specified value is used whenever the budget data does not supply one.

The screenshot shows the 'Manage Budgetary Control - Set' web application. The 'Mapping Between Chart of Accounts and Budget Accounts' tab is active. The table below shows the mapping for various segments. The 'Company' segment is highlighted, and its 'Budget Segment' is set to 'Use a specified value when not provided in budget data'. The 'Segment Value' dropdown is open, showing a list of available values.

Chart of Accounts	Budget Segment	Segment Value
Company	Use a specified value when not provided in budget data	
LoB	Always use segment value from budget	000 None
Account	Always use segment value from budget	101 US 1 LE 1 BU 1
Cost Center	Always use segment value from budget	102 US 1 LE 2
Division	Always use segment value from budget	103 Revenue Management
		110 US1 LE1 2nd PBSV
		120 Supremo Fitness
		131 US 2 Health
		151 Canada
		201 Brazil

Dropdown for selecting a specific segment value for the Company segment, showing available values.

Using dynamic segment mapping

If you prefer all segments to dynamically use values from the budget data, select **Always use segment value from budget data** for each segment and leave the **Segment Value** column empty. This is the recommended approach for most flexible and dynamic budgetary control.

The screenshot displays the 'Manage Budgetary Control' interface in a web browser. The 'Control Budget Filter' is set to 'Ledger only'. Under 'Budgetary Control Validation', the checkbox 'Transaction budget date falls outside of date range across all control budgets' is unchecked. The 'Failures' section shows two unchecked options: 'Transactions without project attributes don't have a matching chart of account based control budget' and 'Transactions without project attributes don't have a matching chart of account based control budget'. The 'Additional Ledger Options' section is expanded, showing 'Mapping Between Chart of Accounts and Budget Accounts', 'Revenue and Cash Controls', and 'Budgetary Control Journal Exceptions'. The 'Mapping Between Chart of Accounts and Budget Accounts' section is active, showing a table with columns 'Chart of Accounts', 'Budget Segment', and 'Segment Value'. The table has five rows: 'Company', 'LoB', 'Account', 'Cost Center', and 'Department'. Each row has a dropdown menu in the 'Budget Segment' column, all of which are set to 'Always use segment value from budget data'. The 'Segment Value' column is empty for all rows. Below the table, the 'Business Unit' is set to 'ASICS_BU'. The 'Budgetary Control' and 'Encumbrance Accounting' sections have 'Enable' checkboxes that are unchecked. The bottom of the screen shows a Windows taskbar with various application icons and a system clock indicating 12:08 AM on 10/17/2022.

Chart of Accounts	Budget Segment	Segment Value
Company	Always use segment value from budget data	
LoB	Always use segment value from budget data	
Account	Always use segment value from budget data	
Cost Center	Always use segment value from budget data	
Department	Always use segment value from budget data	

Screen showing all segments set to "Always use segment value from budget data."

Step 9: Configure budgetary control journal exceptions

Click the **Budgetary Control Journal Exceptions** tab. In the **Journal Source** column, select the sources you want to exclude from budgetary control, such as Receipt Accounting, Cost Accounting, Revaluation, or Open Balances. For each source, select the appropriate **Journal Categories** to exclude, or leave the setting as "All" to exclude all categories for that source. This lets you define exceptions where budgetary control is not enforced for specific journal sources or categories.

The screenshot displays the 'Manage Budgetary Control' web application interface. The 'Budgetary Control Journal Exceptions' tab is selected. The interface includes a 'Control Budget Filter' section with radio buttons for 'Ledger only', 'Project', and 'Ledger or project'. Below this is a 'Budgetary Control Validation' section with a checkbox for 'Transaction budget date falls outside of date range across all control budgets'. A 'Failures' section contains a checkbox for 'Transactions without project attributes don't have a matching chart of account based control budget'. The 'Additional Ledger Options' section is expanded, showing a table for 'Mapping Between Chart of Accounts and Budget Accounts'. The table has three columns: 'Chart of Accounts', 'Budget Segment', and 'Segment Value'. The rows are 'Company', 'LoB', 'Account', 'Cost Center', and 'Product'. Each row has a dropdown menu in the 'Budget Segment' column, all of which are set to 'Always use segment value from budget data'. Below the table, there are sections for 'Business Unit: ASICS_BU', 'Budgetary Control' (with an 'Enable' checkbox), and 'Encumbrance Accounting' (with an 'Enable' checkbox). The bottom of the screen shows a Windows taskbar with various application icons and a system clock indicating 12:09 AM on 10/17/2022.

Chart of Accounts	Budget Segment	Segment Value
Company	Always use segment value from budget data	
LoB	Always use segment value from budget data	
Account	Always use segment value from budget data	
Cost Center	Always use segment value from budget data	
Product	Always use segment value from budget data	

Budgetary Control Journal Exceptions tab listing journal sources and categories.

