

# **Formulation and execution of a federal civilian agency's budget with Oracle Enterprise Performance Management Cloud**



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## A powerful tool for federal budgeting

Oracle Enterprise Performance Management Cloud (Oracle EPM Cloud) provides a commercial off-the-shelf (COTS) solution for Federal Agencies to formulate their budgets and accomplish the many tasks required for budget execution.

Leveraging the multidimensional power of Oracle Essbase, the Budget Office, Program Managers, Organization Managers and Budget Analysts can use the planning, forecasting and reporting capabilities of EPM Cloud to improve accuracy and eliminate the need to create and manage the numerous Microsoft Excel spreadsheets normally used in the budgeting process.

Oracle EPM Cloud provides agencies with the freedom of choice to deploy a solution that meets a specific agency's needs. An agency can either leverage the out of the box best-in-class integrated strategy, financial, workforce, capital, and projects planning frameworks with high configurability or build a focused highly configured solution that is tailored for the agency.

The solution provides scalability to address both operational and financial planning processes through intuitive business wizards that allow you to evolve your planning processes as your agency's business changes. Additionally, powerful analytics, dashboards, what-if, and predictive capabilities give you unparalleled insight into all aspects of your agency's budget.

Best of all, no capital infrastructure investments are required since Oracle operates, maintains and regularly updates the system.

Implementation is accelerated through configurable best practice business process modules which are designed to enable your agency to be up and running with minimal effort and are easy to maintain as your planning needs evolve. Instead of a long implementation, you can establish quick success and mature your planning process in a more agile manner — building on the success of each new process that you enable. This is accomplished through simple-to-use wizards. Instead of requiring that your staff have a deep understanding of the product, they simply answer business questions in the step-by-step wizards. This allows even a technology novice to design complex planning processes. Extensive videos and guided learning are available for staff who desire a more depth understanding.

Budget preparation and analysis can be done using personalized web data entry forms or Microsoft Excel forms that leverage Oracle's Microsoft Office plug-in called Oracle Smart View for Office. This provides the end user full Microsoft Excel functionality but using a secure centralized solution. Multiple staff can work on different parts of the same budget simultaneously with built-in security and a wizard to help guide planners. User-defined electronic workflow seamlessly moves budget data throughout an Agency to approvers with notifications and alerts based on defined approval rules.

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The multi-dimensional capability of Oracle Essbase enables users to view data in as many different ways (dimensions) as desired with a click of a button. There is no need to maintain Microsoft Excel worksheets with multiple tabs to obtain different views of the data for Time Periods, Entities, Object Classes/ Accounts, Scenarios, Versions, Fiscal Years, Programs, Funds, etc. Users can change how they view the data with a simple mouse click and 'drag and drop' pivoting. This capability enhances the user's experience particularly when running ad-hoc queries on-line.

Bi-directional integration with source systems is provided for packaged financial and HR systems. Actuals from an Agency's core financial systems can be populated to Oracle EPM Cloud and allotments developed that can be written back to the general ledger. Users can also upload actual payroll and staff data from their financial and payroll systems into Oracle EPM Cloud to seed the planning process and to compare plans with actual results. This data integration extends to both cloud and on-premise data sources as well as non-Oracle based solutions.

Web based reports can be developed as can exception reports based on calendar events and routing. Graphical and text reports can be generated in various formats, including HTML, PDF and Microsoft Office (Excel, PowerPoint and Word).



Sophisticated modeling and predictive analytical capabilities that allow users to create multiple what-if versions and slice and dice data based on various what if assumptions. Planning also has a rolling forecast wizard which makes it simple to implement a driver-based rolling forecast process in which the forecasting time horizon rolls forwards across years with the passage of time.

The sophisticated built in Scenario Modeling framework allows end users to quickly create long-range and focused on the fly forecast models for fast-changing business dynamics using built-in scenario blending, Monte Carlo simulation, and debt and capital structure management features.

Planning should not be limited to corporate finance. The organizations that are most successful at enterprise planning connect operational planners to the corporate finance plans in a manner that provides synergy to both sets of stakeholders. Planning helps you to accomplish this through a unique “federated” architecture. The architecture allows you to connect and align related planning processes across the enterprise while still maintaining the independence for the individual planners. The architecture is based on two fundamental principles:

- **Operational independence.** For operational planners to be successful, they need ‘ownership’ of their planning processes. First, they need to plan at an operational level of detail (e.g., a level of detail not typically required by finance). This could be different planning dimensionality, a more granular level of data,
- **Synergy between plans.** Where possible the plans must be connected to create synergy and alignment. For example, the various operational plans (e.g., program management, department management, supply chain, HR, IT, etc.) need to be connected to corporate finance in a manner that ensures strong controls and governance. The solution’s federated architecture can share data and process between plans where appropriate — thereby allowing synergy and collaboration between planners, yet still allow independence and privacy for each set of planners.

