

Cash Receipting (Revenue & Interfaces)
FI-CM-006
Nov 18
2008



LaGOV

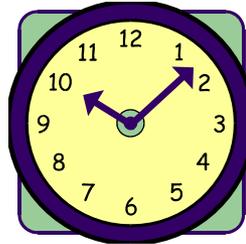


Agenda

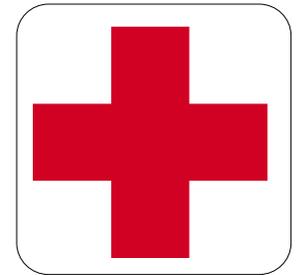
- Logistics, Ground Rules & Introduction
- Project Timeline
- Workshop Objectives
- Business Process Review
 - Process overview
 - AS-IS process flow
 - Current system alignment
 - Process improvement opportunities
 - SAP terms glossary
 - SAP concepts & functionality
 - Business process flow
 - Leading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



Logistics



Before we get started ...





Ground Rules

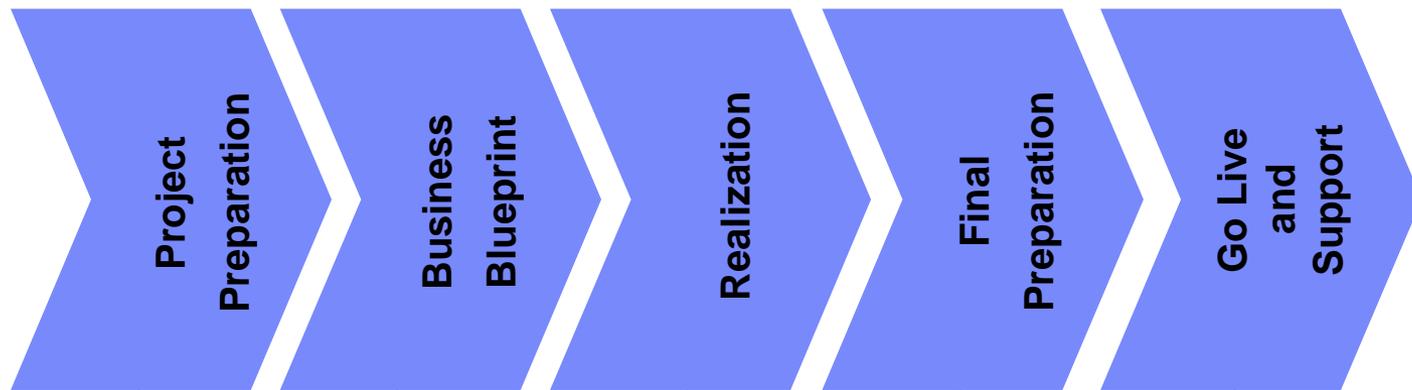
- Has everybody signed in?
- Everybody participates – blueprint is not a spectator sport
- Silence means agreement
- Focus is key – please turn off cell phones and close laptops
- Challenge existing processes and mindsets
- Offer suggestions and ideas
- Think Enterprise
- Ask questions at any time
-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





