



# MEETING MINUTES

## State of Louisiana ERP Project

*Blueprint Workshop / FI-AA-07 Periodic Processing*

11/05/2008 @ 8:30 to 4:30

Location: Claiborne 1-136 C Thomas Jefferson Room

Attendees:

No.	Name	Invited?	Attended?	Comments
1.	Afranie Adomako	Y		OSRAP
2.	Mark Rhodes	Y		OSRAP
3.	Sean Langlois	Y		OSRAP
4.	Rae Marrero	Y		OSRAP
5.	Yuchie Fong	Y		OSRAP
6.	Sue Seab	Y		OSRAP
7.	Rhoama Speights	Y	Y	ERP
8.	Christine Wieczorek	Y	Y	ERP
9.	Bill Smith	Y	Y	ERP
10.	Lisa Gillen	Y	Y	ERP
11.	Susie Barthel	Y		LPAA
12.	Bobby Freyou	Y		SLO
13.	Denise Marrero	Y		FP&C
14.	Dom Cali	Y		DOTD
15.	Donnie Ladatto	N	Y	OSRAP

	<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	• See action items & assignments below.	Hard copies provided - SAP Glossary Proposed TO-BE SAP screen slides  Other comments
	<ul style="list-style-type: none"> <li>• SAP Glossary</li> <li>• SAP concepts &amp;</li> </ul>			

- functionality
- Leading practices
- Enterprise readiness challenges

5. Action Items

	AA Team	1) Check with Mark Rhodes on what the AFR information contains related to buildings and depreciable land/building improvements.	Done. Received copies of AFR information from Mark.
	AA Team	2) Confirm with FI team that depreciation expense is a non-budget item. (i.e. posted to non-budgetary accounts)	
	AA Team	3) Federal reimbursements for Real Estate sales: How is it handled now and where is the information stored?	SLO
	AA Team	4) Ask DOTD how toll roads would work in an integrated scenario? Example, state builds a road, leases to private entity and State gets a percentage of the tolls.	DOTD
	AA Team	5) Obtain a key decision regarding which level to track depreciation. Should it be the actual cost center, an administrative cost center or dummy cost center? (OSRAP suggested starting with Afranie, then possibly needs to go to the project Steering Committee)	OSRAP
	AA Team	6) Confirm with OSRAP that the full year depreciation averaging convention will continue.	OSRAP
	AA Team	7) Confirm with OSRAP the preferred frequency of depreciation posting. Be sure Afranie knows the details about the monthly alternative.	OSRAP
	AA Team	8) Confirm with OSRAP the preferred method, catch-up vs. smoothing.	OSRAP
	AA Team	9) Confirm with OSRAP if there is a need for other periodic processing schedules other than what is delivered (i.e. quarterly).	OSRAP
	AA Team	10) Confirm with OSRAP on how to treat depreciation on movable property transfers.	OSRAP
	AA Team	11/12) Determine the to-be accounting policy for recording proceeds and resulting gains and losses on sale of movable property. (Absolute gain/loss or All revenue without loss?)	OSRAP
	Christine W	13) Determine if there is workflow attached to system job errors.	
	AA Team	14) Determine policy for storing the logs and error reports. (Beverly, Secretary of State archive requirements)	Beverly question
	Christine W	15) APC runs – Add daily test run.	
	AA Team	16) Confirm with OSRAP who should have access to depreciation logs? (No access initially)	OSRAP

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**Discussion:**

**AS-IS:**

DOTD, Higher Ed and other agencies not in SLABS and Protégé provide information to OSRAP from their individual AFR related to depreciation. OSRAP stated that he is on the system side, not the reporting side, but is familiar with the issues.

Question: What is the additional information that agencies get from other information.

**Action Item 1:** Check with Mark Rhodes on what this “other” information contains related to buildings and depreciable land/building improvements.

Organizational Impact 1: Determination on the future handling GASB34 reporting for infrastructure is still outstanding. Wooster method is going away.

**TO-BE:**

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

Discussion ensued on the decision to track Capital and LVAs with separate business processes, but all in the AA module. Example of how guns would be tracked was discussed.

**Asset Financial Lifecycle:**

The complete asset cycle was reviewed at a high level for the participant who had not seen the slides before.

OSRAP: How can users search for assets?

Assets can be tracked by Business Areas and Cost Centers. The different search options were explained, including details about the match codes and the ability to add new match codes and use wildcards.

OSRAP: Question was raised about Construction in Progress; which SAP module would it be tracked in. The Projects (PS) to AA process was explained by Christine whereby a project settles to the asset under construction (AuC), then final settlement to the asset master record (AMR).

OSRAP: For AuC, Do you have to setup the structure/rules on settlement prior to the project beginning?