***Instill a culture of planning around the enterprise and to mine the wisdom of the planners that are closest to the operational details.***

The cloud makes it more practical to extend planning across the enterprise. However, instead of having numerous disconnected plans, the federated architecture of Planning in the Oracle EPM Cloud allows you to ensure alignment and synergy across the planning spectrum. This allows you to instill a culture of planning

around the enterprise and to mine the wisdom of the planners that are closest to the operational details.

The solution also supports single sign-on (SSO) and reporting across other on-premises enterprise performance planning systems — such as Oracle Hyperion Planning, Hyperion Financial Management, etc. This allows you to leverage your investment in existing financial systems while still realizing the benefits of a cloud-based planning solution.

## Budget formulation

### Agency’s Budget Office

An Agency’s Budget Office can develop budget guidance and prepare turn-around Microsoft Excel like templates with thresholds and built-in edits, that also contain prior years’ budgets and actual, for Program and Organizational Managers to complete. Amounts forecasted and computed can be hot linked to supporting text justifications.

Formats for Congressional Budget Book Exhibits including Amounts Available for Obligation, Summary of Changes, Budget Authority by Activity, Authorizing Legislation, Appropriations History Table, Budget Authority by Object, Salaries and Expenses, Detail of Full-Time Equivalent Employment (FTE), Detail of Positions, budget data by Performance Goals and supplemental budget data can all be developed entirely within Oracle EPM Cloud. Both the detail and summary level information is all contained within the system rather than in separate disconnected Microsoft Excel spreadsheets.

### Electronic workflow

Oracle EPM Cloud provides a powerful workflow and plan management framework that supports a range of budgetary processes — from the simple to the very complex including e-mail notifications, alerts, task lists and navigation flows that empower users to easily track and communicate the progress of plans and budgets.

Approval paths can be specified for each part of the budget, so when the budget is submitted, the system can automatically identify the next approver. Plan promotion paths can be made conditional on meeting certain criteria. For example if the expenditure for travel is budgeted to be more than 5% of the overall budget, the system could require that a certain official approve this plan prior to further progressing it along the normal budget approval chain. All of the above processes can also be performed in conjunction with what-if analysis and scenario testing that allows users to compare and contrast multiple scenarios prior to promoting the selected scenario for approval up the management chain.

Instead of using email with attachments, Program and Organization Managers are notified with alerts that budget guidance has been provided. Managers simply sign in to the system for access and commence work on their funding request. A task list and calendar with due dates can also be included. The Budget Office can also manage all tasks using an overall Agency calendar of due dates and can automatically monitor the completion of tasks. If an Organization is late in providing its schedules and justifications, the system automatically alerts all affected parties.

### Preparation of the Congressional Budget Justification (Budget Book)

Oracle EPM Cloud permits preparation and management of all aspects of the Congressional Budget Justification. Formatted textual justifications in Microsoft Word as well as schedules and graphs can all be interleaved on a page and in a single document with user defined sections and subsections. A table of contents and support for page numbering, bookmarks, start/end pages, chapter start/end pages, graphic/text overlays, cross references and document splitting are provided.

The Budget Book can be output as a PDF format. Budget Book pages developed throughout the Agency can be consolidated into a single document with version control through content management. Additionally, the Budget Book can be re-used in future years as the basis for a new Budget Book. Oracle EPM Cloud provides a flexible, secure, centralized, web-based repository that manages all phases of the content life cycle: from creation and approval to publishing, searching, expiration, and archival or disposition.

Together all of these capabilities minimize the time and effort to prepare the Budget Book document and reduce errors, with one additional significant benefit. Since all schedules and graphs in the Budget Book are developed in Oracle EPM Cloud, when changes are needed, the new amounts/numbers are input to the original planning schedules, controlled by version, and these new amounts/numbers are automatically updated in the schedules and graphs in the Budget Book as well as to any of the amounts/numbers included in the justification paragraphs. There is no need to worry that base line schedules are not in sync with the Congressional Budget Justification

### Office of Management and Budget (OMB) Passback

Oracle EPM Cloud streamlines the work involved in analyzing the impact of the OMB Passback. Proposed changes can be made to the original schedules in Oracle EPM Cloud used to formulate the budget request, and the changes automatically flow down to all parts of the budget including the Budget Book.