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

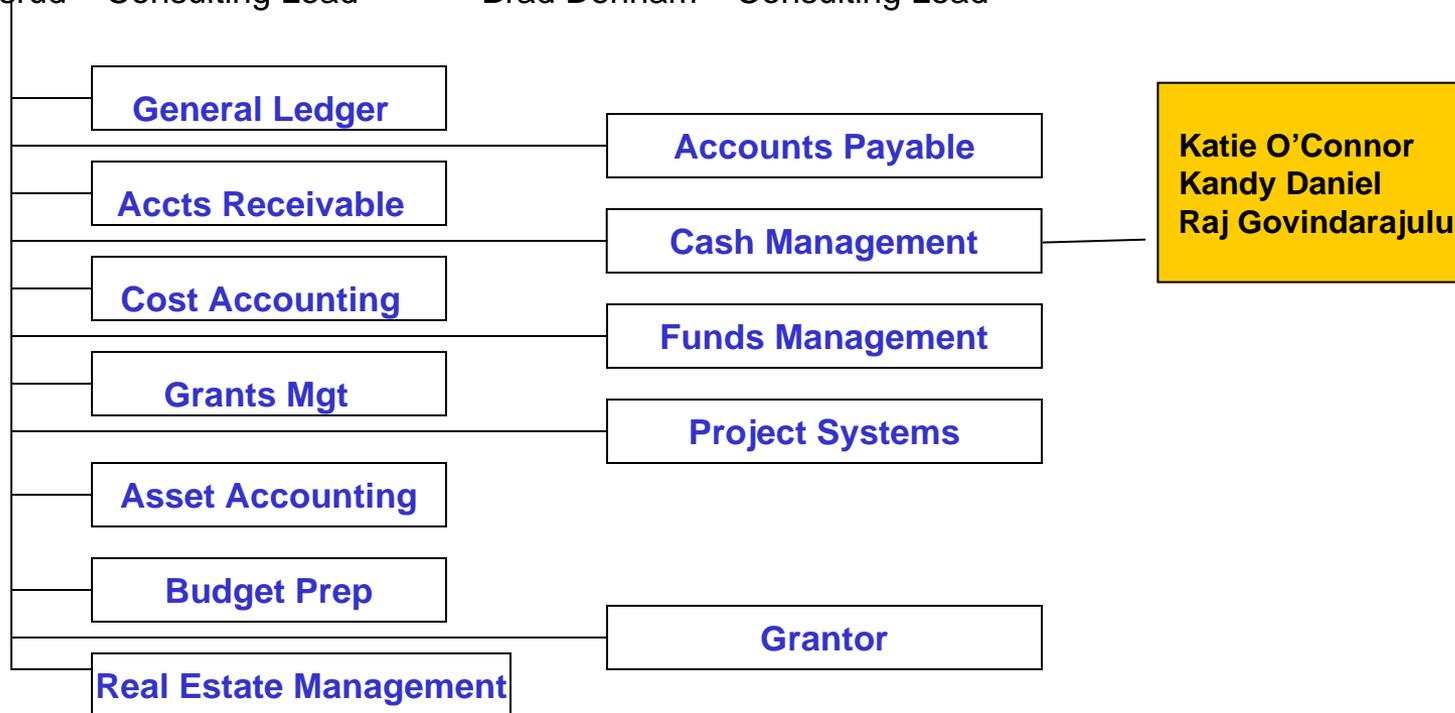
Beverly Hodges – Finance Lead
Drew Thigpen – Finance Lead
Mary Ramsrud – Consulting Lead

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





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

- Develop business design and controls supporting Cash Receipting process
 - Manual direct entry of Revenue Document into SAP by Agencies
 - Manual direct entry by Treasury
- Develop business design supporting the reconciliation of Cash postings and Revenue allocation.
- Determine business requirement supporting daily reporting
- Determine the Interfaces that are needed to automatically perform General Ledger postings into SAP from agencies and treasury
- Determine the Interfaces from Banks and its need



Process Improvement Opportunities (Pain Points)

- Provides a consolidated enterprise wide view of the cash Receipts
- Standardization of cash receipt process for all agencies
- Ability to produce real-time balance sheet reporting by Fund, Business Area, and Grant, and General Ledger Account
- Ability to process real-time updates to the general ledger when postings from Treasury and Agency
- Ability to segregate interface postings by unique document types



SAP Glossary

Accounts Receivable Invoicing

- Manual JV – Users can enter a General Ledger Document manually into SAP
- Interface – Extracting header and line item details from external systems and uploading the data into SAP FI
- Park – Functionality that allows invoice and credit memo data to be suspended in system without accounting ledger update. Parked documents can be changed, deleted, or posted in the future. Parked documents can be viewed/maintained by users who have access to parking transactions.
- Cleared Item – JV entered in the system that has been cleared. An item can be cleared through Posting a reversal document in the same GL account.
- Workflow – Functionality that allows additional review and approval for documents that are entered/changed in the system
- **Suspense Account** - An account to which postings are recorded temporarily. They are auxiliary accounts which are used for organizational task distribution (bank clearing account/deposit suspense account)



