



# MEETING MINUTES

## State of Louisiana ERP Project

### *Blueprint Workshop / Asset Acquisitions and Value Adjustments FI-AA-003 (1)*

09/30/2008 @ 8:30 to 4:30 - 10/2/2008 8:30 to 4:30

Location: LaGov DOTD 501

Attendees:

No.	Name	Invited?	Attended?	Comments
1.	Afranie Adomako	Y	N	
2.	Amanda Stein	Y	Y	
3.	Belinda Rogers	Y	N	
4.	Beverly Hodges	Y	N	
5.	Bill Morrison	Y	Y	
6.	Bill Smith	Y	Y	
7.	Bobby Freyou	Y	N	
8.	Bobby Hill	Y	N	
9.	Boyd Barbier	Y	N	
10.	Cathy Cutrer	Y	N	
11.	Ryan Sides	Y	N	
12.	Christine Wieczorek	Y	Y	
13.	Denise Marrero	Y	Y	Could not stay for entire session.
14.	Dennise Nastasia	Y	N	
15.	Dom Cali	Y	N	
16.	Duane Fontenot	Y	N	
17.	Gary Ramsey	Y	N	
18.	Gene Knecht	Y	N	
19.	John Oglesby	Y	N	
20.	Karen Pierce	Y	Y	
21.	Keith Kent	Y	N	
22.	Keri LaBauve	Y	N	
23.	Mark Rhodes	Y	N	
24.	Mark Suarez	Y	N	
25.	Mary Altazan	Y	Y	
26.	Peter Tabone	Y	N	
27.	Randall Withers	Y	N	
28.	Rhoama Speights	Y	Y	
29.	Robin Edwards	Y	Y	

30.	Sal Faldetta	Y	N	
31.	Shannon Anderson	Y	N	
32.	Shannon Rushing	Y	N	
33.	Sonya Pulliam	Y	N	
34.	Sterrie Elliott	Y	N	
35.	Sue Wheeler	Y	N	
36.	Priscilla Hall	N	Y	DOTD
37.	Sue Seab	N	Y	OSRAP
38.	Gerry Hanson	N	Y	LaGov
39.	Jerome Johnson	N	Y	LDAF
40.	Billy Hebert	N	Y	LDAF
42.	Marsha Duncan	N	Y	DOTD
43.	Sal Faldetta	N	Y	DOTD

<i>Agenda Item and Notes</i>	<i>Owner(s)</i>	<i>Action Items &amp; Assignments</i>	<i>Comments / Follow-up</i>
1. <b>Logistics, Ground Rules, &amp; Introduction</b>	Rhoama Speights	• None	
2. <b>Project Timeline</b>	Rhoama Speights	• None	
3. <b>Workshop Objectives</b>	Rhoama Speights	• None	
4. <b>Business Process Review</b>	Christine Wieczorek Rhoama Speights	• See action items & assignments below.	
<ul style="list-style-type: none"> <li>• As-Is</li> <li>• SAP Glossary</li> <li>• SAP concepts &amp; functionality</li> <li>• Leading practices</li> <li>• Enterprise readiness challenges</li> </ul>			
5. <b>Action Items</b>			
<b>As-Is: Asset Value – Parent/Child</b>	Christine W	1. Discuss parent/child functionality with Plant Maintenance (PM). PM may be a better place to handle this type of functionality. The following agencies were noted as known users of the parent/child functionality: Prison Enterprises, Corrections, LPAA. Verify use of second description field as linkage.	