Step 10: Enable revenue and cash controls

Click the **Revenue and Cash Controls** tab. Review the **Control Budget Name**, for example US Primary Ledger_Cash, and its **Status**, such as "Not ready for use - defining." Check the box for **Payables payment consumes the cash budget** if you want payments to reduce the available cash budget. Under **Accounts in Journals Subject to Cash Controls**, add accounts as needed. This section lets you manage cash controls alongside standard budgetary controls.

The screenshot shows the 'Manage Budgetary Control' page in the Oracle Vision application. The page title is 'Edit Budgetary Control and Encumbrance Accounting: US Primary Ledger...'. The 'Ledger: US Primary Ledger' section is expanded, showing options to 'Enable budgetary control for the ledger and all journal sources and categories' (checked) and 'Enable encumbrance accounting' (unchecked). The 'Control Budget Filter' is set to 'Ledger only'. The 'Budgetary Control Validation' section includes a checkbox for 'Transaction budget date falls outside of date range across all control budgets' (unchecked) and a 'Failures' section with a checkbox for 'Transactions without project attributes don't have a matching chart of account based control budget' (unchecked). The 'Additional Ledger Options' section is expanded, showing the 'Mapping Between Chart of Accounts and Budget Accounts' tab. This tab contains a table with four rows: 'LoB', 'Account', 'Cost Center', and 'Product'. Each row has a dropdown menu set to 'Always use segment value from budget data' and a second dropdown menu. The bottom of the screen shows the Windows taskbar with various application icons and the system clock displaying 12:10 AM on 10/17/2022.

Mapping Between Chart of Accounts and Budget Accounts		
LoB	Always use segment value from budget data	
Account	Always use segment value from budget data	
Cost Center	Always use segment value from budget data	
Product	Always use segment value from budget data	

Revenue and Cash Controls tab showing the control budget name and status.

Step 11: Enable budgetary control for a business unit

Locate the **Business Unit** section, for example [ASICS_BU](#). Under **Budgetary Control**, check the **Enable** box to activate budgetary control for this business unit. Set the **Default Date Rule** to [Current transaction budget date](#) from the dropdown. The **Encumbrance Accounting** option is available here as well, though it is not enabled in this example.

Business Function	Budgetary Control		Encumbrance Accounting Enabled	Transaction Type Details
	Enabled	Reservation Point		
Requisitioning	Yes	Approval	No	
Procurement	Yes	Approval	No	
Expense Management	Yes			

Business Unit section with budgetary control enabled and the default date rule set.

Step 12: Configure budgetary control for Procure-to-Pay business functions

In the **Procure-to-Pay Business Functions** section, review the list of business functions: Requisitioning, Procurement, Expense Management, Receiving, and Payables Invoicing. For each function, set the following:

- **Enabled:** Select [Yes](#) to enable budgetary control for the function.
- **Reservation Point:** Choose when funds should be reserved, either [Approval](#) or [Submission](#).
- **Encumbrance Accounting Enabled:** Set as needed for your organization.

Example settings include Requisitioning and Procurement with Enabled = Yes, Reservation Point = Approval, and Encumbrance Accounting Enabled = No, alongside Expense Management, Receiving, and Payables Invoicing each set to Enabled = Yes.

Business Function	Budgetary Control		Encumbrance Accounting Enabled	Transaction Type Details
	Enabled	Reservation Point		
Requisitioning	Yes	Approval	No	[Icon]
Procurement	Yes	Approval	No	[Icon]
Expense Management	Yes		Yes	[Icon]

Business functions list with budgetary control enabled and reservation points set.

Step 13: Set reservation points for fund reservation

For each business function, select the **Reservation Point**:

- **Approval**: Funds are reserved after the transaction is approved.
- **Submission**: Funds are reserved immediately after the transaction is submitted.

To change the reservation point, click the dropdown in the **Reservation Point** column and select the desired option. For example, for Requisitioning, you can choose between [Approval](#) and [Submission](#).

The screenshot displays the 'vision' application interface for editing budgetary control. The main title is 'Edit Budgetary Control and Encumbrance Accounting; US Primary Ledger...'. Below the title, there are several sections:

- Ledger: US Primary Ledger**
 - ☒ Enable budgetary control for the ledger and all journal sources and categories
 - ☐ Enable encumbrance accounting
 - Control Budget Filter**
 - ☒ Ledger only
 - ☐ Project
 - ☐ Ledger or project
 - Budgetary Control Validation**
 - ☐ Transaction budget date falls outside of date range across all control budgets
 - Failures**
 - ☐ Transactions without project attributes don't have a matching chart of account based control budget
- Additional Ledger Options**
 - Mapping Between Chart of Accounts and Budget Accounts**

LoB	Always use segment value from budget data	
Account	Always use segment value from budget data	
Cost Center	Always use segment value from budget data	
Product	Always use segment value from budget data	

Reservation Point set to Approval for the Requisitioning business function.

If you select [Submission](#), funds are reserved immediately after the requisition is submitted. If you select [Approval](#), funds are reserved only after the requisition is approved. This setting controls when budgetary funds are committed during the process.

