

Cash Reporting
&
Liquidity Forecasting
FI-CM-002
Oct 16
2008



LaGOV

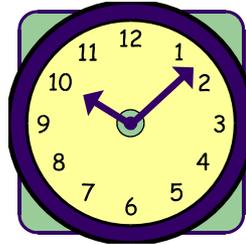


Agenda

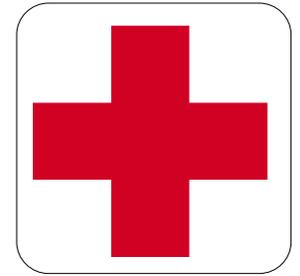
- Logistics, Ground Rules & Introduction
- Project Timeline
- Workshop Objectives
- Business Process Review
 - Current system alignment
 - Process improvement opportunities
 - SAP terms glossary
 - SAP concepts & functionality
 - Business process flow
 - Leading practices
 - Enterprise readiness challenges
- Next Steps – Action items
- Questions



Logistics



Before we get started ...





Ground Rules

- Has everybody signed in?
- Everybody participates – blueprint is not a spectator sport
- Silence means agreement
- Focus is key – please turn off cell phones and close laptops
- Challenge existing processes and mindsets
- Offer suggestions and ideas
- Think Enterprise
- Ask questions at any time
- One person at a time please
- Timeliness – returning from break
- Creativity, cooperation, and compromise





Introduction

■ Roles

- **Process Analyst and Functional Consultant** – lead and facilitate the discussions and drive design decisions
- **Documenter** – take detailed notes to support the formal meeting minutes to be sent by the Process Analyst to all participants for review and feedback
- **Team Members** – provide additional support for process discussions, address key integration touch points
- **Subject Matter Experts** – advise team members on the detailed business process and participate in the decisions required to design the future state business process

