

Funds Management – Budget Availability and Control

FI-FM-003

October 22-23, 2008



LaGOV

Version 1.0

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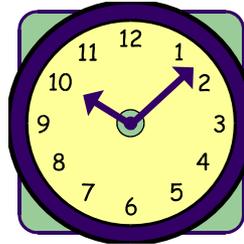


Agenda

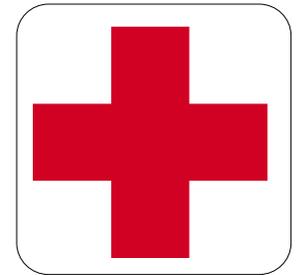
- Logistics, Ground Rules & Introduction
- Project Timeline
- Workshop Objectives
- Business Process Review
 - Process overview
 - AS-IS process flow
 - Current system alignment
 - Process improvement opportunities
 - SAP terms Glossary
 - SAP concepts & functionality
 - Business process flow
 - Leading 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 & Integration
- 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 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 project team members on the detailed business processes and participate in the decisions required to design the future business process of the State

Round the Room Introductions

Name

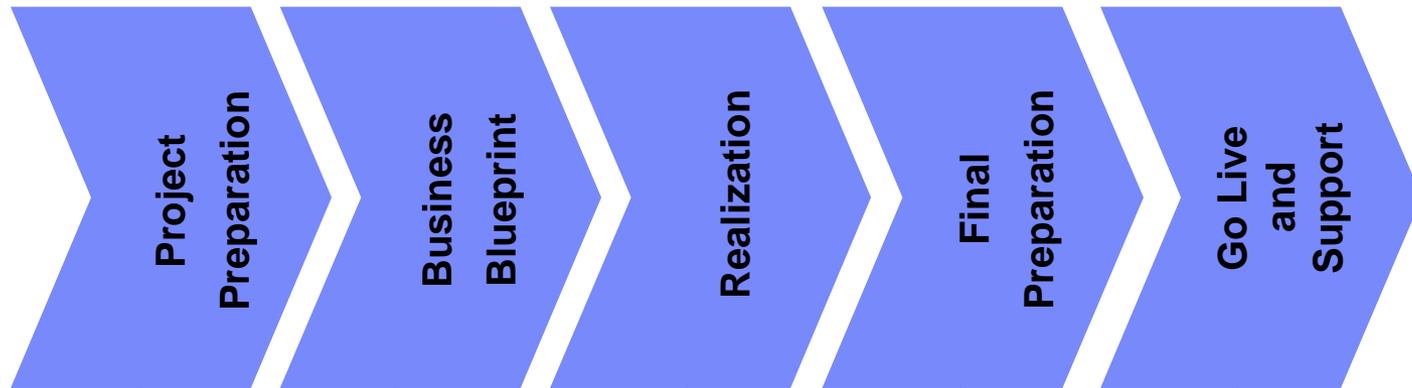
Position

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

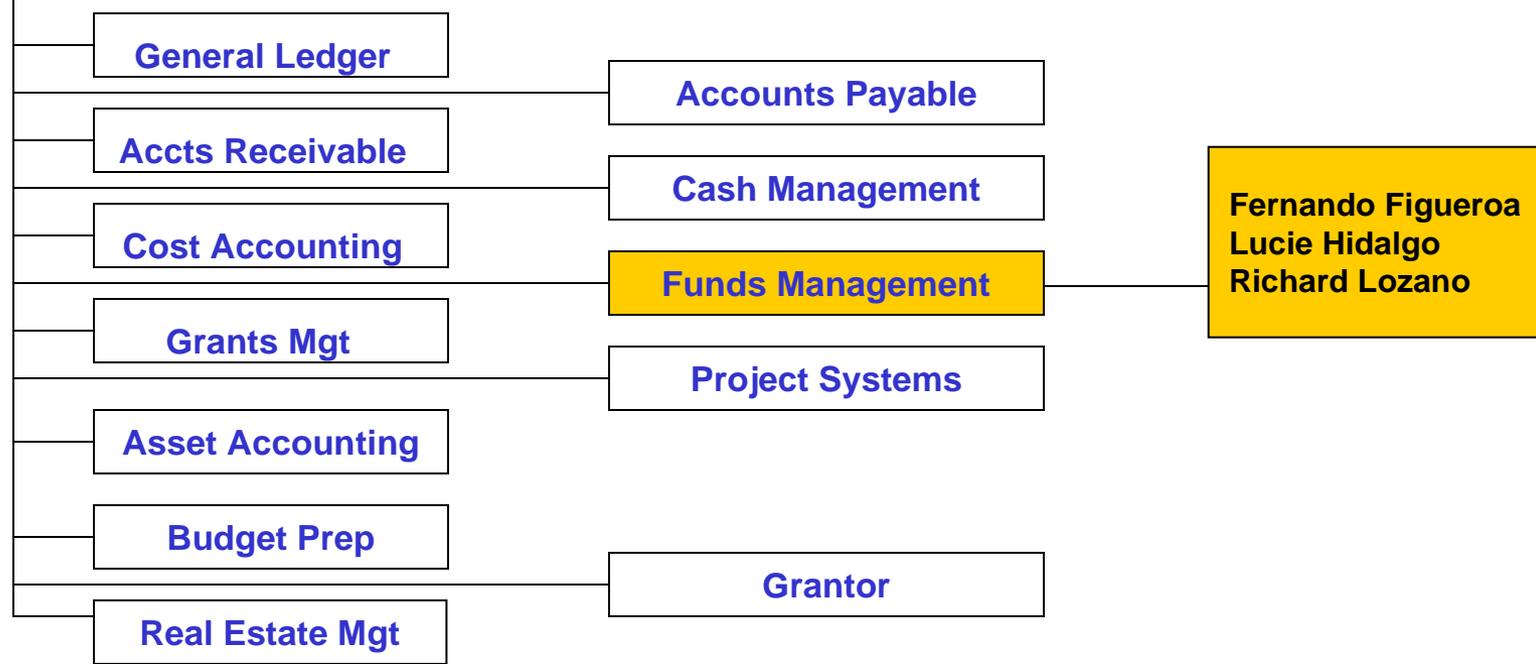
Beverly Hodges – Finance Lead
Drew Thigpen – Finance Lead
Mary Ramsrud – Consulting Lead

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 **F**orm, **R**eport, **I**nterface, **C**onversion, **E**nhancement, or **W**orkflow (FRICE-W)
- Understand and communicate any organizational impacts / Enterprise Readiness challenges
- Gather system security authorizations and district-wide training requirements



Work Session Objectives

- **Review key budget decisions made from prior BPS sessions**
- **Review As is budget control for AFS and DOTD**
- **Define budget control addresses in FM for operating funds, capital outlay and grant budgets, i.e. FM dimensions and levels**
- **Define exceptions to budget control**
- **Review expense types and reach budget control decisions**
- **Define the FM standard budget tolerance profiles**
- **Review other FM functionality which may be useful in budget control**