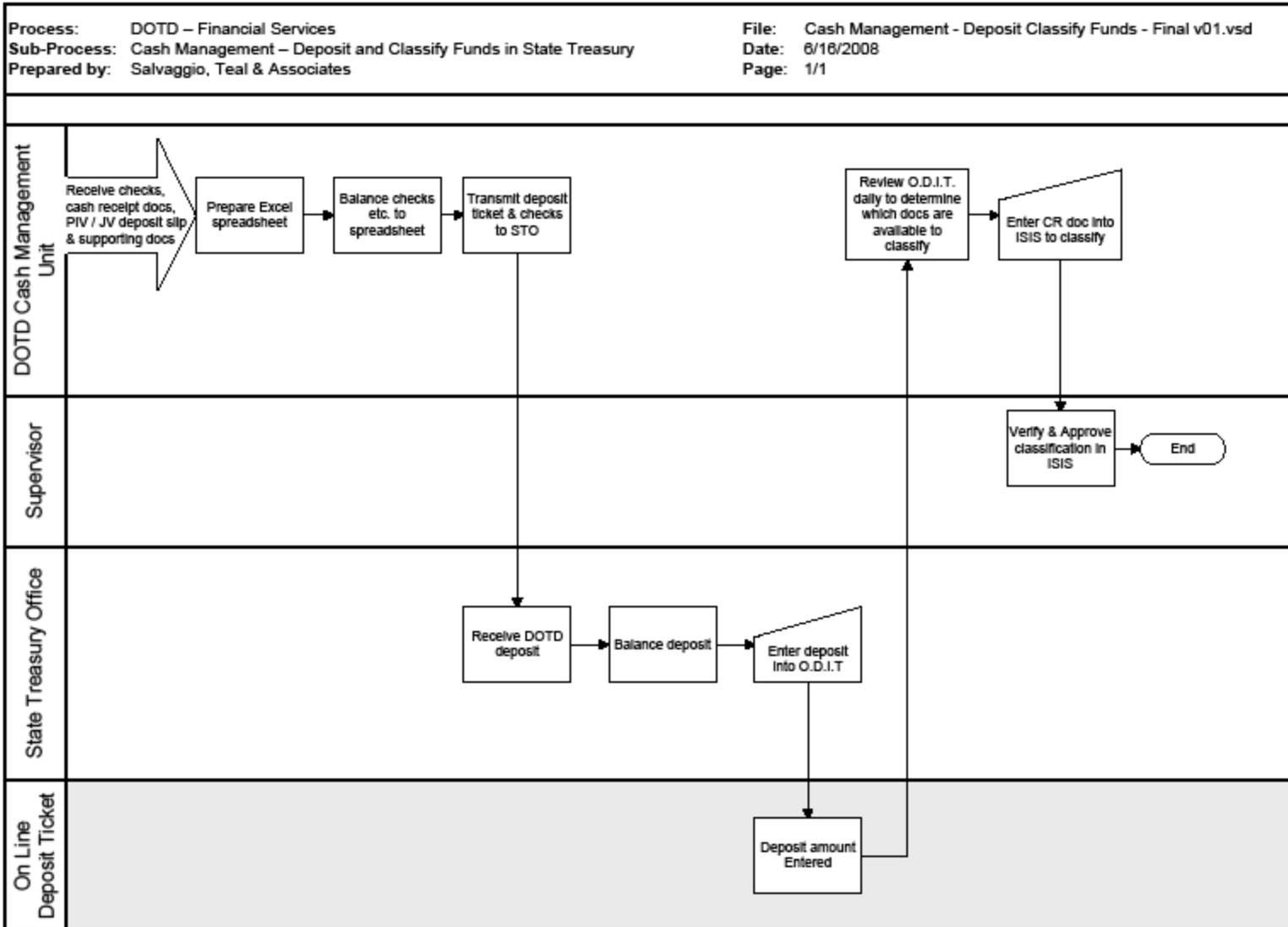
As-Is Cash Receipt Process Overview

- When an agency receives Cash/Checks/Transfers deposit slips are prepared and attached with all required documentation and sent to Treasury
- Treasury receives the Deposit slips and creates an Document Suspense (DS) document.
- This document is approved by a manager in the Treasury Department and posted into AFS.
- Once the DS is available in the system, an agency user enters a Cash Receipt (CR) document
- This document is then approved by a manager at the agency and posted into AFS
- This classifies the cash receipt to the proper revenue source and balance sheet accounts



As-Is Process Flow

Cash Receipt & Classify (DOTD)





Cash Receipts

- Services performed at agency are immediately exchanged for cash, check, credit card, Transfers etc.
- From an accounting point of view, these transactions involve:
 - Cash Account (Posted by Treasury)
 - Revenue Account (Posted and Allocated by Agency)
- SAP business process options supporting Point of Sale transactions are:
 - Cash journal functionality
 - Manual FI journal voucher



Revenue Recognition

- Revenue is typically recognized when
 - Services are performed
 - Payment is received for services
 - Payment is posted in the FI system
 - in the period earned

- Revenue is also recognized in Accounts Receivables by
 - Invoice Postings for services and goods sold
 - Payment Obtained in future
 - Payment Posted in FI system
 - in the period earned

- Requirements Gathering
 - How is Revenue Recognized in your agency?