Round the Room Introductions

Name

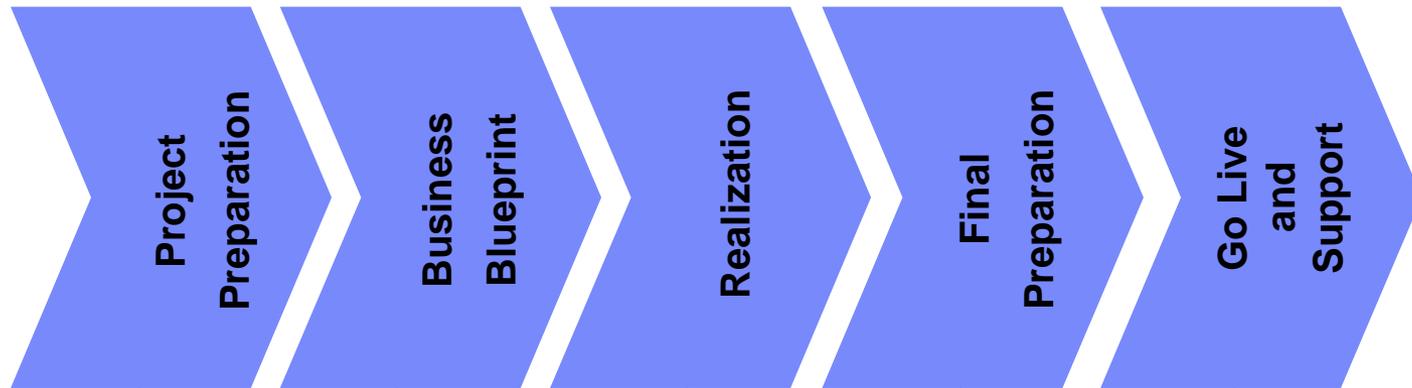
Position

Agency



Project Phases

■ Five Key Phases



- Strategy & Approach Defined
- Project Team Training

- Business Process Definition
- Development Requirements

- Development & Unit Testing
- Integration Testing
- End-User Training Materials

- User Acceptance
- Technical Testing
- End-User Training
- Conversion

- Go-Live Support
- Performance Tuning



Project Organization - Functional Teams

Finance Leads

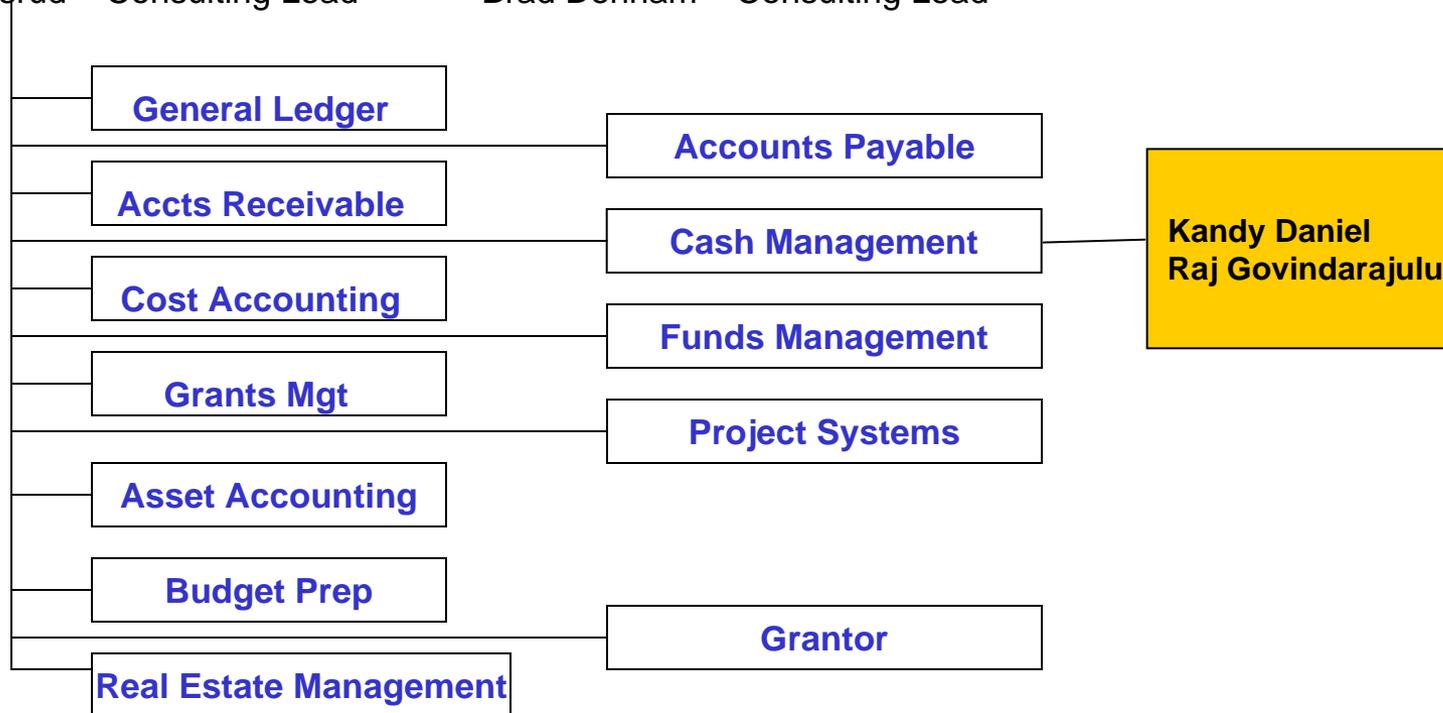
Beverly Hodges – Finance Lead
Drew Thigpen – Finance Lead
Mary Ramsrud – Consulting Lead

Logistics Leads

Belinda Rogers – Logistics Lead
Jack Ladhur – Logistics Lead
Brad Denham – Consulting Lead

Linear Assets Leads

Mark Suarez – Agile Assets Lead
Charles Pilson – Consulting Lead





Blueprint Objectives

- Review and discuss the current or As-Is business processes
 - Which helps to drive out the *Business requirements*
 - As well as the *integration points* with other processes
- Define Master Data
 - Address key integration points
 - Support organizational requirements
 - Consistent and appropriate use of data fields
- Define Future or To-Be business processes based on:
 - Best Practices inherent in SAP
 - Intellectual capital from other SAP implementations
 - State business requirements
- Identify development requirements
 - Which could result in the need for a form, report, interface, conversion, enhancement, or workflow (FRICE-W)
- Understand and communicate any organizational impacts / Enterprise Readiness challenges
- Gather system security authorizations and district-wide training requirements



Cash Management Workshops

Session #	No of days	Schedule	Session Description/Major Business Process Group	Overview of major Session Topics
FI-CM-002	1.5 days	27-Aug & 28-Aug	Bank Accounting	Review the state's current bank reconciliation process and match the standard processes in SAP
FI-CM-001	1 day	16-Oct	Cash Reporting & Forecasting	Current Reports & frequency; standard reports available in SAP; review current liquidity forecast; draw possible scenarios in SAP
FI-CM-003 & 004 & 005	1 day	28-Oct	Debt & Investment Management & Interest	Review the interfaces of Debt and Investment; determine what GL accounts might be needed for posting
FI-CM-006	2 days	Nov-5 & Nov-6	Cashiering & Offsite Cash Receipts	Overview of the current processes; Offsite cash collection facilities; Recording cash; Deposits & Updates in system
FI-CM-007	2 days	Nov-18 & Nov-19	Revenue Posting & Tracking	Revenue Posting & Receivable match; Clearing Account & Bank Account and Receivable match; Refunds & Adjustments; Discounts & Rebates



SAP Glossary

- **Sub Account:** An account to which postings are recorded temporarily. They are auxiliary accounts which are used for organizational task distribution (Ex: Bank clearing account)
- **Main Bank Account:** Account which holds all confirmed cash.
- **EBS:** Electronic Banking Statement File
- **Value Date:** The date on the document or cash item when it is sent to bank or entered into GL A/C.