FM Sessions

Session #	No of days	Schedule	Session Description/Major Business Process Group	Overview of major Session Topics
FI-FM-001	1 days	7-Aug	FM Master Data	FM master data fields will be introduced. The use, mapping to legacy, naming convention and maintenance process will be determined.
FI-FM-002	2 days	17-18 Sep	Budget Preparation, Amendments and Integration	Need to coordinate Budget Prep design with FM, GM, GTR and PS in ECC 6.0 for budget preparation and budget amendments. Define FM budgeting characteristics including Budget Versions, Budget Types/processes (Original, Carry Forward, Supplementary, Transfers & Returns), Budget & Posting address (Budget Structures), Budget Doc types. Discuss options for Budget Amendments/Adjustments (AS-IS & TO-BE). Determine the frequency of "Plan" Retraction to SAP R3 (FM, GM, PS, HR-PBC) and update frequency of "Actual" data into BW cubes, from ECC and other systems
FI-FM-003	2 days	22-23 Oct	Budget Availability and Control - General	Define budget control level (AVC addresses) in FM for departments/agencies, capital projects and grant budgets (by FM Master Data) by fund and expense type. Define exceptions for budget control. Define the FM standard and budget tolerance profiles used by SBBC. Review other FM functionality which may be useful in budget control
FI-FM-004	1 day	13-Nov	Budget Availability and Control - Work Orders	Define budget control address for work orders from PM and Agile Assets. Determine use of automatic reservations at time of order creation. Determine the process for creating related FM master data and coordination with PM/Agile assets master data.
FI-FM-005	1 day	1-Oct	FM Budget Consumption - Expenses and Encumbrances	Process by which FM gets updated for actual expenditures (posting address) Pre-encumbrances and encumbrances from MM FM Earmarked funds – type, use and liquidation process Use of non-consumable budget types for reservations
FI-FM-006	1.0 days	8-Oct	FM Period End Processing	Review FM Month End Activities including Opening / Closing FM Periods and Transferring Commitments to FI-GL. Review Additional FM Year End Activities including Commitment and associated budget balance carry-forwards, Residual Budget Carry-Forwards and Fund Balance Carry-Forwards.
FI-FM-007	1 day	12-Nov	Budgetary Basis Reporting	Review requirements for budget basis reporting Review current reports Determine To Be reports framework





SAP Glossary – FM module

FM BUDGET AVAILABILITY CONTROL (AFS / DOTD Budget Control) - Component in FM which controls budget according to FM dimensions of fund, fund center, commitment item, funded program, functional area and grant.

FUND (FUND, MOF (TBD)) - A fiscal and accounting entity with a self-balancing set of accounts which are segregated for specific activities or attaining certain objectives in accordance with special regulations, restrictions, or limitations. Represent the lowest level of funding used for tracking, controlling and reporting on available financial resources.

FUND CENTER (AGENCY, APPROP EXPENSE PROGRAM, AFS DIV/SECTION, DOTD DISTRICT or SECTION/DIV/GANG) - lowest level areas of responsibility for budgetary monitoring and control.

COMMITMENT ITEMS (BAL.SHEET ACCOUNT, OBJECT, SUB-OBJECT, REVENUE SOURCE)– represent balance sheet, revenue and expenses accounts in FM.

FUNDED PROGRAM (CAPITAL PROJECTS, GRANT PROGRAMS) - lower level internal programs or initiatives, such as capital projects, grant funded programs, grantor programs, expense projects or maintenance orders, used for budgetary control & reporting in FM.





SAP Glossary – FM module

FUNCTIONAL AREA (ACTIVITIES, FUNCTIONS)– Cross-organization FM object used to divide organizational costs according to functional aspects, activities or programs to meet legal or internal reporting requirements

GRANT (REPORTING CATEGORY) – Lower-level funding instruments used to document, control and report on the results of an agreement between a sponsor and an organization. Represents externally funded grants.





As Is: Budget Control – AFS (2)

Code Block	Input	AFS
Fund	Inferred: Agy and Org	Budget Control
Agency	Required	Budget Control
Organization	Required	
Sub-Organization	Optional	
Activity	Optional	
Function	No longer used in AFS	
Object/Revenue	Required	
Sub-Object/Revenue	Optional	
PROJECT-SubProject-Phase / JOB NUMBER	Optional	Optional Budget Control for Capital Outlay
Reporting Category	Optional	
Budget Fiscal Year	Inferred if not entered	
Fiscal Month/Year	Inferred if not entered	
Object Category	Object or Sub-Object	Budget Control
Appropriation Unit	Inferred: Agy and Org	Budget Control
Federal Aid Number	Optional	



As Is: Budget Control – AFS (1)

- Payroll and SAP Travel are not budget controlled (J5 Transactions); subsequent budget adjustments required.
- Non-SAP Travel expenses are budget checked.
- Inventory is budget checked at time of purchase - against an expense account. No inventory balance sheet account is recorded in AFS. Contra Account is used for inventory issues.
- Internal Service Charges are budget checked. Use special IAT Objects to budget.
- P-Card purchases allow budgets to go negative; subsequent budget adjustments required.
- Interface documents can be budget checked dependent on document type. For example: J5's are not budget checked, PV and JV are budget checked.



As Is: Budget Control – DOTD (2)

Code Block	FMS (Operating)	PMFS (Capital Outlay)
Fund	Track	Track
District/Section	Budget Control	Budget Control
Parish		
Appropriation Year	Budget Control	Budget Control
System Code		
Capital Outlay Auth.		Budget Control
Authorization		
Control Section		
Project Number		Budget Control
Function		
Object	Track	Track
Functional Class		
ISIS Group	Budget Control	
Agency		
Organization	Track	Track
Program	Track	Track
Subprogram	Track	Track



As Is: Budget Control – DOTD (1)

Two systems used to budget control Operating and Capital Budgets:

- Financial Management System (FMS) for controlling operating budgets;
- Project Management Finance System (PMFS) for controlling capital budgets

Other budget related items

- No budget check for payroll related costs (ISIS Groups 10 – 18)
- Inventory is budget checked at the time of purchase. Inventory issues are budget checked if issued outside of District/Section.
- Internal Service Charges not applicable.
- P-Card purchases allow budgets to go negative; subsequent budget adjustments required.
- Interfaces - None



Funds Management



Fund Accounting

Budgetary Controls

Budget Execution

**Budgetary Basis
Reporting**

Commitment Accounting



Summary: FM Budgeting

Budgeting Decision Summary (from earlier sessions):

- Budget will be mapped and loaded directly to FM prior to go-live
 - Budget for GM will need to be pulled out and loaded via GM and released to GM
- For subsequent years, SAP Budget Prep will be used to formulate the budget and retract it to FM for non-grant relevant budgets. Grant-relevant budgets will be retracted to GM first and released to FM.
- Periodic budget amendments such as transfers, supplements and returns (e.g. BA7) and mid-year awarded grants will be entered directly in ECC FM or GM as appropriate; BI-IP will only be updated on next extraction of data (timing to be determined).



Summary: FM Budgeting

Budgeting Decision Summary (from earlier sessions):

- Defined Posting Addresses and Budget Addresses in FM
- BI-IP, FM and GM budget versions have been drafted
- Use of FM budget processes, along with required budget and document types, have been defined
- Use of GM budget processes and GM document types, as well as integration of these to FM has been defined
- FM Budget Status Management cycles and permitted transactions in each cycle has been defined for throughout the budget preparation cycle and year of budget execution
- Use of funds reservations to encumber funds
- Timing of pre-encumbrances and encumbrances for the purchasing cycle



FM Budget Control System (BCS) - Overview

- FM-BCS is the sub-component of FM where budget control is configured.
- Availability Control (AVC) is a flexible tool used to monitor the availability of funds (consumable budget against consumed amounts) in the Budget Control System of FM
- Budget control can take place at any combination of the following FM dimensions: Fund, Fund Center, Commitment Item, Funded Program, Functional Area, Grant
 - Budget control can occur at the individual master data level (lowest level) or higher “level” or roll-up of the FM dimensions
 - ‘Not Relevant’ value will be used where dimension is not required, e.g. Funded Program and Grant
- When a budget consuming document is updated or completed, the associated encumbrance or expenditure document is also updated online in the Budgetary (9A-standard Payment Budget) and the Control ledger (9H-standard Payment Budget AVC Ledger).



