

Debt & Investment Management
&
Interest
FI-CM-003, 004 & 005
Oct 30, 2008



LaGOV

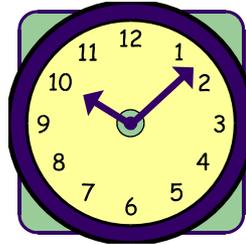


Agenda

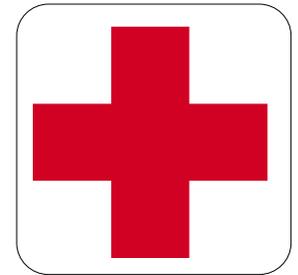
- Logistics, Ground Rules & Introduction
- Project Timeline
- Workshop Objectives
- Business Process Review
 - Current system alignment
 - Process improvement opportunities
 - SAP terms glossary
 - SAP concepts & functionality
 - Business process flow
 - Leading practices
 - Enterprise readiness challenges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

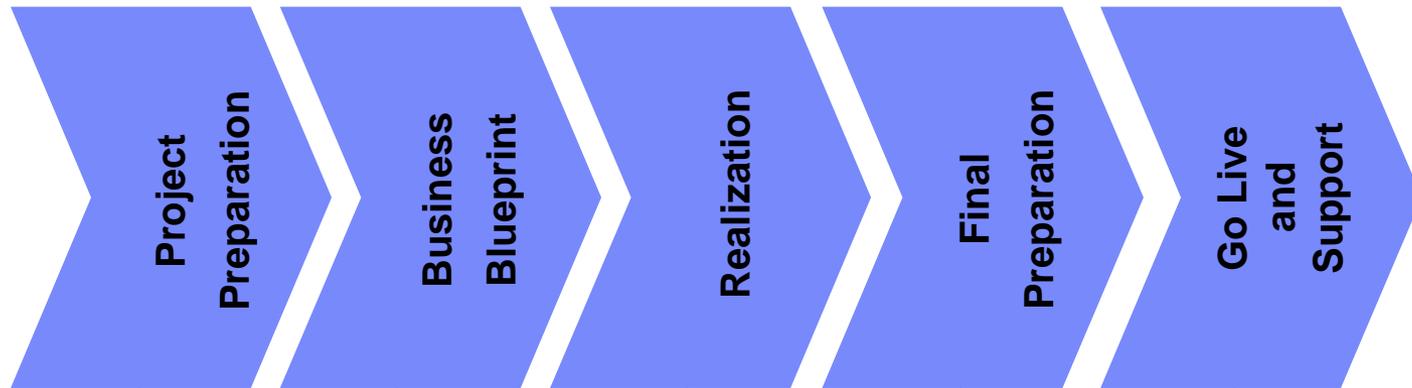
Position

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

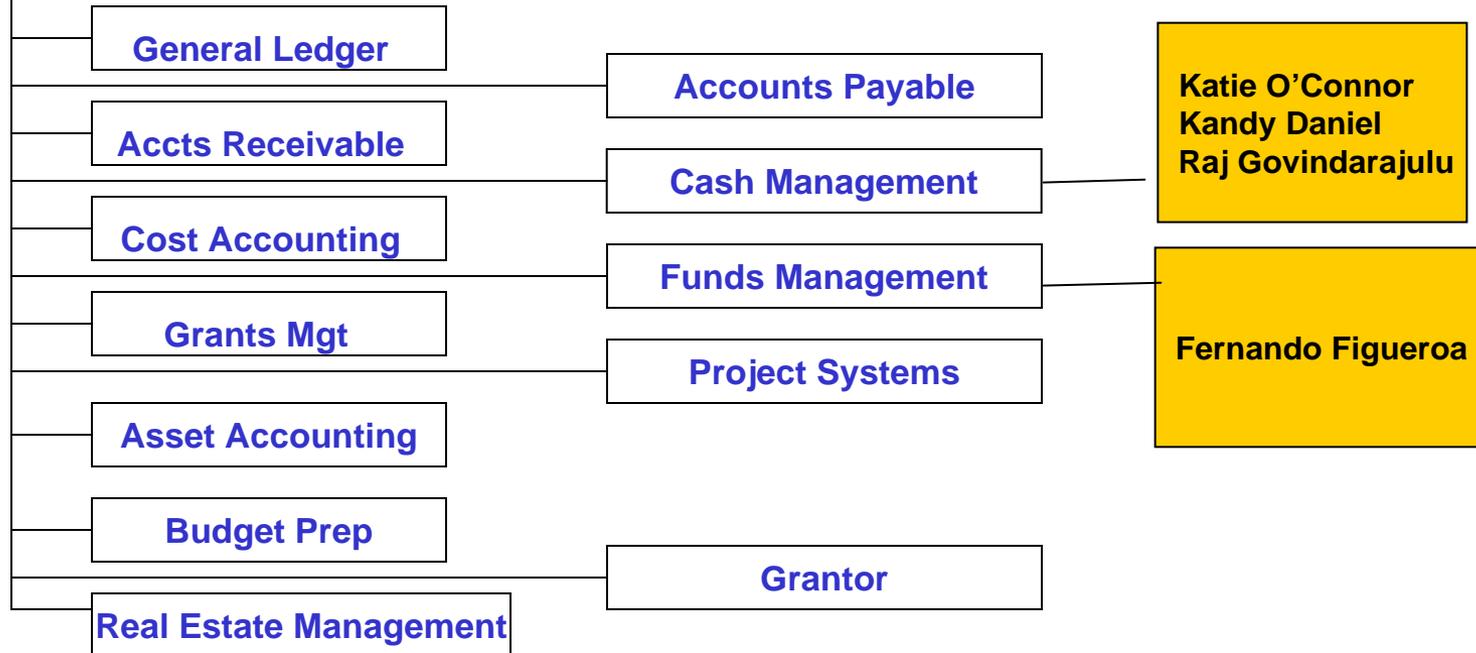
Beverly Hodges – Finance Lead
Drew Thigpen – Finance Lead
Mary Ramsrud – Consulting Lead

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 business processes
 - Which helps to drive out the *Business requirements*
 - As well as the *integration points* with other processes
- Define Master Data Requirements
 - 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 state-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	.5 day	30-Oct	Debt & Investment Management & Interest	Review the interfaces of Debt and Investment; determine what GL accounts might be needed for posting
FI-CM-006	1 day	18-Nov	Cash Receipting (Revenue and Interfaces)	Offsite cash collection facilities; Recording cash by Agency Revenue Classification by Agency Interfaces from Agency to Treasury Cash posting
FI-CM-007	1day	19-Nov	Imprest Funds & Replenishments	Imprest Accounts maintained by Agency Replenishments of Cash by Agency Cash Journal Postings



Work Session Objectives

- Provide overview of this BluePrint Session