- **Planning Level:** Explains how a cash inflow/outflow happened on an account
- **Cash GL Account:** Balance Sheet Asset A/C where all transactions are recorded
- **Groupings:** The grouping determines which levels and accounts should be displayed in the cash position report.
- **CM Account Name:** Each GL A/C included in the forecasting is assigned a CM A/C Name



Work Session Objectives

- Introduce Tools for Cash Management
- Introduce Cash Position
- Discuss Chase Bank System Forecasting
- Understanding the “As Is”
- Action Items & Next Steps



Cash Opportunities

- Develop a single standard ERP system for Cash Recording, Reporting & Cash Position
- No data redundancy to be maintained in different systems (AFS, RECON, CHASE)
- Cash and GL A/C data is centralized for agency's and Treasury's Receipts and Disbursements
- Cash forecasting reports include line item details of each transaction and is obtained from GL accounts
- Accounting and Cash work Hand in Hand for efficient cash management system



Cash Forecasting Instruments

SAP offers two forecasting tools

- Cash Position - Provides Information on Short-Term Cash movements In bank accounts and payment flows by value date
- Liquidity Forecast - Provides Information on Medium-Term movements in sub-ledger accounts.
- Note: We will be discussing only Cash position in this session, as the long term forecast was found to be not in scope or not required.



Cash Position: Benefits

Cash Position:

1. Short-Term Forecast of cash movement
2. Length of forecast from 0-5 days
3. Data for forecasting Includes, Bank Accounts and Bank Clearing Accounts
4. Forecast by Value Date
5. Easy Execution of forecast through single T.Code
6. Daily Forecast reports to monitor cash flows
7. All cash transactions documented into GL A/C's



Cash Position: Definition

Cash Position:

- Shows the bank A/C movements for any given day.
 - Up to date information of bank account activity
 - Line item level details of data in bank account postings and manually entered GL A/C postings relevant to CM
 - Value Date entry of all cash items in Bank Accounts and Bank Clearing Accounts constitute cash position.
-
- Value Date: To manage Bank postings by Value date - Each GL account must have a mandatory entry of value date. All postings of line items into bank GL should contain a value date to have them included in planning.



Cash Position: Sources

Sources for Cash Position:

- Financial Postings to CM relevant bank G/L A/C and bank sub clearing A/C
- Entry of all payments into cash accounts
- Posting of Electronic or Manual Banking statements, to display the account transactions
- Entry of all receipts into cash accounts



Cash Position: Accounts

Accounts Included for Cash Position

1. **Payment transactions:** Vendor Payments posted against the bank clearing accounts
2. **Disbursements Accounts:** Controlled & EFT Disbursements Accounts with a balance are included in the cash position analysis.
3. **Payroll Accounts:** Payroll Accounts for the state and travel account is also set up for cash position analysis.
4. **Other Accounts:** Please List.



Cash Position: Accounts

Accounts Included in Cash Reporting:

- A total List of 23 A/C been included in Cash Position Reporting
- Attached Spreadsheet has the list of the all A/C that is currently used in forecasting process

Requirements Gathering:

- Is the 23 all the accounts that are used for forecasting?
- Are there other accounts that needs to be included but are not due to the low volume?



Cash Position: Requirements

Requirements to set up Cash Position

- Bank Structure: Bank Account and Bank Clearing GL A/C
- House Banks Design
- Value Date: Obligatory Entry in GL A/C Master Data
- Master Data: GL Account
- Source Symbols: Standard SAP used for Cash Position
- Planning: Areas of Planning & Levels of Planning
- Cash Management Account Name Definition
- Groupings
- Maintain Structure for Groupings
- Reports and Variants



Cash Position: Requirements: Bank Structure

- **Bank Structure**

To-Be Bank structure is shown in the next slide

- **GL A/C Structure**

Each Active A/C at bank is assigned a GL A/C (Exclude Dummy)
Bank Clearing Accounts for set up for Main Depository A/C (0 -9)
Receipts and payments are posted to the above GL A/C

- **Bank G/L Account Structure**

A defined set of Bank Accounts with GL each is set up for CP
Planning levels are maintained if required
Value Date Entry must be made mandatory on CP GL A/C
Clearing Accounts are set up a Open Item Managed
Each GL A/C is assigned to a A/C "Cash" group
House Bank is defined and attached to GL A/C



Bank Structure

Bank Account Structure

Central Depository is the Main Bank Account

Central Depository Account contains multiple sub clearing accounts associated with BAI code & GL A/C each.