The multi-dimensional capability of Oracle EPM Cloud enables users to readily see the impact of changes to budget amounts and performance goals as well as the dollar effects of FTE changes and vice versa. Various schedules including Estimates of Budget Authority and Outlays, Object Classification Schedules, Employment Data, etc. for MAX computer data for each budget account are readily available from the system.

### Program and organization managers

Budgets can be built throughout the Agency from the bottom up and budget justifications can be developed in Microsoft Word with exhibits, schedules and graphs directly incorporated from Oracle EPM Cloud instead of creating these separately, thereby eliminating potential mistakes and the need to maintain multiple spreadsheets.

Forecasts of salaries and benefits can be developed by individual, position and FTE.

The 'Workforce' module addresses staffing requirements related to employees across your agency.

### Capability to build an employee budgeting model

One of the unique aspects of Oracle EPM Cloud is the capability to budget by position, associating existing and to be hired employees to existing and new positions, managing the allocation of various sources of funding to position level budgets and efficiently managing future dated changes.

The system supports integration with HCM Cloud and supports the import of baseline data from HR systems and an ability to modify this data as part of the budgeting process. In addition, Oracle EPM Cloud supports a variety of salary and non-salary components of compensation including step based, rate based and value-based computations of salary. Moreover, it fully supports future dated changes to position and employee data through a flexible scenario / version methodology that allows for the evaluation of several decision and service packages prior to budget finalization.

Since Oracle EPM Cloud can link with Agency payroll and HR systems, actual payroll information such as headcount and payroll details can be populated to the manager's plan as a starting point. New staff requested can be fully costed by position and grade. In addition, both common, as well as unique, FTE support costs such as laptops, training, etc. for each position can be applied automatically. Oracle EPM Cloud makes headcount, salary, and compensation planning fast and efficient across the entire Organization.

The pre-built functionality and best practices that are ready to use right out of the box, simplifies the planning of workforce and workforce related expenses, such as bonuses, fringe benefits, overtime and merit increases. By automatically and seamlessly linking workforce expense plans, Oracle EPM Cloud delivers accurate and real-time awareness of the business impact of workforce decisions on the overall expense plans. Working Capital Fund budgets can also be prepared and allocated to servicing components.

### Budget execution

Oracle EPM Cloud can produce much of the data needed to support preparation of the Standard Form 132, Apportionment and Reapportionment Schedule. Electronic allotments and allowances for distribution to Program and Organization Managers and uploading to the financial system can be developed. Mid-year adjustments with capability to “Sweep” funds and re-program them with “to” and “from” checks and balances can be accomplished.

### Capabilities available for program and organization managers

Tracking expenses against available funds is a major responsibility of managers throughout an Agency. Oracle EPM Cloud provides a host of capabilities to assist.

### Operating plans dashboard

Oracle EPM Cloud permits managers to develop operating plans by organization, program and object class as well as by month, quarter and even down to the week or day. Actual commitments, obligations and expenditures can be uploaded from the Agency's core financial system and compared against operating plans. In addition, since Oracle EPM Cloud can be linked to the Agency's financial system, the capability is provided to drill-through to the source detail.

Today, in many Organizations, budget analysts and administrative officers need to continuously reconcile the financial records they maintain on spreadsheets and in other systems with data recorded in their financial system. The Status of Funds reported by Finance, while a useful tool for accountants, does not provide managers with all of the information they need to make fully informed spending decisions. Since this report is based on obligations and expenditures recorded in the Agency's official ledgers, it does not take into consideration expenditures that a manager plans to make later in the year, or would like to make should funds free up.

Oracle EPM Cloud can provide a placeholder for these planned expenditures to ensure that these funds are not inadvertently used. Dashboards and reports can be developed to show the information on budgeted, committed, obligated and expended amounts per the Status of Funds from Finance with planned expenditures subtracted to arrive at funds available for managers to use.

Salaries are a significant cost item in most Federal Agencies. Throughout the year, managers can connect to the Agency's payroll system and forecast payroll costs to ensure that budgeted funds for this object class are in line with expected costs. In addition, capability to do payroll modeling is available.

### Summary

Oracle EPM Cloud for federal budgeting with its multi-dimensional engine, built-in workforce planning, electronic workflow, capability to prepare the “Budget Book,” along with content management and business intelligence integration brings today's modern technological advances to every facet of the Agency; the Budget Office, Program Managers and Organization Managers. Moreover, since the entire organization can use a single solution with security at all levels, the Agency's strategic plan and performance accountability reports can all be prepared using these same capabilities and integrated with the Agency's detailed operational budget.

*This white paper was written by Joseph Sclafani, Federal Strategic Programs, Oracle.*

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