Business Function	Budgetary Control		Encumbrance Accounting Enabled	Transaction Type Details
	Enabled	Reservation Point		
Requisitioning	Yes	Submission	No	
Procurement	Yes	Approval	No	
Expense Management	Yes			
Receiving	Yes			
Payables Involving	Yes			

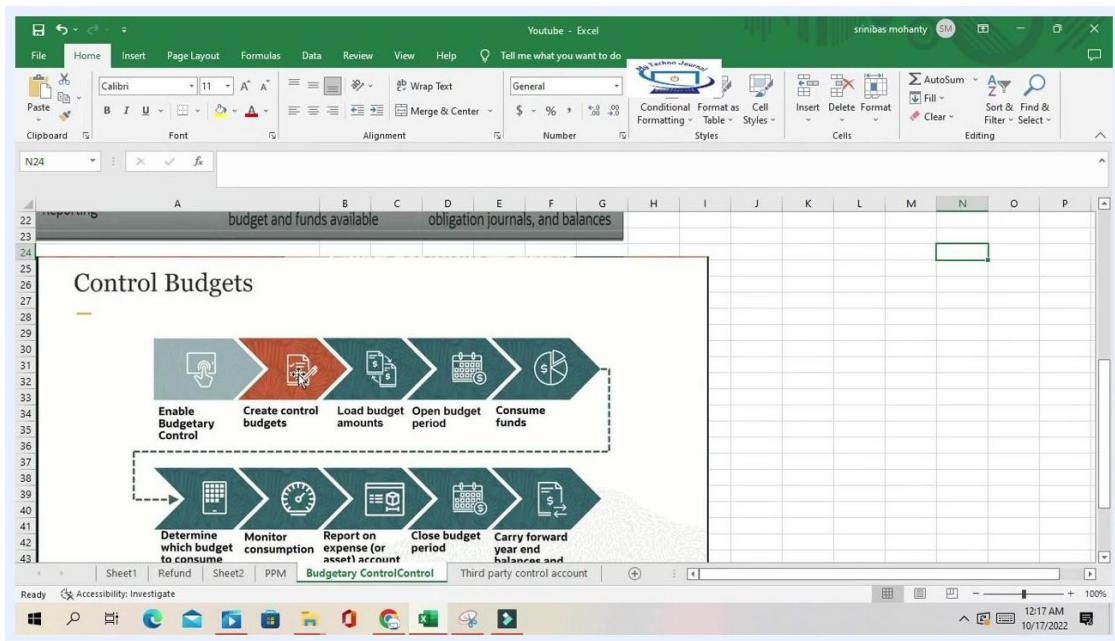
Reservation Point dropdown being used for the Requisitioning business function.

Step 14: Enable budgetary control for project accounting (optional)

In the **Project Accounting Business Function** section, check the box for **Enable budgetary control for all transaction sources and documents** if you want comprehensive control across all relevant transactions.

Step 15: Add budgetary control journal exceptions for business functions

In the **Budgetary Control Journal Exceptions** section, click the **plus (+) icon** to add a new exception. Specify the **Transaction Source** and associated **Documents** to exclude from budgetary control as needed. This lets you define exceptions for specific transaction sources.



Plus icon used to add a new journal exception.

Step 16: Review and save your configuration

Before saving, confirm that the following settings reflect your business needs:

- Control Budget Filter, such as Ledger only
- Budgetary Control Validation options
- Segment mapping and values
- Journal exceptions
- Revenue and cash controls

Click **Save** or **Save and Close** at the top right of the screen to apply your changes.

The screenshot shows the Oracle Vision interface for configuring budgetary control. The main title is "Edit Budgetary Control and Encumbrance Accounting: US Primary Ledger...". In the top right corner, there are three buttons: "Save", "Save and Close", and "Cancel". The configuration is for the "Ledger: US Primary Ledger". Under "Ledger: US Primary Ledger", there are two checkboxes: "Enable budgetary control for the ledger and all journal sources and categories" (checked) and "Enable encumbrance accounting" (unchecked). Below these, there are radio buttons for "Control Budget Filter": "Ledger only" (selected), "Project", and "Ledger or project". There are also checkboxes for "Budgetary Control Validation" and "Failures". Under "Additional Ledger Options", there are three tabs: "Mapping Between Chart of Accounts and Budget Accounts" (selected), "Revenue and Cash Controls", and "Budgetary Control Journal Exceptions". The "Mapping" tab shows a table with four rows: "LoB", "Account", "Cost Center", and "Product". Each row has a dropdown menu set to "Always use segment value from budget data". At the bottom right of the table, there is a "Show all" button.

Configuration page showing Save, Save and Close, and Cancel buttons.

Summary

You have now learned how to enable budgetary control in Oracle Fusion and configure its related options:

- **Fixed segment value:** Use when a specific value should be enforced if it is not present in the budget data.
- **Dynamic segment mapping:** Recommended for most cases; uses values directly from the budget data.
- **Journal exceptions:** Exclude specific journal sources or categories from budgetary control.
- **Revenue and cash controls:** Enable and configure as needed for cash management.

By completing these steps, you have fully configured budgetary control, encumbrance accounting, journal exceptions, and cash controls in Oracle Fusion to match your organization's requirements.