Treasury AP Disbursement and ACH is linked to the Depository A/C

All Agency Sub Clearing A/C are also linked to the Depository A/C

Main Central Depository Account

01 - Wires in/out	195, 495
02 - ACH/EFT in/out	165, 455
03 - Check out	475
04 - Check Deposits (in transit)	175,115
05 - ZBA transfers in/out	275, 575
06 - CDA transfers in/out	277, 577
07 - Deposit correction	172, 695
08 - Deposit item returned	555
09 - Misc	354, 399, 699

AP Disbursement Account:

Transfers In/Out

AP ACH/EFT Account:

Transfers In/Out

(Agency Controlled Accounts)

Agency Controlled Disbursement Account

Regional ZBA

Agency Reverse ZBA

Agency ZBA



Bank Structure GL Bank Accounts Mapped - Example

(1)	(2)	(3)	(4)	(5)	(6)	(7)
-----	-----	-----	-----	-----	-----	-----

Assets	Current Assets	Cash	Individual Bank Account	Sub-Accounts
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Bank Sub-Accounts

- 111 100 **0** = Main Bank Cash A/C
- 111 100 **1** = Wires In/Out
- 111 100 **2** = ACH In/Out
- 111 100 **3** = Check Out
- 111 100 **4** = Check Dep (Transit)
- 111 100 **5** = ZBA Disbursement
- 111 100 **6** = CDA Transfer In/out
- 111 100 **7** = Deposit Correction
- 111 100 **8** = Deposit Item Return
- 111 100 **9** = Misc/Other ZBA



Bank Structure

Bank GL A/C Structure

Central Depository is the Main Bank Account, Linked to one GL account.

Central Depository Account contains multiple sub clearing accounts associated with a GL A/C each.

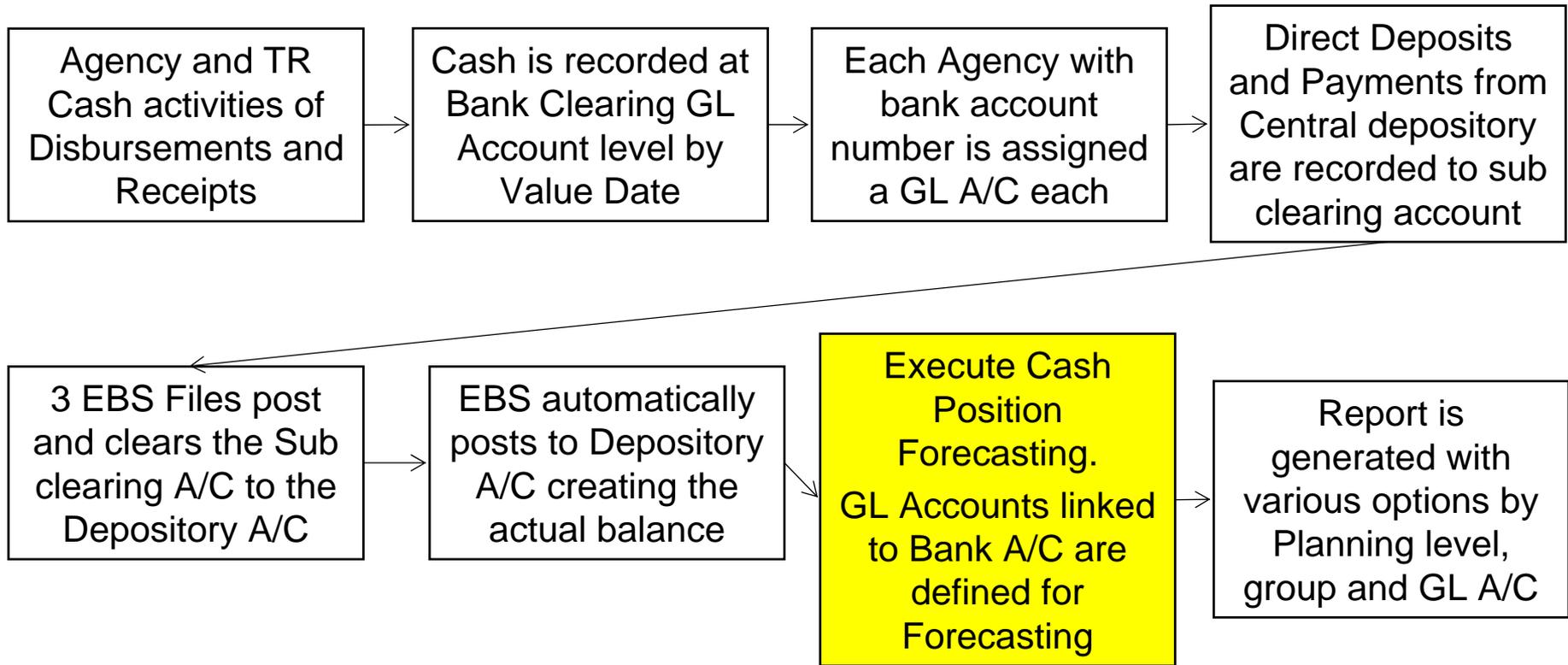
All agency and disbursements bank accounts are linked to one GL account each.