Types of Cash Receipting at Agency

■ Accounts Receivable

- Expectation of monetary payment for good or service
- Payment is made sometime in future
- Extension of AR credit is given to customer

■ Interagency Billing

- Payment is made in the form of transfer of funds in accounting
- No AR credit extended

■ Point of Sale

- Exchange of goods or service is made at the same time as payment
- Payment is made in traditional monetary form (cash, check, credit card, etc)
- No AR credit extended



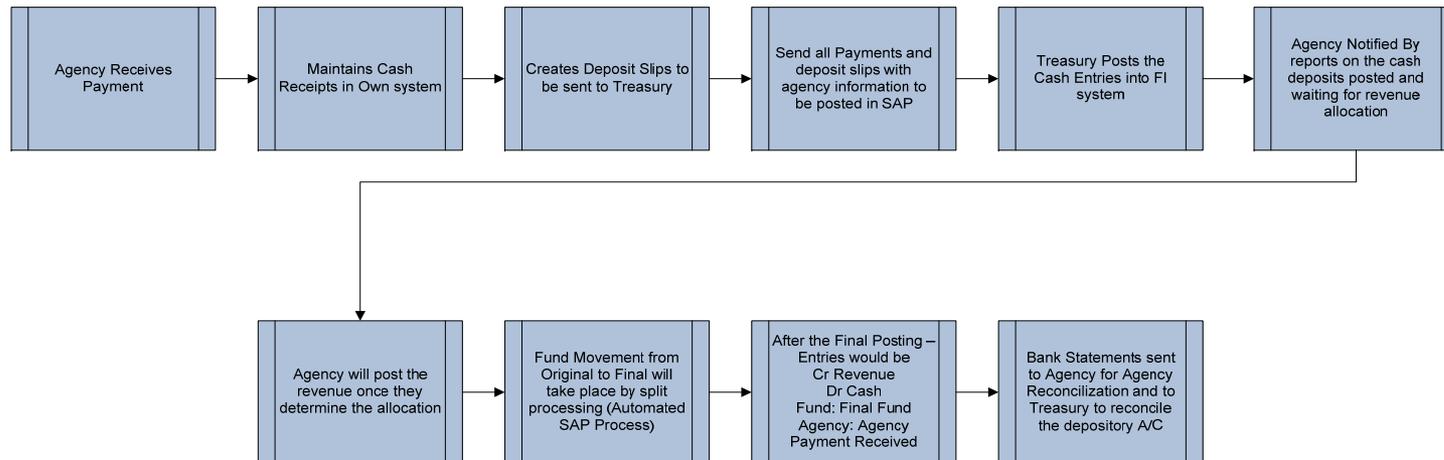
Reports for Cash Receipts

- Standard reports available in SAP
 - by business area
 - by GL Account
- Using Business Intelligence (BI) or SAP, custom reports can be developed based on specific business needs
- SAP reports can be communicated by various means:
 - Printed, mailed, faxed, etc
 - Viewed online
 - Downloaded and saved to external file
- Are there any other specific reporting requirements for each agency?



High Level Process Overview Cash Receipt & Revenue

Overview Cash Receipt and Revenue Allocation





To-Be Process: Cash Receipt & Revenue Classification

- When an agency receives Cash/Checks/Transfers deposit slips are prepared and attached with all required documentation and sent to Treasury
- If the agency knows the Revenue classification – it can create the CR document and park it in the system until Treasury enters the DS document
- Treasury receives the Deposit slips and creates an Document Suspense (DS) document
- This document is approved by a manager in the Treasury Department and then posted into SAP
- This document can be posted to Cash and Cash clearing account with a general fund and the agency's Business Area
- Agency or Treasury will run a report on GL A/C balance for the cash clearing account by business area to identify the documents still to be classified
- If an agency hasn't already parked a CR document, they will create and park a CR document once the DS is available in the system,
- This CR document is then approved by a manager at the agency and then posted into SAP
- This classifies the cash receipt to the proper revenue source and balance sheet accounts



To-Be Process: Parking and Approval

- User creating the document at both Treasury and Agency can only park the document
- These users will not have the ability to directly post a document into SAP GL
- Once the document is saved and parked – it can be modified at any time before being posted
- Approvers will be able to use a transaction to view all the documents posted by users and date
- They can then post all the documents together or one by one into SAP
- Manager can only approve & Post the parked document and not create a document
- Authorization to post and park will be provided to managers and user to segregate the duties



To-Be: Correction Dr/Cr Memos

- Used for:
 - Recording a correction amount
 - Correcting interface entries that were not recorded properly
 - Entering a deposit for which no deposit slip exists
 - Correction of deposit slip amounts entered incorrectly by agency or Treasury
- Credit Document:
 - Ex: Deposit arrives from bank identified through bank statements but no deposit slips are available
 - Treasury currently creates a Document with “C” as the doc type
 - In SAP “C” will have a separate document type to be used by STO
 - After the correction document is entered – a report is generated to indentify Agency of the revenue classification needed
 - Agency then enters the required classification with a CR doc
- Debit Document:
 - Ex: Check returned NSF
 - Treasury currently creates a Document with “D” as the doc type
 - In SAP “D” will have a separate document type to be used by STO
 - After the correction document is entered – a report is generated to indentify Agency of the revenue classification needed
 - Agency then enters the required classification with a CR doc