	Bill Smith	2. What is the volume of changes to assets (i.e. add value to asset)?	Done. Per LPAA, from 7/1/2006 to today, there have been 6,204 upgrades entered in the system. These upgrades were done on computer equipment, voting machines, vehicles, boats, and other equipment.
	Bill Smith	3. Follow-up with OSRAP on how Protégé deals with depreciation for value additions (upgrades). Ensure this is the preferred "to-be" rule.	
	Karen Pierce	4. Check to see if any other Protégé acquisitions methods were missed.	
	Sue Seab	5. Send SLABS inventory report for funding source info to Rhoama.	
	Christine W. - Logistics	6. Determine the goods receipt process for LVAs. What should the process be here regarding valuation and addressing price differentials between PO and Invoice. See organizational impact item identify sort selection & criteria.	
	Homework – all invitees	6a. Start thinking about how this receiving report should be designed. Suggestion to use one report for LVA and capital items. Identify sort selection and criteria	
	Rhoama	7. Schedule mtg with ORM for reporting requirements including ORM location code and building assignment requirements.	
	Rhoama	8. Schedule meeting with LPAA to discuss agency assignment to tag #.	Scheduled for 10/14/2008
	Rhoama	9. Talk to Bobby Freyou, Peter Tabone, and Bill Morrison about sorting / reporting by Site Code for Real Property assets (BI, RE, etc)	
	Homework – all invitees	10. Send Rhoama Speights reporting needs, needed existing reports, prioritize, list any wanted changes to existing reports for AA / PS by October 15.	
	Rhoama	11a. Obtain the written policy that requires Purchase Orders when purchasing capital assets and LVAs	
	Christine W	11b. Ask Mary if PCard purchase can be tied back to Commodity Code.	
	Homework – all invitees	12. Send Rhoama reporting requirements for AA / PS by Oct 15	

	Rhoama	13. Make sure that Afranie is invited to Infrastructure meeting.	Done
	Homework – all invitees	14. Identify cases whereby items are built in a project, but ultimately are not capital assets.	
	Christine W	15. Donations treated as revenue. Talk to finance people from LA Gov Team about accounts for correction & connation postings.	
	Homework – all invitees	16. T-Type and Acquisition Types: Donation, Inventory Correction, Seizure. Let Rhoama know if any other Acquisition Types should be added to this list.	
	Bill S.	17. Check with OSRAP to see what is included in acquisition cost of dogs and how they are treated.	
	Bill S.	17b. AuC of raising animals?	
	Sue Wheeler	18. Schedule RE, OSL, ORM, OSRAP meeting on land and buildings.	
	Amanda Stein	19. Will real estate objects be tracked in AA? Amanda needs to talk to OSRAP about this. Come up with scenarios. Should they be LVA? How should they be considered for capitalization purposes? Include Peter Tabone in discussion.	
	Homework – all invitees	20. How often does donation get added to a donation? example: a donated PC gets donated hardware added which increases the value (ask OIS – ISB)	
	Homework – all invitees	21. Send reporting requirements for donations, corrections, and seizures to Rhoama.	
	Christine W	22. Billy (Ag & Forestry) – If a vehicle owned by one agency for 3 years is utilized by another agency. Agency 1 has the asset. Agency 2 should have to maintain the vehicle. How does PM know?	Ask PM
	Rhoama	23. Sal Faldetto wants a copy of FI-AA-003 PowerPoint from both sessions	Done
	Rhoama	24. Ask Mark and Afranie (OSRAP) if slide 119 (Protégé upgrade rules with scenarios) explains how adding valuation should be handled going forward. This is an OSRAP decision. Note:	

		Current process is not a best	
	Amanda Stein	25. Talk to OSRAP about building objects. Come up with scenarios. Should they be LVA? How should building objects be considered for capitalization purposes? Involve RE.	
	Homework – all invitees	26. Transaction type for unplanned depreciation transaction type: what transaction types for OSRAP defined impairment lost. invitee.	
	Rhoama / Bill	27. Confirm with OSRAP that LVA does not need unplanned depreciation.	
	Rhoama / Bill	28. Discuss with OSRAP to determine who enters unplanned depreciation	
	Rhoama / Bill	29. Ask OSRAP how to handle insurance (FEMA?) recovery money as per GASB 42.	Rae Marrero
	Homework – all invitees	30. Provide examples to Rhoama of types of transfers	
	Homework – all invitees	31. Transaction types for transfers. Determine which transfer types are needed for reporting purposes.	
	Rhoama	32. Require LPAA in Asset Transfers session.	Done.

## 6. Meeting Notes

### Business Process Review - Discussion:

#### **AS-IS** (Presented by Rhoama Speights)

##### **As-Is: Acquisition Methods**

Additional acquisition methods were mentioned by the attendees:

- o Lease
- o DOTD: Expropriation of Land for ROW

##### **As-Is Change Request :**

No discussion

##### **As-Is Multiple Funding :**

Medicaid given as example of split funded assets.