Company Code	House Bank	Bank ID	Account	EDI Partner	Source: Cash Position	Account Name	GL Account	CM Name		
LA01	CHA01	6540013	7900405426	XLAMAIN	BNK	Central Depository	111 100 0	CD01		
LA01	CHA01	6540013	1571657012		BNK	ACH/EFT Disb	111 160 2	ACH01		
LA01	CHA01	6540013	950000639		BNK	DOTD Vendor	111 123 0	DOTD1		
LA01	CHA01	6540013	950000698	XLADISB	BNK	AP Vendor Disb	111 150 3	APVD1		
LA01	CHA01	6540013	686815192		BNK	Payroll - Travel	111 124 0	PTA01		

Source: Identifies if the Account is Included in the Cash Forecasting.

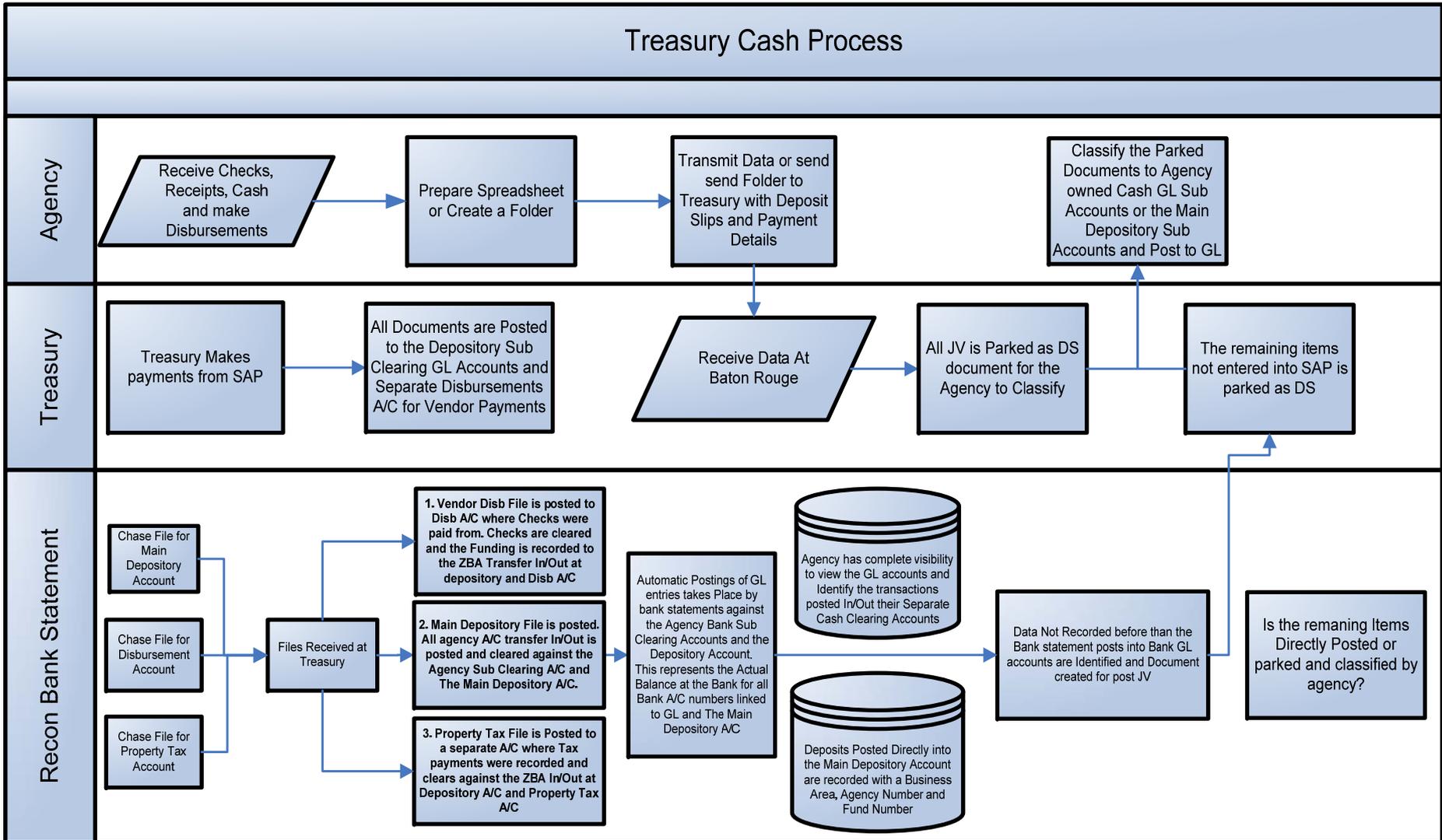


High Level Process Overview





Cash Process Treasury





Cash Position: Requirements: House Bank

House Banks

- House bank is the main bank that we do business with.
 - Each house bank can have any number of bank accounts that are managed within the house bank. In our case more than 150 Accounts.
 - All the bank Accounts are assigned a GL account each.
 - Main Depository Bank account has 0 to 9 sub clearing accounts assigned by BAI Code
 - In Forecasting a defined list of GL Accounts are used
- Correspondence with external banks are maintained as Partners.
 - This setup allows us to import Electronic Banking Statements into SAP
- Bank Directory contains all the bank information including the bank account numbers, address and correspondence details
- Based on As-Is, we have indentified only 1 House Bank with multiple accounts.



House Banks and Bank Accounts in SAP

Example of House Bank Details In SAP

Display View "Bank Accounts": Details

Dialog Structure

- House Banks
 - Bank Accounts

Company Code	0100	DTE Energy Company
House bank	CHA01	
Account ID	CON01	
Description	DTE MAIN CONCENTRATION	

Bank Account Data

Bank Account Number	000000001609723	IBAN	Control key	<input type="checkbox"/>