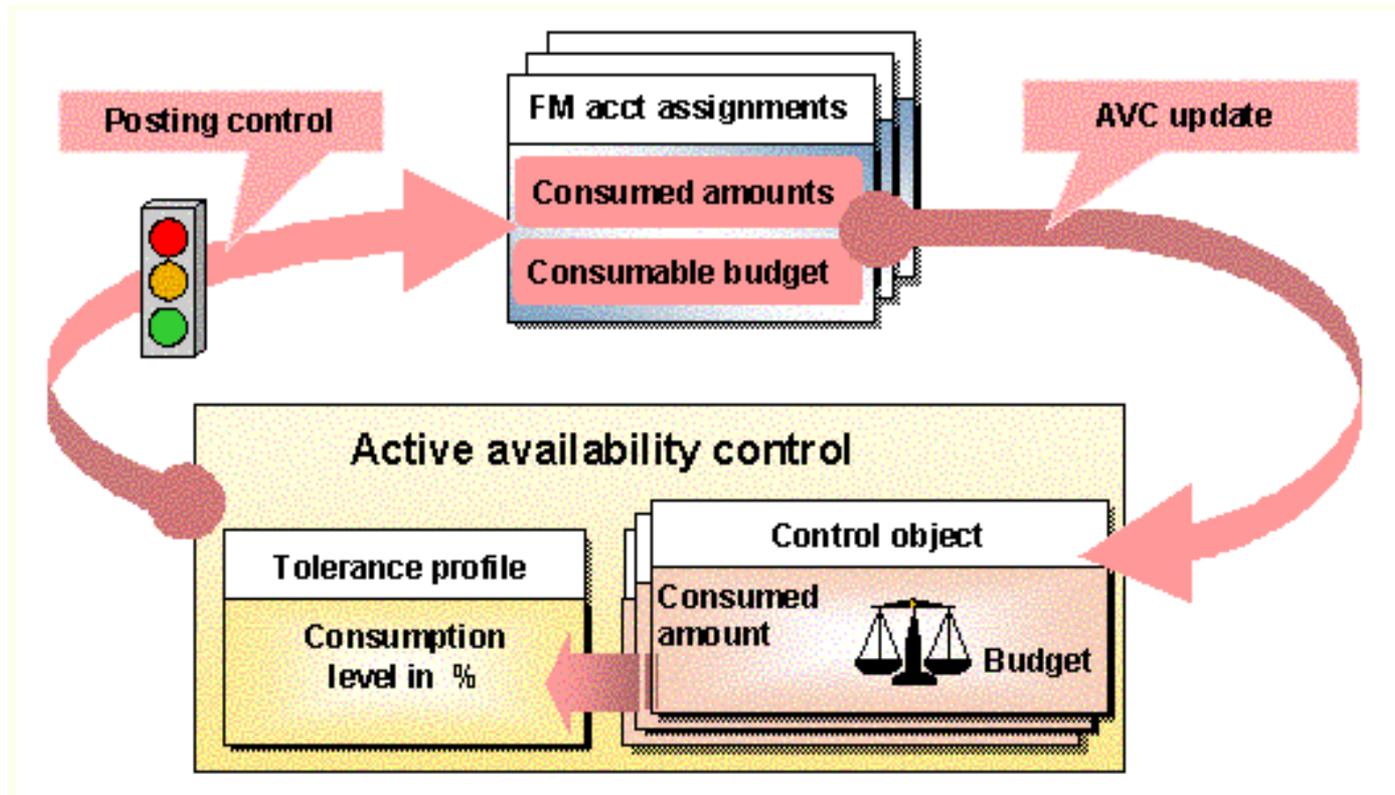
FM Budget Control System (BCS) - Overview

- Tolerance profiles (and related derivation strategies) are used to determined:
 - What type of message is issued when budget is exceeded or nearly exhausted
 - What FM dimensions or expense types, if any, are budget controlled and budget control exempt

- Derivations Strategy is used to determined the FM Availability Control Address (AVC)



Overview of AVC Functionality





FM Budget Addresses

Three addresses* exist in Funds Management:

1. Budget Address

- FM account assignment on which budget and budget entries are entered or can be entered in FM. May be at same level or higher than posting address.

2. Posting Address

- FM account assignment on which actual / commitment postings are received and allowed in FM.
- Typically is the lowest or most detailed level of the FM account assignments

3. Availability Control Address

- FM account assignment on which budget control takes place.
- Typically takes place at higher roll-up level than budget address to prevent unnecessary budget transfers (highest possible legal level)

*Addresses refer to combinations of FM account assignments or dimensions, either individually or at roll-up levels