To-Be Process: Cash Receipt & Revenue Classification

Example:

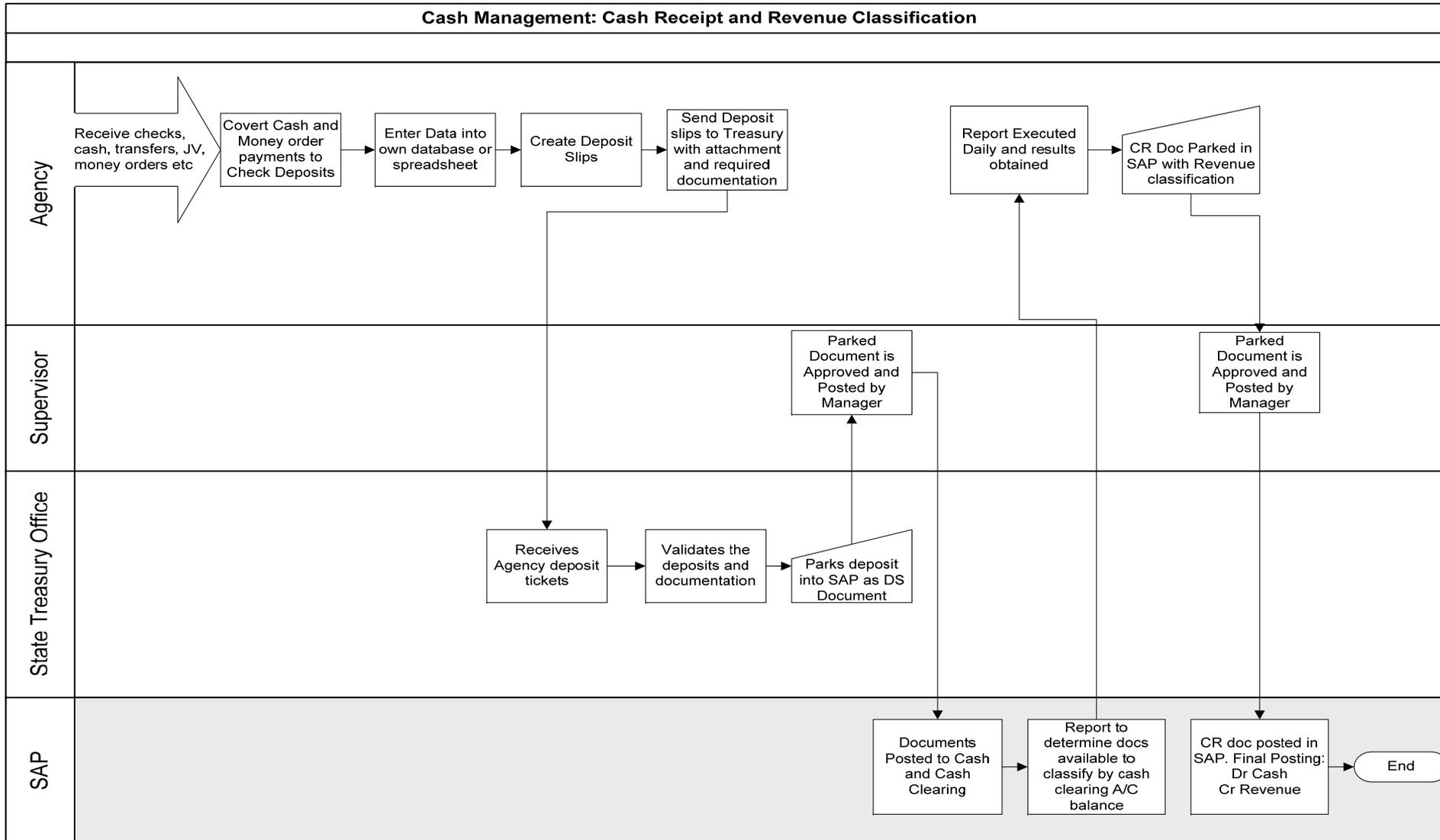
1. Agency DOE (678)
2. Receives \$1000 Check
3. Deposit slip is created and sent to treasury
4. (1) Treasury posts the DS Document To Cash A/C and Suspense A/C, Fund 1000, Business Area 678
5. (2) Agency posts the CR Document To Revenue A/C and Suspense A/C, Fund 6001A (Revenue Source), BA 678
6. (3) Split Processor (SAP Configured Automated Process) moves the cash from General Fund 1000 To Final Fund 6001A)