##### **As-Is: Depreciation Calculation – Value Added via Sub-number :**

No discussion

##### **As-Is: Asset Value – Parent/Child :**

Example was given by DPS of a pickup with camper shell where users can do a parent/child relationship in Protégé. This is useful when disposing to surplus. This is new functionality in Protégé. Is this functionality critical going forward? Super-number in SAP probably not the best way to handle this. Recommended by

Christine suggested using the second description field to link related items. This will be examined further at a later session.

**Action Item 1:** Discuss parent/child functionality with Plant Maintenance (PM). PM may be a better place to handle this type of functionality. The following agencies were noted as known users of the parent/child functionality:

Prison Enterprises, Corrections, LPAA

### **As-Is Depreciation Calculation – Value added to Original Asset:**

Protégé:

- Upgrades will be depreciated only if the upgrade is over \$5,000. Protégé will add the upgrade to the depreciable basis and depreciation over the remaining life of the asset.
- For upgrades under \$5000, the depreciation calculations will ignore upgrades and decreases, and use only the main asset's original acquisition cost.

Example given by DPS about portable towers that get high dollar additional equipment such as a satellite dish installed on them.

SLABS:

If additions extend the useful life, then value should be added.

As-Is: Depreciation Calculation – Transferred Receiving Asset

**Action Item 2:** What is the volume of changes to assets (i.e. add value to asset)? Per LPAA, from 7/1/2006 to today, there have been 6,204 upgrades entered in the system. These upgrades were done on computer equipment, voting machines, vehicles, boats, and other equipment.

**Action Item 3:** Follow-up with OSRAP on how Protégé deals with depreciation for value additions (upgrades). Ensure this is the preferred "to-be" rule.

### **GASB42 :**

A brief introduction to GASB42 was presented with no discussion, to be covered in the To-Be segment.

### **TO-BE** (Presented by Christine W)

#### **Asset Master Record: TO-BE Update**

The nature and reasons for the decision changes on the asset acquisition cycle was presented (see slide):

SAP will have fields to maintain Original and Current Acquisition Cost / Acquisition Date from Protégé.

Spreadsheet upload of Low Value Assets (LVAs) will be available in the To-Be process.

Non-Capitalized Assets will require a shell Asset Master Record (AMR) only which can be created after Goods Receipt.

Capitalized Assets will require a full AMR during the Purchase/Req process.

Asset Shell will not allow Values Tab to be completed. That's why LVA will need new fields required (orig/curr acq cost/date).

#### **SAP Glossary :**

Christine presented the new glossary terms of Asset Shell, Incomplete Asset, Capital Asset, and Low Value Asset.

The difference between Depreciation and Amortization was explained.

Write-Up vs. Unplanned Depreciation was explained

"Incomplete Asset" is an AMR record without all required fields completed.

"Write-up" value on AMR is too high for taking too much depreciation.

"Unplanned Depreciation" value of AMR is worth less than the net book value due to impairment or technical obsolescence.

## Asset Master Record Review :

Question: When searching by match codes, will we be able to restrict the results by Business Area (department)?

Answer: SAP does not deliver match codes for Business Area. However, it was suggested that users wait until after go-live to see if delivered match code functionality meets their needs. If not, use application change process to develop new match codes after go-live. Also, if security is established by business area, then the system should only return records for the business area that the user has access to. We will validate during testing.

Will there be match codes for new fields?

**FRICE-W:** Add match codes for new fields, request by Karen P..

Inventory tracking info will be available on either the Allocations or Time Dependent Data screen.

Drill down to a Purchase Order (PO) is not allowed for LVAs since they will be created without a supporting transaction. If needed, a new field can be added to track information on predecessor documents such as POs.

## Asset Financial Lifecycle :

Question: Are acquisition methods important for reporting?

Seizures are important. Agencies also need to know which items are purchased with federal funds since proceeds from sales need to go back to agency. ORM building acquisitions: need to distinguish between leased and purchased buildings.

For seizures at State Police, OSRAP states that unless the item is seized to be used is it capitalized. Seized items are only added after title belongs to the state.

Original Purchase, when federally funded at time of purchase when you dispose of that item a portion of the proceeds goes back to the federal agency (retirement session – ask LPAA).

ORM & OSRAP state that most major land and building acquisitions are done via FP&C. Universities often handle their own via contracts and/or corporate endeavors which might be approved by other agencies (ORM, FP&C?)