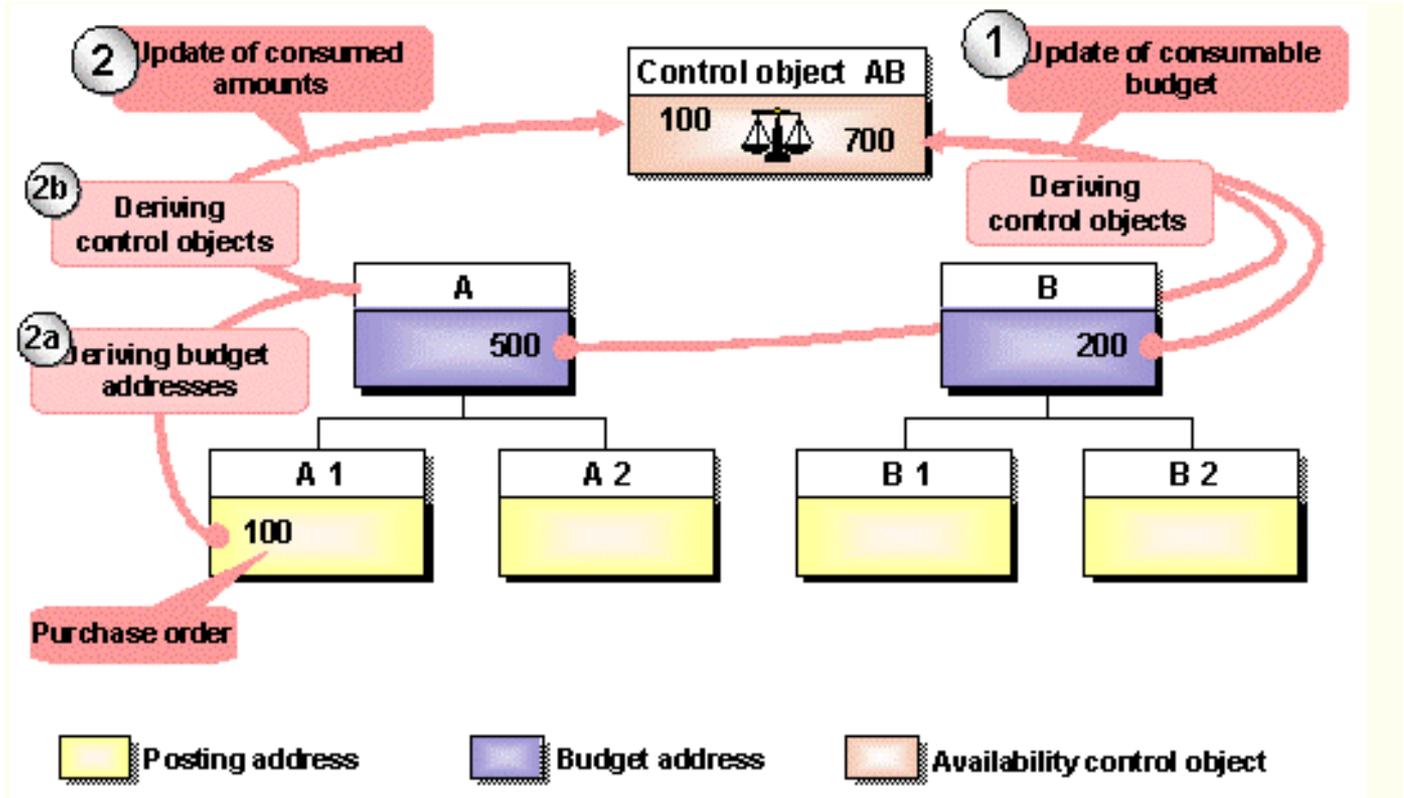


Deriving and Updating AVC Data

Control address

Budget address

Posting address





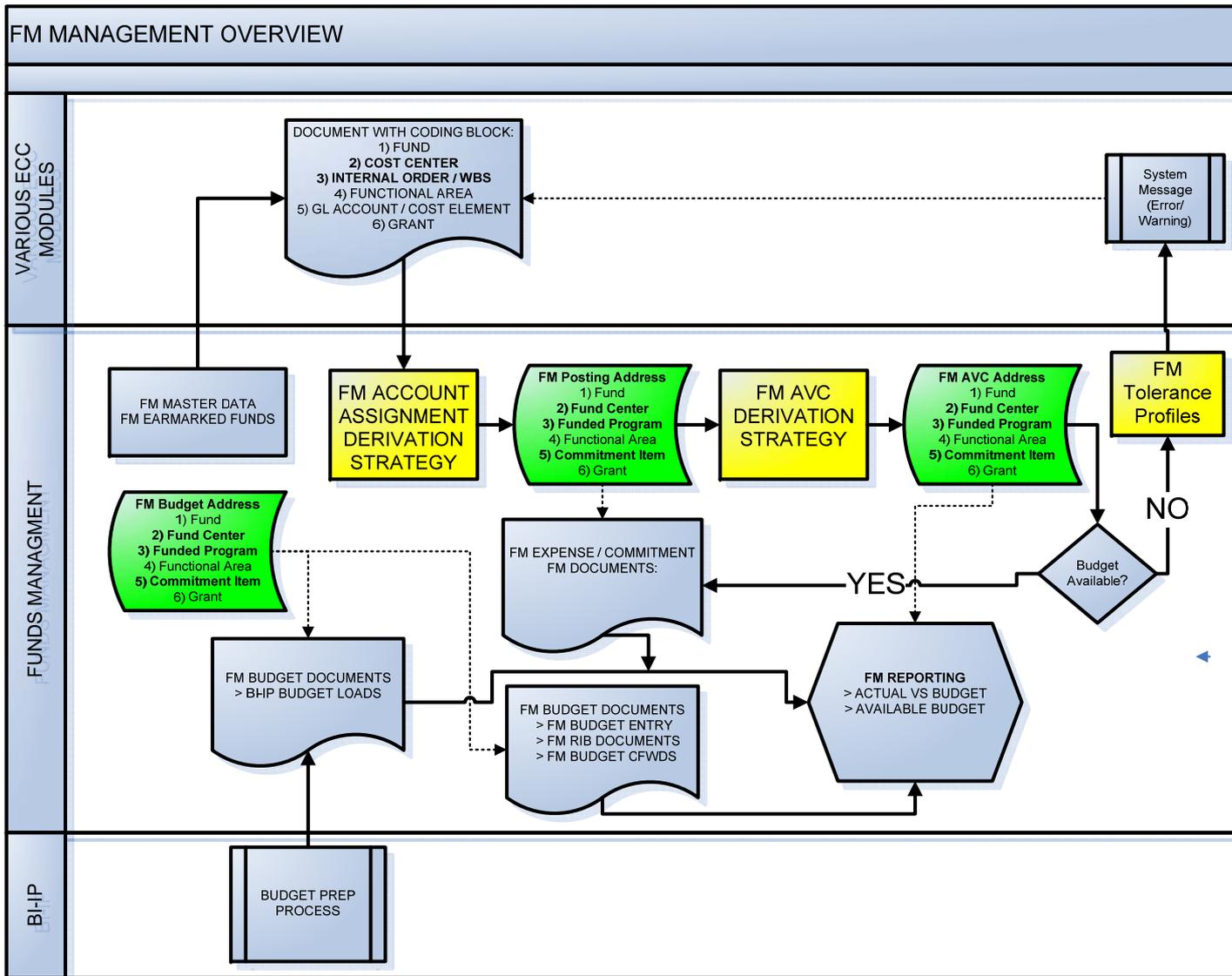
FM concepts - FM Addresses

Budget item	Posting Address	Budget Address	AVC Address
Fund	1000	1000	1000
Funds Center	3315118510	3315118510	3315118510
Functional Area	5652143040000000	5652143040000000	5000143040000000
Commitment Item	55110000	55000000 *	55000000
Funded Program	Not Relevant	Not Relevant	Not Relevant
Grant	Not Relevant	Not Relevant	Not Relevant





FM Overview





FM Addresses: Summary Decisions

For all funds:

- **Posting Address:** Actual expenses and commitments will be updated in FM from other modules (MM, HR, FI, CO) at the individual / lowest level FM dimensions*
- **Budget Address:** Similar to the current practice, Budget will be entered at and adjusted at the individual / lowest level FM dimensions*
 - Possible Exception: Budget to reside at a higher level Fund Center, depending on how on the level of budgeting within the new Fund Center (cost center) number

At SBBC, all FM account assignments will be open for budget and posting; in this design there is by default a one to one relationship between Posting and Budgeting account assignments.

- * FM dimensions include Fund, Fund Center, Functional Area, Funded Programs, Commitment Item and Grant



FM Budget Control Considerations

- Points to keep in mind:
 - Keep in mind legislative requirements around budget control
 - Control budget at a level that gives enough flexibility to reduce non-value added budget transfers, but still gives controls required for effectively managing operations
 - Think in terms of “To-Be” design and break “As-Is” traditions, where necessary



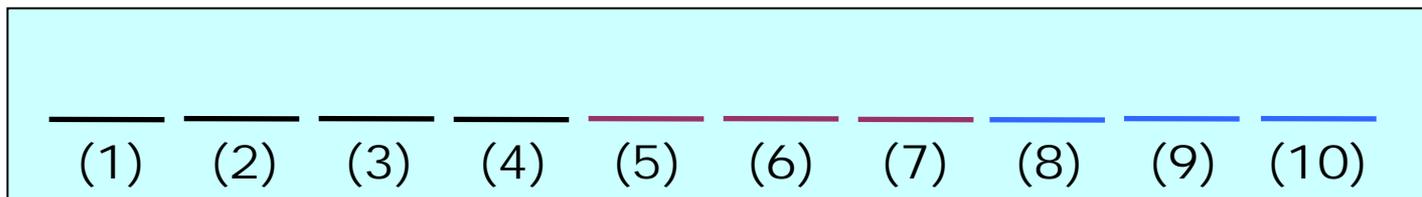
FM Master Data

- The following master data is created in FM for the purposes of budgeting, budgetary accounting, statutory reporting, and/or budgetary control:
 - Fund
 - Fund Center
 - Functional Area
 - Funded Program
 - Commitment Item