Christine: You can make these settlement decisions at the time of final settlement. You can change your mind about the settlement rules while under construction.

**AMR – Screens (26, 27, 28, 29)**

The “Deactivation On” field was explained and its importance for depreciation calculation.

OSRAP: Will the same screens be available for LVAs as Cap assets?

Yes, except for Depreciation Area screen which will only be visible for capitalized assets.

OSRAP: Who made the decision not to use the “Planned Depr. On” field?

Christine: This is the general sense which we have gotten throughout our sessions. This field will probably not be required.

OSRAP: Will depreciation be posted to non-budgetary accounts?

Christine: These decisions will be made by the financial team.

**Action Item 2:** Confirm with FI team that depreciation expense is a non-budget item (i.e. posted to non-budgetary accounts).

Decision made to hide the Net Worth Tax screen. This information will be tracked in RE.  
Decision made to keep Insurance screen for ORM purposes.

Christine mentioned that unused fields will not be displayed in the production version.

#### **AMR – Leasing (30)**

The SAP capital lease functionality will likely not be used because of the low volume. We will keep the assets on the system, but not use the principal/interest calculations and postings functions. No amortization schedules are delivered as part of the AA module and we typically see the principle and interest calculations made off line.

OSRAP: Our current capital leases are straight line with no balloon payments. State creates corporations to construct buildings to finance construction projects. Is it reasonable to add these leases to minimize the off-system tracking? We want to minimize the off system tracking where possible.

Christine: We will have another session on Capital leases. If the business process is not complex, we may be able to do it, but need further conversations.

#### **AMR – Depreciation Area Detail (32)**

Christine covered the key elements of these screens.

OSRAP: Will we be able to use a field on these screens to identify federally funded assets? Yes.  
Will we be able to identify the federal portion of proceeds for items sold at auction?

Christine: This is being reviewed at the project level.

**Action Item 3:** Federal reimbursements for RE. How is it handled and where is the information stored?

OSRAP: Will SAP store data on toll roads? Example, state builds a road, leases to private entity and State gets a percentage of the tolls.

**Action Item 4:** Ask DOTD how toll roads would work in an integrated scenario. Examples of these types of scenarios are:

Greater New Orleans Expressway

Crescent City Connection

#### **Capitalization Threshold Listing by Class (41)**

OSRAP: Is this of asset classes list authoritative? Answer: Yes, since it is based on the OSRAP capitalization guide and class blueprint sessions.

OSRAP: How will we handle the situation where an AuC project was not originally going to be a capital asset, but finally exceed the threshold? Can you capture this in SAP? Need to capture this as a to-be procedure. This can be common as a result of Hurricanes for example.

Christine: Yes, there are different ways to do this in SAP based on the individual scenario.

#### **Depreciation Calculation: (45)**

How should we do the depreciation posting? Should it be to the cost center?

OSRAP: If we accumulate by cost center and then we inactivate a cost center, which can happen, how would SAP handle this? It seems like we may want to capture this at a higher level than cost center.

Christine: You could transfer the asset to the new cost center.

OSRAP: Differentiation between "owner" and "funding" of the asset. We need to know which department owns the asset.

Christine: It is possible to create a “dummy” cost center to capture all depreciation for the agency/department for reporting purposes. Or some other cost center (i.e. administration) could capture all the depreciation.

OSRAP: Not currently tracked by cost center since there is no tracking of depreciation in AFS. This decision probably would not be made unilaterally by OSRAP but that would be the place to start.

**Action Item 5:** Get a key decision at which level to track depreciation. Actual cost center, administrative cost center or dummy cost center? (OSRAP said to start with Afranie, then possibly needs to go to the Steering Committee)

### **Depreciation Calculation (46, 47, 48, 49)**

Averaging Convention:

**Action Item 6:** Confirm with OSRAP that the actual year convention will continue

Frequency:

**Action Item 7:** Confirm with OSRAP the preferred frequency of depreciation posting. Be sure Afranie knows the details about the monthly alternative.

Adjustments: Catch-up vs. Smoothing

**Action Item 8:** Confirm with OSRAP the preferred method, catch-up vs. smoothing.

Document Types:

Recommendation to use the delivered document types, including the ‘AZ’ type for APC values posting.

OSRAP: Where will talk about document types and what they do and their capabilities? We are interested in seeing these. I don’t see where these document types are being covered at a project level, instead of a department level. We want to ensure the individual modular decisions related to document types will be usable for OSRAP. Where is the consolidated list that we can review?

Christine: Each module covers their doc types in their blueprint sessions. Some of this information could be reviewed during realization. OSRAP may want to get with Beverly about these questions and what has been determined.