- Debt Management Interface
- Investment Management Interface
- Interest Calculation, Allocation and Posting
- Discuss Legacy Systems
- Action Items & Next Steps



Debt, Investments & Interest Blueprint

- Today's Blueprint session will address three separate topics
- We will explain what SAP can do for all 3 topics and the advantages that having the processes in SAP can have on the business
- Debt and Investment systems: MUN-EASE and QED will function as they do now. We recommend having an interface built into SAP to post the balances or line item data in SAP without much manual intervention
- Interest Calculation and Allocation is done in SAP as per the business requirement, since all the data of cash balances are already stored in SAP FI.



Process Opportunities

- Develop standard Interface for posting Debt, Investment data into SAP
- All balances will be available in SAP system on Balance Sheet/Cash Accounts
- Reports can be obtained for each type and Interface
- Elimination of manual posting



SAP Glossary

- **Account Group**- A group of accounts that have the same number range that fall under a certain category in the Chart of Accounts such as Current Asset or Expenses
- **Interface**– A connecting point between SAP and an external system.
- **Depository Account**: Main Bank Account of the state which holds all confirmed cash.
- **EBS**: Electronic Banking Statement File



Leading Practices

- Enter and maintain transactions at the lowest level to meet all reporting requirements
- Use a standardized scheme to facilitate flexible reporting
- Centralized maintenance of all finance data
- Process design should accommodate current design as well as allow for future growth