- In addition, the Grant field created in Grants Management (GM) is also available in FM



Draft Funds - Numbering Convention



Operating Funds:

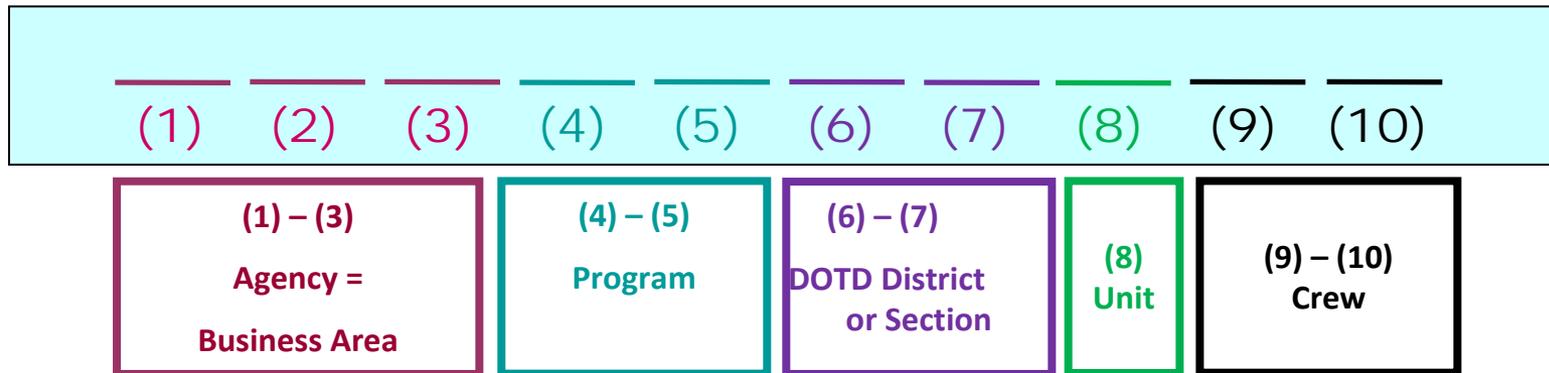
- (1)-(4) = CAFR Classifications (Fund Group / Fund Type / Fund Class)
- (5)-(7) = CAFR / Agency Fund or zero filled
- (8)-(10) = MOF or zero filled

Capital Funds:

- (1)-(4) = CAFR Classifications (Fund Group / Fund Type / Fund Class)
- (5)-(7) = Capital Outlay Fund Number
- (8)-(10) = Funding Source (LOC, Bond Series, Other)



Cost Centers: DOTD Proposed Numbering Scheme

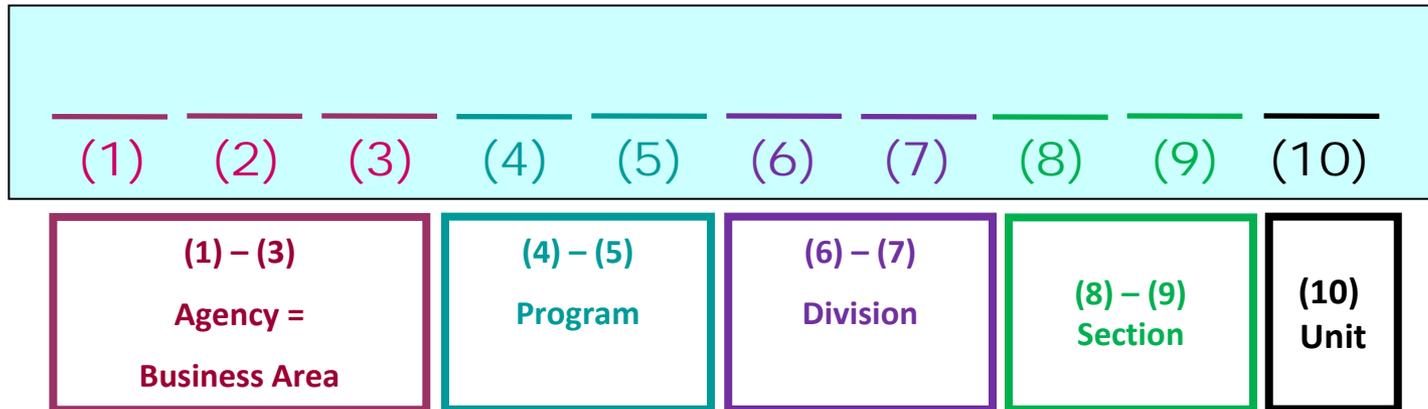


Notes:

1. Crew (Old Gang #'s) will be renumbered (from 3 digits to 2); will be left as old where ever possible.
2. At this time, Digit # 8 (Unit) is not used. Will be populated with "0" for now. Can be used in future.



Cost Centers: Non-DOTD Proposed Numbering Scheme





Standard SAP Numbering Convention

(1) (2) (3) (4) (5) (6) (7) (8) (9) (10)

Common Public Sector Presentation:

- Assets: 100000-199999
- Liabilities: 200000-299999
- Fund Balance: 300000-399999
- Revenues: 400000-499999
- Expenses: 500000-599999
- Secondary Costs: 900000-999999

Commitment Items will have a 1:1 relationship with GL accounts and cost elements, with some possible exceptions (assets and inventory)



Draft Funded Program Proposal (1)

- The funded program will be used where budget control for discrete, non-organizational activities

- Funded Program will be have a 1:1 relationship at the level where discrete budget is entered for:
 - Capital Project Phases (WBS elements)
 - Grant Funded Programs (WBS elements), if necessary
 - Discrete Temporary Expenditures (CO Internal Orders)

- Funded Program may be created at a roll-up level for groups of maintenance orders (Agile and SAP PM)



Functional Area - Numbering Convention

(1) (2) (3) (4) (5) **(6)** - (16)

(1)-(2) = CAFR Level Function/Program

(3)-(5) = AFS Activity (RITA, KATR, TECH) or
DOTD function

(5)-(16) = Zero Filled (future use if required)