### **Periodic Processing: (50, 51, 52)**

OSRAP: Internal service funds or grants may have monthly reporting needs.

**Action Item 9:** Confirm with OSRAP if there is a need for other periodic processing schedules other than what is delivered (i.e. quarterly)

OSRAP: Will the system have an “un-located year” field?

Christine: Yes, via an evaluation group.

Transfers:

**Action Item 10:** Need decision on how to treat depreciation on transfers.

**Action Item 11/12:** Determine the to-be accounting policy for recording proceeds and resulting gains and losses on sale of movable property. (“Absolute gain/loss” or “all revenue without loss”?)

Parallel Valuations (53):

Second depreciation area will run overnight to process the daily transactions. It is run for the entire company code.

APC Values Posting (54):

This job cannot be re-run so be sure to save the results for an audit trail.

Day End Closing Flowchart (55)

OSRAP: Will there be workflow related to job errors and notification of agencies?

Christine: I don’t believe there is, but we will check.

**Action Item 13:** Determine if there is workflow attached to job errors (Christine)

#### Month -End Closing: Depreciation Run (56, 57, 58, 59)

Repeat runs will only calculate and post depreciation for assets that did not have depreciation posted in the initial run. Any depreciation posting re-runs would use catch-up or smoothing to adjust for missing postings.

Logs and error reports can be stored as soft copies offline (FileNet?) or hard copies.

**Action Item 14:** Determine policy for storing the logs and error reports. (Beverly, Secretary of State / archive requirements)

**Action Item 15:** APC runs – Add daily test run.

**Key Decision 1:** APC runs – Add daily test run for OSRAP.

#### Year-End Processing (60):

OSRAP: Concerns about how the decisions will be made about the scheduling of year-end processing. We need the consultants to guide us through this. The closing process itself will not have a significant organizational impact since it is basically how things are done now. Christine: There will be a financial closing calendar that will be built with consultant recommendations along the way to determine the best practice.

#### Capital Assets (61)

The AA/GL reconciliation process should probably be part of the monthly closing process, but can be done at fiscal year end. Unnecessary asset shells could be given a “Z” prefix in the description to make them fall to the bottom of the list, for easier reconciliation.

#### Recalculate Depreciation (63):

OSRAP: On movable property acquired via Requisition/PO, when you know it's going to be a car, for example. Is there a risk that movable capital assets can be created some other way? OSRAP is concerned about the sheer volume of movable property and some of it getting capitalized that should not. Need to ensure the controls at the front end to prevent this.

Policy is that all capital items for movable property should come through the purchasing stream. Donations, construction projects etc. The people who have authority to do this will be limited. This could be a training issue.

#### Fiscal Year Change (65):

Organizational Impact 2: Depreciation rules, calculation, etc. should not be changed via change control after go-live unless the impact is identified and with OSRAP investigation and approval.

The fiscal year must be open in FI-AA as a scheduled job for the whole company in order to make the prior fiscal year postings.

#### Reporting Requirements (71)

Note to Afranie/Mark to determine if there are any specific reports that need to be reviewed for SAP compatibility.

#### Security Considerations (73)

**Action Item 16:** OSRAP – who should have access to depreciation logs? (No access initially)

OSRAP: What is the purpose and benefit of the depreciation log?

Christine: It's just a summary of the financial posting. This data exists in other places in the system.

It is recommended that the Test Run functionality be used to identify and correct errors prior to the update posting. It is also recommended that agencies not get access initially. Potential training issue.

## **Wall Charts**

### Organizational Impact

1. Going away from the Wooster method.

### Key Decisions

1. APC run – Add test run daily.

### Action Items

1. What additional information is currently being sent? – Mark
2. Confirm that depreciation expense is being handled as a non-budget item.
3. Is there federal reimbursement in Real Estate? How is it handled? Where is it stored?
4. Advise SD and ARA on toll road proceeds.
5. Ask Afranie – Should one cost center take all of the depreciation for an agency? Is this an admin cost center or a dummy cost center?
6. Confirm with Afranie that current depreciation calculation will continue.
7. Ask Afranie: Will depreciation be monthly or yearly?
8. Afranie: will the catch-up method be used?
9. Confirm with Afranie that no other processing needed, i.e. quarterly, adhoc
10. A decision is needed for handling depreciation for transfers and retirements.
11. How should gains and losses be handled?
12. Decision needed: Proceeds from sales? Absolute gain/ loss or all revenue with a loss?
13. Is there workflow for background jobs?
14. Beverly: How will logs be stored?
15. APC run – add test run daily.
16. OSRAP – Access to depreciation log given to agencies? Recommendation is not to give access initially and grant it later if needed.