Alternative acct no.			G/L	100010
Currency	USD		Discount acct	

House Bank Data

Bank Country	US
Bank Key	072000326

Address

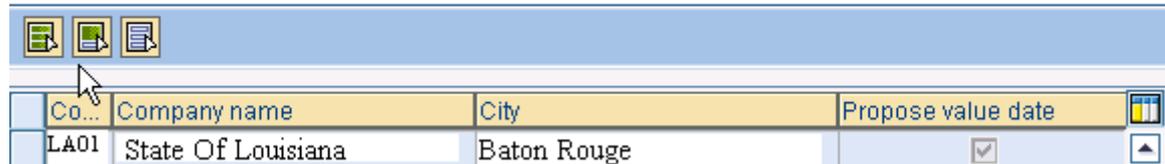
Bank Name	JPMORGAN CHASE BANK, NA
Region	
Street	
City	
Branch Office	



Value Date in SAP

Value Date: Is proposed for the Company Code that we would be setting up all the cash accounts.

Display View "Company Code: Default Value Date": Overview

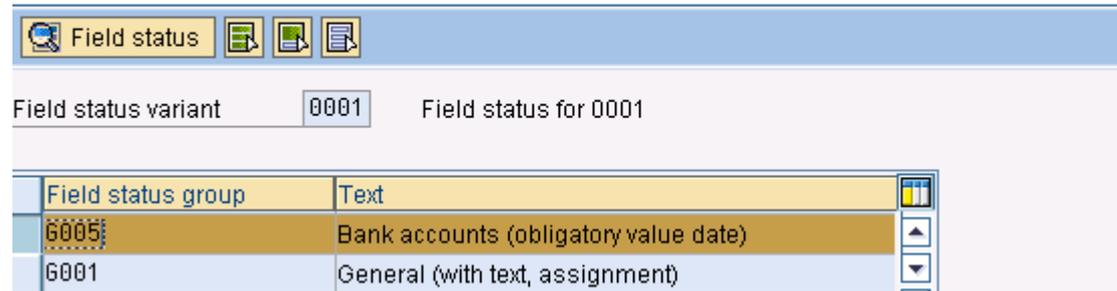


The screenshot shows the SAP Display View for 'Company Code: Default Value Date'. It features a table with columns: Co..., Company name, City, and Propose value date. The first row contains the data: LA01, State Of Louisiana, Baton Rouge, and a checked checkbox.

Co...	Company name	City	Propose value date
LA01	State Of Louisiana	Baton Rouge	<input checked="" type="checkbox"/>

Value Date: A separate Field status Group with obligatory Value Date entry is created for GL Accounts

Display View "Groups for Field Status Definition": Overview



The screenshot shows the SAP Display View for 'Groups for Field Status Definition'. It displays 'Field status variant' 0001 and 'Field status for 0001'. Below is a table with columns: Field status group and Text. Two groups are listed: 6005 (Bank accounts (obligatory value date)) and 6001 (General (with text, assignment)).

Field status group	Text
6005	Bank accounts (obligatory value date)
6001	General (with text, assignment)

Value Date: In the Field Status Variant Value Date is made mandatory/required entry when posting to GL



The screenshot shows the configuration for 'Payment transactions' in a Field Status Variant. It has columns for 'Suppress', 'Req. Entry', and 'Opt. entry'. The 'Value date' field is set to 'Req. Entry' (radio button selected), while 'Due Date' is set to 'Suppress'.