Entry Descriptions	
(1)	Deposit (DS Document) Treasury
(2)	Revenue Classification (CR Document)
(3)	Split Processor generated lines

Cash Receiving in SAP							
	BA	Fund	Orgn	GL Acct		Dr	Cr
(1)	678	1000		111 100 1	Cash - Deposit Acct.	1,000.00	
	678	1000		111 999 0	Cash - Deposit Suspense Acct.		1,000.00
(2)	678	1000		111 999 0	Cash - Deposit Suspense Acct.	1,000.00	
	678	6001A	ARA4	180 100 1	Sale to State Agy. - Merch. & Comm.		1,000.00
(3)	678	6001A		111 999 0	Cash Control	1,000.00	
	678	1000		111 999 0	Cash Control		1,000.00



To-Be Process Flow





SAP Concept: The Document

- **Document** – The result of posting in Financial Accounting. When you enter documents, the system checks whether the minimum account assignments have been made, for example, document date, posting date, document type, posting key, account number, and amount. If you enter a key that is not defined in the system, the system issues an error message. You have to correct your entry before you can enter any more documents. These checks prevent incorrect, inconsistent, or incomplete entries from being made. To be able to post the document, the debits and credits must balance to zero. This updates the account balances. If the debits do not equal the credits, you can hold the document, or park it until it is complete, without updating G/L account balances
- Every posting to the GL creates a unique GL document, different number – related in the system
- GL documents can be segregated by document type for unique treatment in the split processor or for reporting purposes.



SAP Concepts: Document Posting

Functions for Entering and Posting Documents

SIMULATE:  Simulate

You can simulate a document before you actually post it. This gives you an overview of the document items you have already entered, and you can check whether they are complete and correct. During simulation, the document goes through all the checks required for posting

PARK:  Park

Parked documents can be completed, checked, and then posted at a later date - if necessary by a different accounting clerk. When documents are parked, data (for example, transaction figures) is not updated. Data from parked documents can however be used for evaluations by the system.

POST:  Post

After a review, the document can be posted by a personnel who possess sufficient security authorization. Using the standard transaction, you can post parked documents individually or using a list selection. If you post several parked documents using a list, the system issues a list when you have finished. This list details which documents were successfully posted.

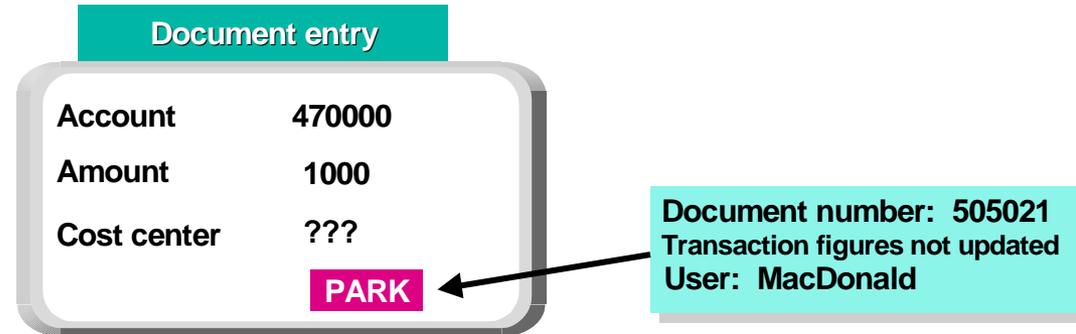


SAP Concepts - Parking

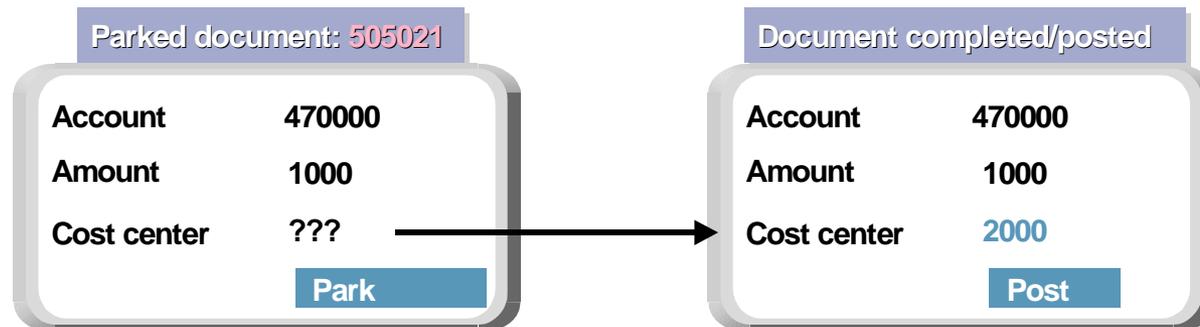
- Parking saves the data entered in the system
- No financial impact – liability, expenses, funds are not updated
- Reports are available to view all parked documents
- Parked documents can be retrieved and posted by a different user