Interface Of Investments: To-Be

- QED and its processes will remain as it is in the present
- Investment balances can be extracted from QED by Investment Type e.g. T-bills
- Extraction criteria and the fields to be extracted need to be defined
- Data extraction from QED will be performed by a program defined to run at certain times - as required - this is an automated process
- The extracted data is saved as a file and sent to a secure server
- The file is formatted to fit SAP standards and pulled into SAP by a custom Interface
- Custom SAP Interface will validate the file for duplicates and format errors before it posts in SAP
- Interface will post the file electronically - if no errors exist
- If errors exist like formatting/duplicate file etc, a report is generated and the file is not posted until validated by users
- Interface can post the Investment balances as documents into GL Account.
- Specific GL Accounts will be determined based on how the Balance from the Investment should be posted into SAP e.g.. By Type
- With a Market Value Adjustment A/C to each investment type, it would be possible to facilitate the daily reconciliation of total investment with QED
- Reports can be generated for all the postings made in SAP



Investments: Bank Structure: To-Be

Bank Account Structure - Example

- Central Depository is the Main Bank Account
- All Investment Types will be maintained as a separate GL A/C are linked to the Depository A/C
- These Investment GL A/C will have Sub Clearing Accounts – For posting directly or manually from Bank Statements

Main Central Depository Account

111 710 0 – Investment Type T-Bills
 111 710 1 - Transfer In/out

111 720 0 – Investment Type T-Notes
 111 720 1 - Transfer In/out

111 730 0 – Investment Type T-Bonds
 111 730 1 - Transfer In/out

111 740 0 – Investment Type Investors Equity
 111 740 1 - Transfer In/out

111 750 0 – Investment Type US Agencies
 111 750 1 - Transfer In/out

111 760 0 – Investment Type Certificate Deposit
 111 760 1 - Transfer In/out

111 770 0 – Investment Type Common Stocks
 111 770 1 - Transfer In/out

111 780 0 – Investment Type Municipal Securities
 111 780 1 - Transfer In/out



Investments: Bank Statements

- Bank statement for the central depository account is used
- EBS will contain all the EFT's and Transfers made from the central depository to the Investments
- If the bank sends the detail by Investment Account GL as maintained in the GL account, SAP can be tailored to post these into the Transfer In/Out account for each Investment GL
- If the bank sends only one total amount for all investments, then the Post-Processing of EBS should be performed by the users to split the total amount and post into GL accounts
- If the bank provides a text for investment transfers – an enhancement may be used to identify the exact GL A/C for investment and statement are posted automatically.



Investments: Interfaces: Advantages

- All Investment balances by Type are available in SAP and can be viewed by GL Account
- Comply with GASB reporting standards
- Elimination of manual postings by Investments type into Dummy accounts by users
- Frequency of data upload can be set as required
- Interface report is generated after each upload process is complete. Report Provides details of what was loaded by GL account with balances
- Posting Bank statements directly into the Investments A/C for all Transfers/EFT's
- Any discrepancy of cash balance to what was loaded from QED into SAP and the Bank statement balances can be easily identified and reported.
- Quarterly and Yearly Reporting for the state will be made easy as all the data is housed in same FI system to create Balance sheet and P&L statements