**Action Item 4:** Karen Pierce will check for any other acquisition methods that may have been missed (federal?)

**Action Item 5:** Sue with DPS will check on funding source in SLABS report (inventory report).

**FRICE-W:** Sort variant for acquisition methods.

## Asset Acquisition: Purchased Items

Anyone interested in procuring through the purchasing stream needs to be at the MM session on October 9. This will likely not include building or land purchases. If an invitee from this session would like to be added to the invitee list, contact Karen.Pierce@la.gov.

## Asset Acquisition: Purchase – Capital Asset

**Integration Point:** LPAA currently must approve any changes to asset cost. Get with Adam in MM on implications in MM. Tolerances are important in SAP related to differences between PO and Invoice amount. Assets are currently added in Protégé based on PO amount, not the actual invoice amount. This will change

in SAP where the amount capitalized is the actual amount paid. Also mention to Adam the need for a customization on the PO that identifies potential capital and low value assets and gives a warning to that effect (i.e. by commodity code and amount). Note for October 9 session.

“Purchase Order” designation in the slides is a generic term for acquisition process. It is understood that the purchase of a building or land will go through a different process.

Report of Purchased Items will be based on goods receipt. This report can be used by LAGov agencies to determine when goods are received and which might need to be set up as assets (especially LVA). Including capital assets received. Sorting or filtering can be based on dollar ranges (over 4999.99, etc). and should include assets procured through P.O. stream and possibly the AP stream when the PO stream is by-passed. (See Action item #7)

**Action Item 6:** Determine the goods receipt process for LVAs. What should the process be here regarding valuation and addressing price differentials between PO and Invoice.

**Key Decision:** Requisitions should never be assigned as an “A” (asset). This should only be done at the PO level.

It was noted that a “dynamic” report option is being looked at whereby the AMR is created by the report that identifies the LVA at receiving. Other options include a spreadsheet upload of LVA asset data to create the AMR.

Acquisition of Real Estate is typically not purchased via a PO, but through a project.

DHH gets a report from accounting, sometimes late in the process about asset acquisitions. Will the new system get the information more timely? Yes, there will be a report on items received.

**Action Item 6a:** Start thinking about how this receiving report should be designed. Suggest to use one report for LVA and capital items. Identify sort selection and criteria.

Asset Acquisition: Purchase – starting at PO  
Process details to be determined by the MM (Purchasing) team.

### **Asset Acquisition: Purchase – PReq and/or PO**

Conversion Consideration:

Cutoff procedures still to be defined for outstanding asset items on Pos. Consider a cutoff period where no new asset POs are allowed.

Outstanding purchase orders for capital assets will need to have an AMR account assigned to “A” during conversion. Typically, there is a cut off time for purchase orders during conversion. Open P.O.s which should be capital assets need to be identified prior to conversion. Discuss with MM.

Christine recommends that monitoring be more frequent after initial implementation when data entry problems are most likely

Reporting Requirements related to procurement:

**Action Item 7:** Determine how ORM Building number, ORM Location, and agency number (ORM) will be assigned to the AMR. ORM agency number is different than what other agencies use. Schedule meeting with ORM.

**Action Item 8:** How to tie the Protégé agency number that is currently the first five digits of the asset number. Determine how to integrate this into SAP.

**Parking Lot:** Site code. How to attach to AMR? RE decision. FP&C currently in discussion with Peter Tabone,

**Action Item 9:** Talk to Bobby Freyou, Bill Morrison and reporting by Site Code.

**Action Item 10:** Invitees and / or legacy system users send Rhoama Speights reporting needs, needed existing reports, prioritize, list any wanted changes to existing reports.

Training / Change Management Considerations :

### **Asset Acquisition: Purchase – Invoice without PO**

This business process will be the exception since existing policy prohibits this. This business process will be examined further in a future Accounts Payable session.

**Integration Point:** Do P-cards carry commodity code? Ask Mary in AP

### **Asset Acquisition :**

**Action Item 11a:** Obtain the written policy that requires Purchase Orders when purchasing capital assets and LVAs.

**Action Item 11b:** Ask Mary if P-Card purchase can be tied back to Commodity Code

P-Card purchases and invoice without PO, Received.

Policy in place for all purchases should either be PO or P-Card. Most P-Cards are limited to \$1,000, so this should be infrequent. (as per Karen)

AP P-Card session is scheduled for Oct 30.