SAP Concepts: Parking and Posting



Posting a Parked Document



Posted document number: 505021
Transaction figures updated



Journal Entry

This transaction provides a list of all the documents posted by user (Own Documents) or by other input selection fields

Document List

Company code 0010 to
Document Number to
Fiscal Year to

General selections

Document type to
Posting date 01/01/1900 to 12/31/9999
Entry date to
Reference number to
Reference Transaction to
Reference key to
Logical system to

Also display noted items
 Display noted items

Search for own documents
 Own documents only

Document List

CoCd	DocumentNo	Year	Type	Doc. Date	Posting Date
0010	9000000	2009	SA	08/27/2008	08/27/2008



Journal Entry

Document Overview - Display

Doc.Type : SA (G/L account document) Normal document

Doc. Number	9000000	Company code	0010	Fiscal year	2009
Doc. date	08/27/2008	Posting date	08/27/2008	Period	02
Calculate Tax	<input type="checkbox"/>				
Doc. currency	USD				
Doc. Hdr Text	test				

Itm	PK	Account	Account short text	Assignment	Tx	Amount
1	40	2811	MAINT GROUND	1230101000		100.00
2	50	2811	MAINT GROUND	1230101000		100.00-

Document Header: Company Code 0010

Document Type: SA G/L account document

Doc. Header Text: test

Request Number:

Reference: Document Date: 08/27/2008
Posting Date: 08/27/2008

Currency: USD Posting Period: 02 / 2009

Ref. Transactn: BKPF Accounting document

Reference key: 000900000000102009 Log. System: LSYSSE1100

Entered by: MRAMSRU Parked by:

Entry Date: 08/27/2008 Time of Entry: 12:04:29

TCode: FB50

Changed on: Last update:



Parked Document List

With this transaction – Managers at Agency and Treasury can view all the Parked Documents of CR and DS waiting to be approved and posted

List of Parked Documents

Company code	<input type="text"/>	to	<input type="text"/>		
Document number	<input type="text"/>	to	<input type="text"/>		
Fiscal year	<input type="text"/>	to	<input type="text"/>		
General Selections					
Posting date	<input type="text"/>	to	<input type="text"/>		
Document date	<input type="text"/>	to	<input type="text"/>		
Document type	<input type="text"/>	to	<input type="text"/>		
Reference	<input type="text"/>	to	<input type="text"/>		
Document header text	<input type="text"/>	to	<input type="text"/>		
Entered by	RGOVIND	to	<input type="text"/>		
Processing Status					
Enter release	<input type="text"/>	to	<input type="text"/>		
Complete	<input type="text"/>	to	<input type="text"/>		
Released	<input type="text"/>	to	<input type="text"/>		



To-Be Process

Interface



Interface Entries

- Define the To-Be process flow/flows
- Define workflow requirements
- Security requirements
- Other requirements or restrictions?
- Who should have access to the utility upload?



To-Be Process Interface Strategy

On a high level, we'll describe how the interfaces are to be developed and implemented between SAP and other systems.



To-Be Process Interface Models

There are three basic models of interfaces that can be deployed for interfacing with SAP

- Batch
- Message-based
- Real-time



To-Be Process Batch Interfaces

- Grouping sets of data from a source into batches
- Passing those batches to a job stream that effects their posting in the target system
- Files are typically used to collect batches of data
- The files are then transported between server platforms as required using a file transfer utility such as FTP (File Transfer Protocol)
- The creation, transfer and processing of the files are generally scheduled on a time interval basis i.e. daily, weekly, monthly etc.



To-Be Process Message-Based Interfaces

- Event-driven, message-oriented
- Events signal the change in the state of an object
- Capture the data changes as they happen, and route to interested parties
- Suited for near real-time requirements



To-Be Process Real-Time Interfaces

- Synchronous, conversational connections
- Both applications must be available to participate in the conversation at same time