Requirements Gathering: Investments

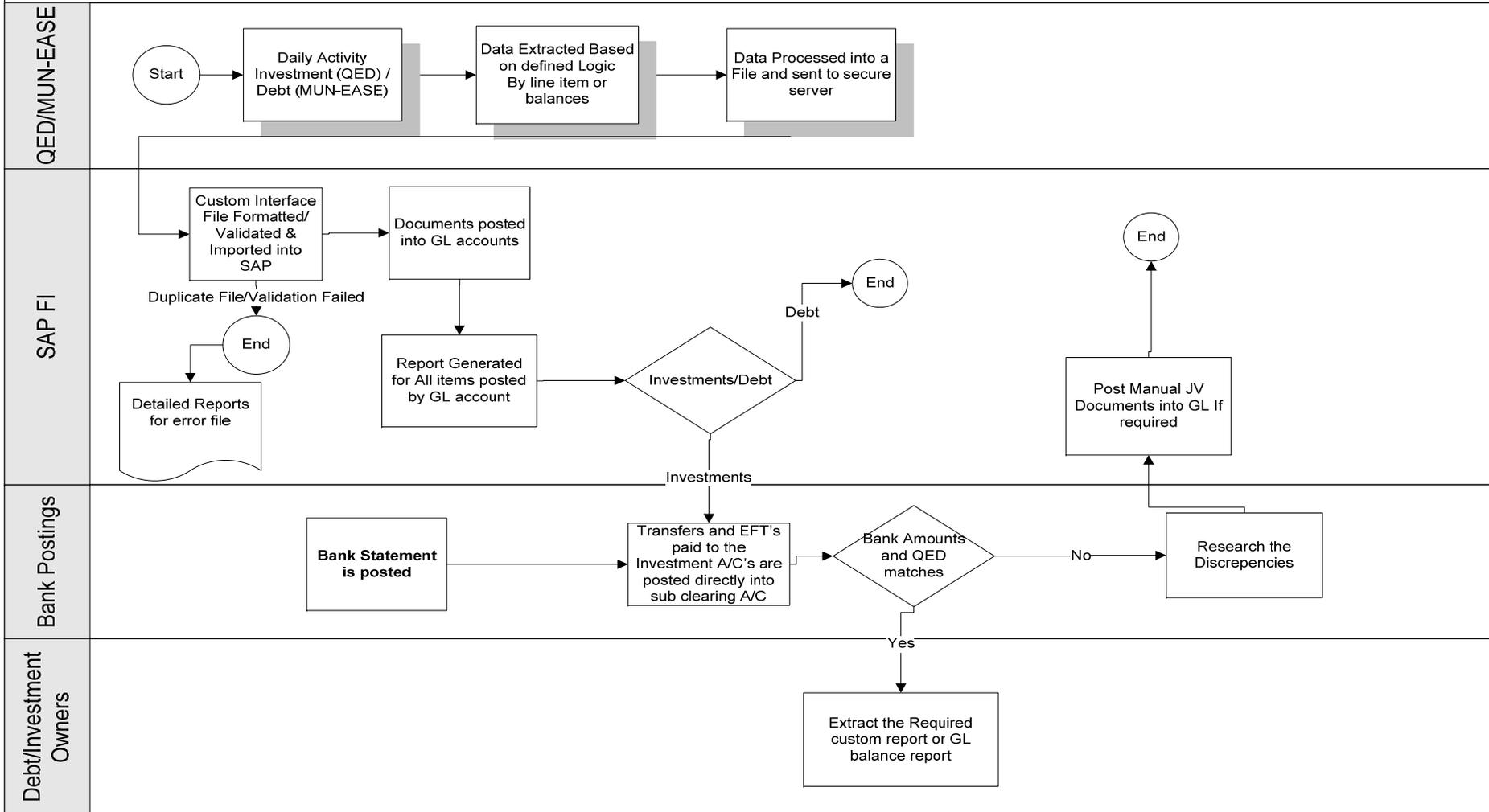
Requirements for this Interface

- GL Accounts created for each investment type to post the QED Documents into SAP
- Classification of how GL accounts have to be created for Investment e.g. By Type or Group of Investments etc
- What is the frequency of Interface to be posted into SAP
- Design of extraction criteria from QED: What fields have to be extracted
- How the bank statement should post for the Investment transfers, by Each investment type or a total amount which is to be manually calculated and posted by user



To-Be Flow Chart

Interface Upload of Investment and Debt File into SAP





Legacy System

- Investment System of QED: Recap
 - What data is posted into AFS
 - How is the bank data posted into the dummy bank accounts
 - What level of detail does the bank statement contain
 - What is reconciled in AFS for Investments

- Debt System of MUN-EASE: Recap
 - What data is posted into AFS
 - How is data maintained in AFS for debt
 - What is reconciled in AFS for Debt



Enterprise Readiness Challenges

- SME & end-user education on GL account numbers, structure and proper usage.
- End User Training on what and how an interface for investments and debt works and how error if any should be corrected
- Interest calculation process: End user training on how Fund data is to be extracted from SAP to calculate interest externally
- 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!