Description on P-Card is limited to bank information. Items get defaulted, it gets reviewed, changes can be made, then for assets... accounting must be done and asset must be added.

LVA items may go through a P-Card. This is where the report comes in.

Asset purchased via a Project is another process – will discuss later during session.

Already existing policy for capital assets needing a PO – identify policy or process (see state purchasing). If not a policy consider having one created.

**Rhoama** – Send Mary Altazan and the Ag/Forestry guys copies of slides from sessions 1 & 2.

### **Acquisition via PS Project (major section)**

Question: What is a BPP?

BPP = Business Process Procedure (will become part of the design document)

Build, add value, project ongoing with part of asset potentially in use. Typically used for Capital Assets.

Projects will generally not be used for LVAs. How often will this happen? Not often. Could happen in prisons where items are fabricated.

DPS – Turnkey construction projects can include fixed assets (furniture and equipment) that are captured as part of the project. The property managers have had to go and identify all these items for tagging,

subsequent to the completion of the project. How will these costs be broken down in SAP? Someone will need to identify these items as part of the project structure, how it's coded, etc... If the coding is done correctly, SAP will handle it correctly. Project Systems will need to address this.

**Integration Points:** Address this with Projects team.

Christine recommends that anyone who deals with Projects that need to be settled to assets should attend FI-PS-009 session on November 12 & 13. Invitees to this session can email Rhoama Speights to forward a request for attendance to the FI-PS-009.

WBS – Work Breakdown Structures used as cost buckets in Project Structures module of SAP.

AuC – Assets under construction. These are Asset Master Records which do not depreciate and are used to settle WBS money during the course of a project.

Sal asks about settling monies from cross FY highway projects when a portion of the highway is in use prior to completion. Christine suggests that this discussion take place on day 3 during the infrastructure acquisition discussion.

WBS – get settled to AuC automatically based on some information... AMRs generally get created when AuC is completed or put into use – depreciation begins.

Homework – how often does something start off as a capital asset during construction then it is determined that they are not considered capital assets. (less than \$100,000 for buildings or less than infrastructure threshold determined by OSRAP)

Volume of simultaneous projects – thousands. Active projects at time of conversion how will asset records for capital assets, WBS, and settlement rules need to be handled – Christine Lee

**Action Item 12:** Identify Project (PS) and Asset (AA) related reports. (Homework)

One funding source per AMR. Sub numbers can be used to break down funding for a given asset.

**Action Item 13:** Rhoama make sure that Afranie is invited for day 3.

Session coming up FI-PS-009 will address the case for Capital Projects – Periodic Processing. See Larry Hofstead for invitee list.

Monthly and Settlement process described. WBS to AUC to AMR  
Important to allocation to correct WBS element (holding bucket for monies in PS).

The process flowchart for building assets was presented and described.

**FRICE-W:** Report needed for PS/AA integration for WBS and AUC

What happens if AuC and/or AMR is no longer applicable? The process to make this correction was described. Details to be determined.

**Action Item 14:** Identify cases whereby items are built in a project, but ultimately are not capital assets.

Conversion Considerations:

Outstanding Projects:  
Thousands of projects going on at once at DOTD.

**FRICE-W:** How will these active projects be converted to projects in SAP? How to assign WBS, settlement rules, etc... Christine Lee (PS) will be a part of this decision.

Question: Is there a summary on main asset showing the assets that are associated as sub-numbers?

Answer: This will be handled via reporting. The associated AMRs won't display on the main number.

Discussion ensued about funding sources, years, and assignment to AMR from AUC. Deferred to 9/2 session on infrastructure.

DOTD assets need to be conversion-ready by 6/30/2009.

## **Asset Accounting Transactions – Major Section**

### **Asset Acquisition – Donation or Correction**

Asset not in Asset Accounting database:

External Acquisition with Offsetting Entry (correction of current year, i.e. donations)

Post Capitalization (correction of prior year, i.e. find an asset during inventory that was never put into the system)

**Action Item 15:** Christine to check with other finance team members from LaGov project about accounting treatment for donations as revenue. Identify accounts and postings for corrections.

Access to these transactions should be limited to a small number of users.

#### **Action Item 16:**

Is there importance to the Transaction Type field to determine why the transaction was being made? Yes. Inventory correction is important as a Transaction Type. Donation and seizure needed as well. Add these to acquisition types as well.