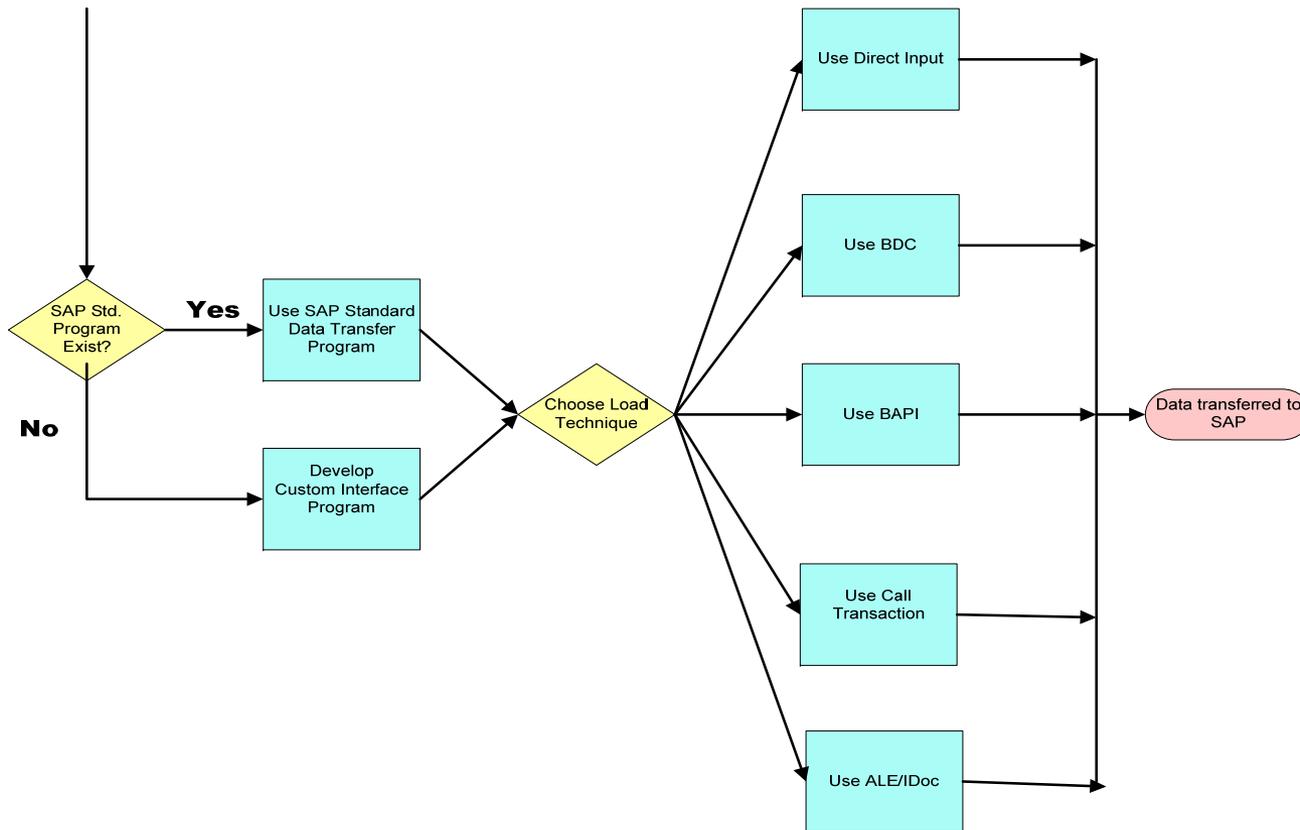
Technology

- Remote Function Call (RFC)
- Business Application Programming Interface (BAPI)
- Java Proxy / Java Connector



To-Be Process

Inbound Batch Interface Decision Tree





Interface Postings

- Are there issues with current interface processing?
- When is the processing taking place?
- Are interfaced journal entries will post or park?
- Are current frequencies effective?
- Error resolution process?
- Reporting requirements?



Leading Practices

- Use of internal numbering for Journal Entries postings
- Is Workflow process needed for CR entries
- Use of unique documents types to segregate, identify, and control interface postings
- Only “complete” (debit=credit) documents can be posted. SAP will not allow posting of unbalanced documents in the general ledger.
- Enter transactions at the lowest level to meet all reporting requirements



Possible CM Interfaces

- List of Possible Interface that needs to be discussed are attached in the spreadsheet
- These Interfaces should be Identified if
 - They are still being used
 - Where are they posting to (AFS/RECON PLUS)
 - What kind of documents are being posted
 - Is it a GL or Cash Posting of Journal Entries
 - When the CR Documents are posted through an Interface
- We also need to identify, if there are any other interfaces that are being posted into AFS for CM.



Enterprise Readiness Challenges

- Changes to the journal entry process?
- Training on the document concept, new number ranges, and document types



Enterprise Readiness Challenges

- SME & end-user education on GL account numbers, structure and proper usage.
- Establishing relationships between objects such as Funds, Means of Finance and other legacy data elements and Cash.
- 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!