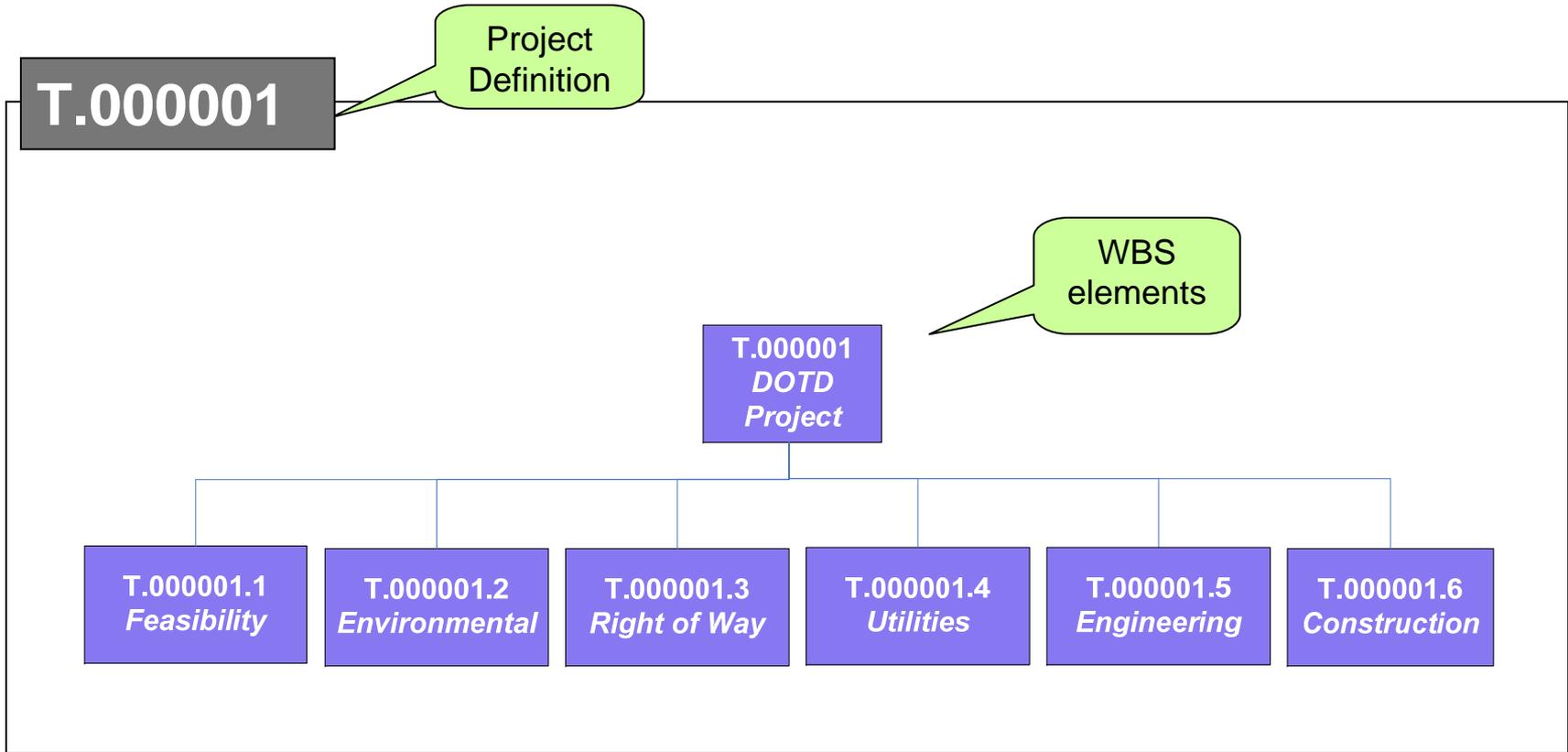
Budget Control – Capital Projects

Three types of Capital Projects have been identified:

- 1) DOTD Capital Projects
 - State: T WBS Elements / Funded Programs
 - Federal: H WBS Elements / No Funded Programs
- 2) Facilities Capital Projects
 - State Projects: FS WBS Elements / Funded Programs
 - Non-State Projects: FN WBS Elements / Funded Programs
- 3) CPRA Capital Projects – C WBS Elements / Funded Programs
 - Coastal Protection – CP
 - Coastal Restoration – CR
 - Coastal Combined - CC



Example: DOTD Project Structure Design



Determine level 3 sub-phases, if required.

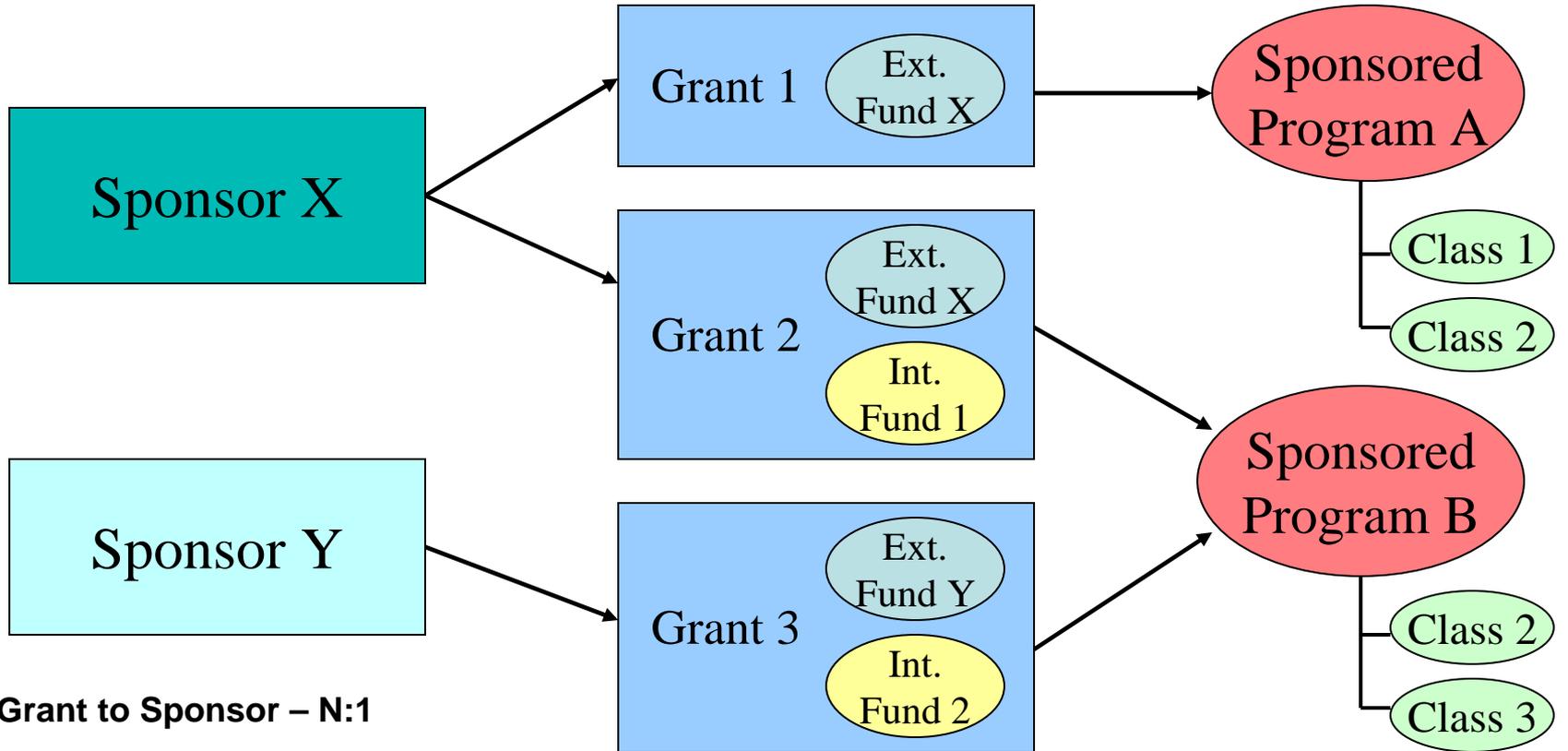


Proposal: Budget Control – Capital Projects

- **FUND** – Budget will be controlled at each individual fund (funding source). Projects with multiple funding sources will be budget controlled at the individual fund level
- **FUND CENTER** – Not Applicable (ignored)
- **COMMITMENT ITEM** – Not Applicable (ignored), i.e. all expense budget grouped together for budget control. No State Requirement for budget control at the current two digit object category
 - Exception: Art GL expense will be budget controlled separately for Facilities Project
- **FUNCTIONAL AREA** – Not Applicable (ignored)
- **FUNDED PROGRAMS** – Represents capital project phases and sub-phases.
 - DOTD & Facilities State Projects (both State & Non-State) - Budgets will be controlled at the individual project phase level
 - CPRA Projects – Budgets will be controlled at the overall project level
 - Statewide Projects – Budgets will be controlled at the overall level (all individual projects)
- **GRANT** – Not applicable (ignored)