**Action Item 17:** Is the training of dogs part of their acquisition cost? Check with OSRAP. Also, are young dogs considered to be construction in progress?

Donation or Correction:

Almost anything can be donated. Buildings, land, and infrastructure donations are infrequent. Vehicles can happen in batches. ORM currently values the donated building and puts it SLABS with a value. However, OSRAP puts the final valuation on the building. State Land Office puts in the value of the land into SLABS. Again, OSRAP will make final valuation.

**Action Items 18:** Determine who will create and update the AMR for donated land and buildings. It was suggested that OSRAP should enter the asset, and ORM/SLO then enter the RE object. Alternatively, the Department that gets the land could enter the asset shell, which is subsequently updated by OSRAP for valuation. ORM/SLO then enters the RE object. Set up a meeting with representatives from these groups.

For donated "movable property": Item is currently entered into Protégé by the receiving agency. Agency that gets the item generally will make the valuation using industry standards (i.e. bluebook values) to make the valuation.

**Key Decision:** Donations for "movable" property (i.e. Protégé type items), each agency is responsible for making the valuation and entry to SAP.

**Key Decision:** For corrections (found items that were never entered), the agency is responsible for making the entry to SAP with the proscribed procedures (acquisition with offsetting entry).

Donation: Add value to existing asset. No situations where donations get added to the value of an existing donation. Or how often if it does happen.

Reports: Inventory corrections report. Category for donations as financing source for OSRAP reports.  
Training/Change Mgmt:

Who should be doing these transactions: Property Manager for movable items. (key decision?)

## **Asset Accounting Transactions – Subsequent Acquisitions**

### **Subsequent Valuation: Additional Values**

OSRAP to decide accounting treatment for depreciation for subsequent valuations.

Multiple Methods of handling Capital Assets – Additional Valuations

- Add value to existing AMR
- Create sub-number (same class only)
- Create new asset master record (can be a different class)

No decisions to be made here....

Multiple Methods of handling LVA – Additional Valuations

- Add value to existing AMR
  - Need new fields here
- Create sub-number (same class only)
- Create new asset master record (can be a different class)

**Action Item 19:** Will real estate objects be tracked in AA? Amanda needs to talk to OSRAP about this. Come up with scenarios. Should they be LVA? How should they be considered for capitalization purposes? Include Peter Tabone in discussion.

**Action Item 20:** How often does donation get added to a donation? example: a donated PC gets donated hardware added which increases the value (ask OIS – ISB)

**Action Item 21:** Send reporting requirements for donations, corrections, and seizures to Rhoama.

**Action Item 22:** Billy (Ag & Forestry) – If a vehicle owned by one agency for 3 years is utilized by another agency. Agency 1 has the asset. Agency 2 should have to maintain the vehicle. How does PM know?

**Action Item 23:** Sal Faldetto wants a copy of FI-AA-003 PowerPoint from both sessions.

**Action Item 24:** Ask Mark and Afranie (OSRAP) if slide 119 (Protégé upgrade rules with scenarios) explains how adding valuation should be handled going forward. This is an OSRAP decision. Note: Current process is not a best accounting practice.

Slides 121 & 122 explain how additional values can be handled in SAP.

Multiple investment reasons, capitalization dates, or sub-categories will require sub-numbers or a completely separate AMR.

**Action Item 25:** Amanda Stein – Talk to OSRAP about building objects. Come up with scenarios. Should they be LVA? How should building objects be considered for capitalization purposes? Involve RE.

### **Subsequent Valuation: Decrease Values** (i.e. damage or technical obsolescence)

Capital Assets: Use Unplanned Depreciation Functionality in SAP

These are one time adjustment based on a specific or extraordinary circumstance. Christine says that it should be used very infrequently with very good documentation

New transaction types after go live requires configuration request. Catch – every time that you add option values, someone picks it. If the wrong transaction type is chosen, you can reverse and recreate if caught during the same year.

**Action Item 26:** Group to provide list of required Transaction Types for unplanned depreciation.

**Action Item 27:** Verify with OSRAP that GASB 42 does not apply to LVAs.

**Action Item 28:** Verify with OSRAP who should be making the impairment transaction (unplanned depreciation) in SAP. Will it be OSRAP or Agencies based on OSRAP guidance?