	Suppress	Req. Entry	Opt. entry
Due Date	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>
Value date	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>



CM: Master Data

- Source Symbols
- Planning Level
- Cash Management Account Name
- Groupings Structure for Output



Source Symbol

- Source Symbols CM Activation
 - BNK Bank Accounting Y
- Standard SAP delivered Source Symbols are used in CM
- Source symbols is the identifier, which activates CM in the system.
- There are other different source symbols provided by standard system which can be used for long-term forecasting



Cash Position: Planning

Planning Level

- Planning level is defined in G/L account master record, so that postings to this account can be seen in the cash position.
- Planning levels explain the beginning and ending balances in an account
- It also tells us what had brought that balance – Means shows the details postings.

Planning Areas

- Areas where we plan to set up cash forecasting. Eg. Bank A/C and Bank Clearing A/C

Planning Source

- Bank Balances
- Checks, Wires, EFT and payments posted to bank clearing account
- Payroll Accounts
- Outgoing Bank transfer posted to bank clearing account



PLANNING LEVEL

- Provides details on how a cash movement took place in the GL accounts.
- We can have multiple levels of Planning levels based on Outgoing checks, check receipts, bank transfers etc.
- One planning level can be assigned to multiple GL accounts
- All GL accounts linked to a Planning levels can be displayed in detail when executing Cash forecasting
- Levels help when having multiple GL A/C doing the same type of activity
- Helps in viewing the details of line by line cash inflows and outflows. Example Below

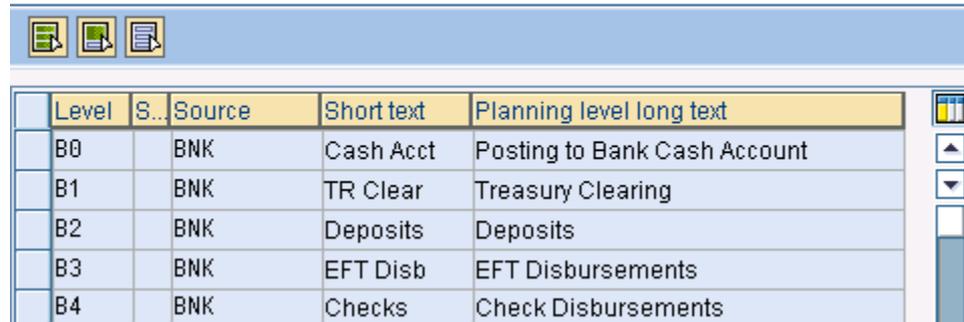
Level	Source	Text
-------	--------	------



Cash Position: Planning

Planning Level

Display View "Planning levels": Overview



The screenshot shows a software interface with a table titled "Display View 'Planning levels': Overview". The table has five columns: "Level", "S...", "Source", "Short text", and "Planning level long text". There are five rows of data. To the right of the table is a vertical scrollbar.

Level	S...	Source	Short text	Planning level long text
B0		BNK	Cash Acct	Posting to Bank Cash Account
B1		BNK	TR Clear	Treasury Clearing
B2		BNK	Deposits	Deposits
B3		BNK	EFT Disb	EFT Disbursements
B4		BNK	Checks	Check Disbursements

Requirements Gathering:

- How many planning levels are required?
- Having multiple levels benefit during reporting as we can just report for a separate planning level comprising of a group of GL accounts?



Cash Position: CM Account Name

Cash Management A/C Name:

Bank Account Numbers are replaced by freely defined CM A/C names

- Forecasting uses CM A/C names in all reports & transactions
- A/C number is unique in a Company Code

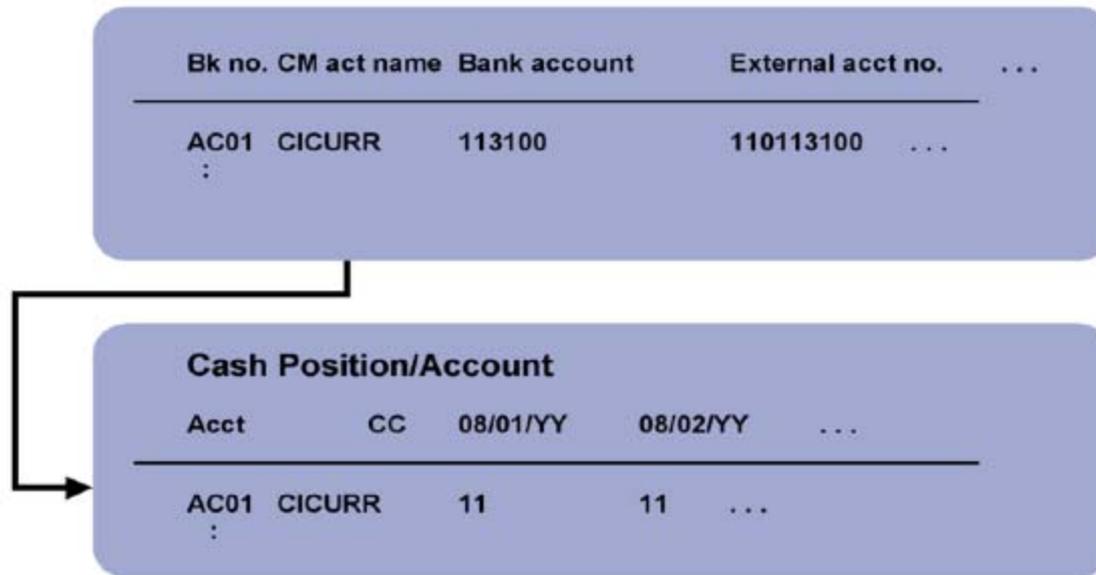
Requirements Gathering:

- Is there a specific naming convention required?
- How many number & characters are required in naming a GL account?



Cash Position: CM Account Name

Sample Cash Management A/C Name



Display View "Cash Management Account Names": Overview

Company Code: 0100

CM acct	G/L acct	Bank Account	CMF	HB...	Description
CHA\$E9723	100010	000000001609723	<input type="checkbox"/>	<input type="checkbox"/>	DTE Chase Chase Concentrator



Cash Position: Requirements: Groupings

Groupings in Treasury

- Groupings is used to set up display of output of cash forecasting report
- How the data is to be summarized for our requirement is what we design here
- Groupings determine which levels and accounts are displayed and how it is presented
- From the report we can drill down to detail level until line item display from the same output
- We can tailor the cash position display to Treasury's requirements.
- Only Group in our requirement is BANK
- Example include by Planning Levels, GL Accounts, Date & Time frame, Increment Time, overall bank balance, etc

- **Requirements Gathering:**
- How should output be displayed?
- By CM A/C Name, GL A/C Name, by planning levels?



Cash Position: Requirements: Groupings

Example: Display/Groupings Structure Sample

Grouping	Type	Selection	Summarization Term
BANKS	E	++ (all levels)	**
BANKS	G	111 110 0	CHECK
BANKS	G	111 120 2	FIRST
BANKS	G	111 150 3	WIRE/EFT/ACH
BANKS	G	111 130 0	DSS
BANKS	G	111 230 1	DISB
BANKS	G	111 171 0	DOTD

Display View "Cash Management: Groupings and Their Headers": Overview



Grouping	Heading	Line heading
EIUC	EIUC - All Bank Detail	EIUC



Cash Position: Structure

Summarized display



Levels



Group from levels



Line items



Display document

Grouping: Banks	08/02/YY	08/03/YY
BANKA	70	90
BANKB	20-	30-
:		

Level: BANKA	08/02/YY	08/03/YY
CA Confirmed advice	10	10
B2 Check receipt	50	30
F0 Bank book	10	50

Accounts: Bank Book	08/02/YY	08/03/YY
Account 1	60	40
Account 2	10-	10
Account 3	40-	

Line Item Display	Betrag
Assignment	40,000

Display memo record: Amount \$40,000, and so on



Report Display

- Report will be displayed by Groupings and Headings
- All Planning Levels will be shown for any Grouping
- Drill on Planning Level to see Planning Groups



Cash Position: Reports

Execute Report: Transaction Code: FF7A

Cash Management and Forecast: Initial Screen

General Selections

Company Code to 

Further Selections

Cash Position
 Liquidity Forecast

Grouping to 

Display as of 

Display in

Increment

Increment in Unit

Output Control

Scaling Decimal Places
 Account Instead of AccountName



Cash Position: Reports

Report for Outstanding

- By listing certain G/L account balances, outstanding checks is obtained

The list of G/L account balances displays the following figures:

- Balance carried forward to the start of the fiscal year
- Debit total of the reporting period
- Credit total of the reporting period
- Debit and credit balances for the entire period

Five summarization levels for the display.

- 0 = No summarization (total per business area)
- 1 = Business area summarization (total per company code)
- 2 = Company code summarization (total per LC for each G/L account)



Enterprise Readiness Challenges

- Education on GL account numbers, Banking structure and postings of entries to cash accounts
- Acceptance and Change Management of the new To-Be Process.



Next Steps

- Prepare and send out meeting minutes to invitees.
- Draft Design Document is prepared.
- Follow up on action items identified during the workshop.
- Schedule off-line meeting (s) to discuss areas of special concern
- Plan follow on workshops, as required.
- Plan validation workshop.
- Ensure all to-do's are appropriately documented



Questions?





Thank You
for
Your Participation!