GM: Master Data Relationships

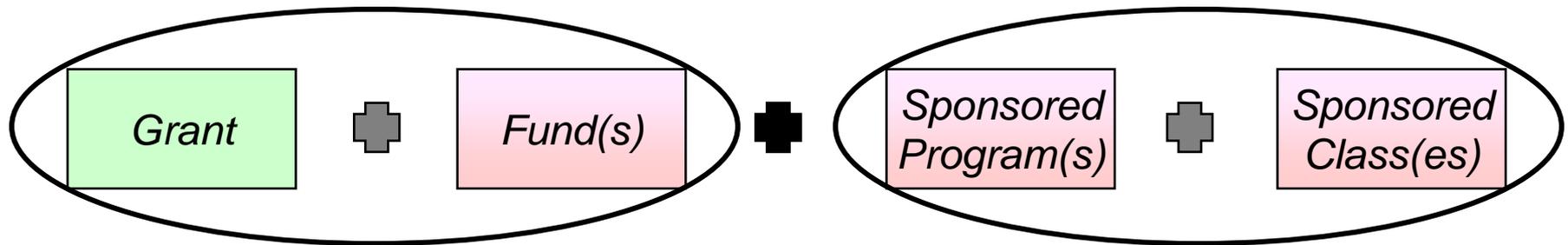


- Grant to Sponsor – N:1
- Grant to Sponsored Program – N:N
- Grant to Fund (internal) – N:N
(Note: only one external fund per Grant)
- Grant to Sponsored Class – N:N
- Sponsored Class to Sponsored Program – N:N



GM: Derivation of Sponsored Objects (GMDERIVE)

Fund Accounting Integration



Must be derived from other objects except for direct entries in the GM module (e.g budget transfers)



Proposal: Budget Execution and Control – Grantee Grants

- GM Availability Control can be used independently or in coordination with FM Availability Control
 - Allows budget control according to both internal State dimensions **and** external Sponsor dimensions

- Grant budgets will be controlled as follows:
 - GM: Total grant budget (both external funds and internal funds) will be controlled in Grants Management based on external sponsor’s requirements using GM AVC
 - i.e. At the grant level or lower (sponsored program, sponsored class) according to the sponsors fiscal year
 - FM: Two budget control checks will be performed:
 1. Since grants form part of the budget authority with non-grant money, grant expenditures will be combined with non-grant relevant expenses and budget controlled together at the appropriated program level by object category.
 - *Subject to decision whether separate budget authorities for State and Federal Fund will be established (and hence, separate appropriation units). Decision to be made in BI-IP008.
 2. To ensure that the Agency does not exceed its cost sharing commitments for each grant, matching (cost sharing) portion, if any, will be controlled by State fund by grant (not by object category)



Proposal: FM Budget Control – Grantee Grants Costs Incorporated With Non-Grants Costs*

FUND – Budget control by all Funds (Internal and External funds if MOF is incorporated in Funds)

FUND CENTER – Budget controlled to the first five characters, representing legacy Agency and Appropriated Expense Unit

COMMITMENT ITEM – High level commitment item equivalent to 2 digit AFS Object Category or DOTD ISIS Group, with the exception of Salary and Benefits

FUNCTIONAL AREA – Not Applicable (ignored)

FUNDED PROGRAMS – Not Applicable (ignored)

GRANT – Not applicable (ignored)

* Subject to decision whether separate budget authorities for State and Federal Fund will be established (and hence, separate appropriation units). Decision to be made in BI-IP008.



Proposal: FM Budget Control – Grantee Grants Cost Sharing

FUND – Budget control by Internal Cost Sharing Fund

FUND CENTER – Not Applicable (ignored)

COMMITMENT ITEM – Not Applicable (ignored)

FUNCTIONAL AREA – Not Applicable (ignored)

FUNDED PROGRAMS – Not Applicable (ignored)

GRANT – Budget Control by individual Grant to identify if grant costs sharing total budget (regardless of object category) is exceeded



Proposal: Budget Control - All Other Funds Subject To Budget Control

FUND – Budget will be controlled at the Individual Fund

FUND CENTER – Budget controlled to the first five characters, representing legacy Agency and Appropriated Expense Unit

COMMITMENT ITEM – High level commitment item equivalent to 2 digit AFS Object Category or DOTD ISIS Group, with the exception of Salary and Benefits

FUNCTIONAL AREA – Not Applicable (ignored)

FUNDED PROGRAMS – Not Applicable (ignored)

- Exception: Funded Programs for CO Internal Orders which are budgeted and controlled separately from the responsible cost center (fund center)

GRANT – Not applicable (ignored)

Discussion Point: Are any funds not subject to budget control?



Proposal: Budget Control – Expense Categories

- Per State Law, all non-capital funds subject to budget control will be budget checked according to current AFS Object Categories using high level commitment item rollups::

NO SAP BUDGET CONTROL

Salary Related Expenses

- 21 Salaries (511)
- 35 Other Compensation (511)
- 40 Related Benefits (512)

Other Legacy Object Categories:

- Transfers - 62,64,71-74,76,77 & 84
- Warrants Drawn – WD & WN

SAP BUDGET CONTROL

Non-Salary Expenses

- 30 *Unallotted*
- 45 Travel and Training (520)
- 50 Operating Services (530)
- 55 Supplies (540)
- 60 Professional Services (550)
- 65 Other Charges (560)
- 70 Capital Outlay (570)
- 75 Major Repairs (570)
- 80 Debt Services (580)
- 85 IAT * (990)
- 90 Auxiliary Program (TBD)

- Capital Funds will control budget without regard to expense category



Budget Execution and Control – Expense Types

Proposal:

- **Non-payroll related costs** will consume budget and be subject to budget control unless otherwise noted (general rule)

- **FM integration with Purchasing** – Will consume budget and be subject to budget control for all stages of the purchasing cycle. If the value of follow-on documents are greater than the previous document in the chain, a budget check is triggered at that stage. Budget is returned if no further activity is expected and purchasing document is updated.
 - **Purchase requisitions** - Pre-encumbrance against budget
 - **Purchase orders** – Encumbrance established; will reduce the referenced purchase requisition's pre-encumbrance for value of Purchase Order
 - **Goods receipts** – Expenditure established against budget; Will reduce the referenced purchase order's encumbrance for value of Good Receipt
 - **Invoice receipts** – Expenditures established (with Invoice status); will reduce the referenced goods receipt's expenditure for value of Invoice

- **Payroll and Payroll Related Costs** will consume budget (real FM postings) but AVC will be configured not to hard stop on budget overruns

- **Statistical commitment items** in FM such as GASB34 Contra accounts and non-cash expenses such as depreciation, and amortization will be posted in FM (for reconciliation purposes) but will not consume budget or be subject to budget control



Budget Execution and Control – Expense Types

- **CO Allocations / Settlements:** Standard SAP does not perform budget checks on the results of these transactions (best practice). Includes:
 - Includes CO automated Assessments and Distributions. Budget control occurs at time of posting to original (sender) Cost Center (Fund Center)
 - Settlements in PS, PM and CO Internal Order settlements. Budget control at time of original posting to cost collector.
- **Manual CO Postings** will be subject to budget checking

Discussion Points:

- **Major Balance Sheet Purchases:**
 - **Inventory:** Budget check at time of Purchase and/or Usage?
 - **Fixed Assets / Real Estate:** Budget Check at time of purchase?
- **Internal Services Charges:** Budget check on requesting agency?
- **P-Card:** Budget control?
- **Interfaces:** GL interfaces not subject to budget control?
- Any other expenses not subject to budget control?