**Subsequent Valuation: Increase Values** (i.e. correction to excessively high depreciation in prior years, write-up).

Used when you get recoveries from insurance as per GASB 42 via “Write Up” transaction. Does not change the acquisition cost but changes the net book value. Impairment would decrease the net book value and recovered insurance \$\$ would increase the value (FEMA reimbursements?). Ask Afranie / Mark R. how they want to handle insurance recoveries for capital assets as per GASB 42 and who should enter the information.

**Action Item 29:** Verify with OSRAP who should make the entry for insurance recoveries as they relate to GASB 42.

### **Asset Acquisition: Transfers**

Different types of transfers:

Between agencies within the same department (no financial implication, not a transfer in SAP)

Between departments (transfer)

Transfer to surplus

Change of asset class

Change of funding

**Action Item 30:** Provide examples to Rhoama of types of transfers.

Trade-Ins: Currently treated as a retirement, then a new acquisition. What are the requirements related to trade-ins.

**Action Item 31:** Transaction types for transfers. Determine which transfer types are needed for reporting purposes.

Who should have access to transfers? Property Managers

**Action Item 32:** Need LPAA representation in FI-AA-004 Transfers

Low value assets – change responsible party. These are already expensed. \$\$ transfer would occur via journal entry. Are there any examples of LVA where a financial impact would occur?

Homework: Trade-in(s) examples of what kind of trade ins and what is done with them. How are they currently handled? Are there any instances where money is made on trade-ins (how is it handled – DOTD??)? Send Rhoama examples.

OSRAP will probably need to decide how financially this will be handled.

Who should have access to transfers (discuss in FI-AA-004)?

Homework: Think about reporting requirements for transactions before FI-AA-004.

### **Parking Lot**

1. When asset uses Federal Funding during acquisition, money goes back to feds at retirement. (discuss in retirement session)
2. Discuss ORM Reporting Requirements.
3. Site Code number is currently being discussed with the RE group.
4. Settling multi-FY highway projects where part of the highway is in use prior to completion. (discuss during infrastructure session).

### **Key Decisions**

- 1) Additional acquisition methods include: Lease and Expropriation.
- 2) For LAGov moveable property donated to an agency, the agency creates the AMR shell and the agency is responsible for determining the fair market value (donations).
- 3) For corrections, the owning agency's property manager makes corrections.
- 4) OSRAP will decide slide #119.
- 5) OSRAP will decide Action Item #27
- 6) Standard reporting capabilities will handle all inventory correction reporting requirements mentioned in this session.

### **FRICE – W**

- 1) Add match codes for new fields including Inventory Number. Determine which of the new fields will benefit from match codes.
- 2) Create sort / selection variant for acquisition method which will be investment reason in SAP.
- 3) BI report between PS / AA for WBS & AuC.

### **Integration Points**

1. LPAA does not allow any money changes to the value of an asset without LPAA approval. This may affect tolerance levels on procurement process or asset process.
2. Possible user exit or message during procurement process to notify user if item may be capital or low value asset (10/9/2008 session).
3. Add asset for open PO during conversion (discuss cut off date / time with MM)
4. RE key can link AMR to RE – linkage required see if this is the best method of linking AMR to RE.
5. Ask Mary if PCard purchase can be tied back to Commodity Code.
6. Project Systems – What happens when project includes turn key with building and furnishings that need to be settled to multiple assets including LVA (PS-009 11/12 & 13 / 2008. What happens with multiple Funding Sources?

### **Organizational Impact**

- 1) Protégé gets acquisition cost from PO rather than invoice. Business process change suggested based on best practices. LPAA and OSRAP need to determine process for LVA @ good receipt vs invoice receipt. NOTE: State statue must be entered within 60 days of receipt.
- 2) Consider PO cut off time prior to conversion. Discuss with MM. Asset needs to be assigned to open purchase orders at data conversion.
- 3) Active projects at time of conversion will need WBS and AuC / Asset settlement rules defined.
- 4) Process for donation / acquisition of land and buildings
  - a) ORM creates the AMR shell and RE record for buildings.
  - b) OSL creates the AMR shell and RE record for (non ROW) land.
  - c) OSRAP updates AMR with financial data (and can add sub-numbers for improvements or multiple funding sources).