FM Budget Control – Budget Tolerance Profiles

- Work in conjunction with FM Availability Control, which determined the Budget Control Address
- For each tolerance profile, the following can be defined:
 - Posting activities (e.g. purchase orders, invoices) subject to budget control
 - Exempt activities (e.g. payroll postings) not subject to budget control
 - Staged tolerances based on percentage or absolute tolerances
 - Type of message to be received by end user at the time of entry for each stage of consumption (information, warning or error)
 - Ability to send email to SAP mail to budget analyst or person with budgetary responsibility when AVC events (warning or errors) occur and to determine frequency of such emails (once, each time, etc)
- Standard Tolerance is defined with ability to define and derive alternative tolerance rules where necessary



FM Budget Control – Budget Tolerance Profiles

- **Proposal:** As a starting point, the Standard Tolerance for the State will incorporate the following:
 - For expenses subject to budget control:
 - A warning message issued to end user when budget consumption exceeds 90%
 - An error message issued to end users when budget consumption exceeds 100%
 - No email messages to fund center owner
 - No use of absolute tolerances (amounts)
 - Payroll postings will be excluded from budget control in tolerance profile
- Standard Tolerance Profile will be used for all agencies and funds, including capital outlay and grants
- Alternative Tolerances will be defined and will be used to override the Standard Tolerance when necessary.
 - Warning Message at 100% Consumption
 - No Message at 100% Consumption
- Use of Alternative Tolerances, if necessary, and fine tuning of Standard Tolerance or creation of additional tolerances to be determined during Realization



Budget Execution and Control

Other FM functionality used to execute and control the budget in FM:

- Consumable / Non-consumable FM budget types
- Earmarked Funds
- Revenue Increasing Budget



Budget Execution and Control – Budget Types

Spending Authority Restrictions Using FM Budget Types

- Budget reserved using non-consumable budget types is unavailable for spending until it is released or transferred to a consumable budget type
- Non-consumable budget types for the State include the following:
 - **ONCB** – Used for recording non-consumable budget as part of the of the annual budgeting cycle. ONCB will typically be transferred to a consumable budget type in ECC as part of the capital project Letting process
 - » Example: Capital Outlay budget until specific budget is set-up and ready in ECC
 - **RESV** – Used to manually reserve budget. Involves transferring budget from a consumable budget type (and vice versa, to a consumable budget type when ready to use the budget)
 - **Available for use at Agencies to control budget spending**
- Transfers to and from non-consumable budget types will be carried in the FM budgeting workbench



Budget Execution and Control

Allotment of Authorized Spending Using Earmarked Funds

- Users with budget control authorizations can “ earmark ” funds in advance of actual encumbrances where needed. Example:
 - Ensure have enough budget for a large upcoming commitment
 - Prevent overspending in early part of year for seasonal spending patterns
- FM commitments documents (Funds Reservation) will be used to reserve budget; these documents create encumbrances without involving purchasing documents
- These documents can be referenced and reduced by:
 - Purchase requisitions or purchases orders
 - FI invoices
 - Reduced manually



To Be: FM Fund Reservations

- Summary State Design Decisions (FM005):
 - Funds Reservation documents will be available for all State Agencies to reserve budget
 - Two documents types will be used:
 - Z1 – Agency Funds Reservations
 - Z2 – OPB Funds Reservations
 - Changes to Funds Reservations will be made to the original document
 - Users may subsequently increase the amount and/or coding of the funds reservation when referenced in follow-on documents (PR, PO, Invoice)



FM Revenue Increasing Budget (RIB)

- BCS RIB (Revenue Increasing the Budget) functionality can be used where necessary to increase the expense budget based on posted revenues
 - Example: Used for fund centers who charge a “fee for service”.
- RIB rules can be manually created or automatically generated. RIB rule contain the following key information:
 - Fiscal Year
 - Activation Status
 - Calculation Rule
 - Source Account Assignment (Revenue Posting Address)
 - Target Account Assignment (Expenditure Budget Address)
 - Derivation rules identify the relationship between Revenue Posting Address and Expenditure Budget Address
- Transaction is executed to assign the budget
 - if RIB conditions are met, both revenue and expense budget is increased in the account assignments specified in the RIB rule



FM Revenue Increasing Budget (RIB)

- The calculation rule is used to determine the lower and upper limits for increasing the budget based on posted revenues:

- Lower limit options include:
 - No lower limit
 - Percentage of revenue budget
 - Absolute Amount

- Upper limit options include:
 - No Upper limit
 - Percentage of current budget
 - Absolute Value
 - Maximum difference to lower value (amount)

FM Revenue Increasing Budget (RIB) – RIB Rule Sample



RIB Rule Edit Goto System Help

Change Single RIB Rule

RIB Object

FM Area: SBBC
 Fiscal Year: 2007
 Budget Category for RIB: 9M Payment Budget

Account Assignment Elements

Grant: NOT RELEVANT
 Fund: 1000
 Funds Center: 1200095140
 Commitment Item: 43469210
 Functional Area: NOT_RELEVANT
 Funded Program: NOT RELEVANT

Contributing Addresses

▶ NOT RELEVANT/1000/1200095140/43469210/NOT_RELEVA..

Definitions

Created by: P00010889 on 04/18/
 Changed by: P00010889 on 04/19/
 Activation Status: Active
 Filter Profile: Invoices
 Calculation Formula: Z100 SBBC Standard Fee:
 Msg.Type Man.Transf.: Warning
 Use Surplus Amount?: No

Surplus Budget Address

Percenta...	Grant	Fund	Funds Cer

Budget Addresses Receiving Budget

Percenta...	Grant	Fund	Funds Cer
50.00	NOT RELEVANT	1000	120009514
30.00	NOT RELEVANT	1000	120009514
20.00	NOT RELEVANT	1000	120009514

Rule was saved

FMRBRULE SAPXEDA INS



FM Revenue Increasing Budget (RIB)

Discussion Points:

- RIB functionality is meant to be used for the automatic creation of budget documents based on the revenue postings. The System calculates the possible increase to revenue and expenditure budgets
- Useful to quickly convert revenues to increased budget authority Without prior or subsequent approval of budget documents. With this in mind:
 - Look at simulating cash control by increasing budget (up to authority amount) only when revenues have been posted
 - Is RIB use diminished for budget supplements such as Self Generated or IAT revenues since approval must be maintained prior to budget authority being increased?
 - Any cases where budget can be increased automatically without prior internal and legislative approval?
- Alternatively, if budget amendments such as supplements, are to be created in ECC, such budget adjustments will need to be created manually using the FM Budgeting Workbench (BWB).



Organizational Impacts

- Need to consider changes to budgeting preparation for changes to budget
 - Inventory / Asset / Real Estate purchases must be budgeted for to control spending (if decision made to budget control on these expenditures)
 - Other changes?

- Training on understanding budget and budget control according to the new FM dimensions

- Training on reading the budget control error messages to determine the amount of budget transfer required to continue



Next Steps

- Prepare and send out Minutes of this Meeting to all Invitees
- Commence incorporation of details into draft Design document (PDD)
- Follow-up on Action Items identified during this Workshop
- Schedule off-line meeting(s) to discuss areas of special concern, if any
- Plan follow on Workshops, as required
- Review overall design in the Validation Workshop
- Ensure all To-Do's are appropriately documented



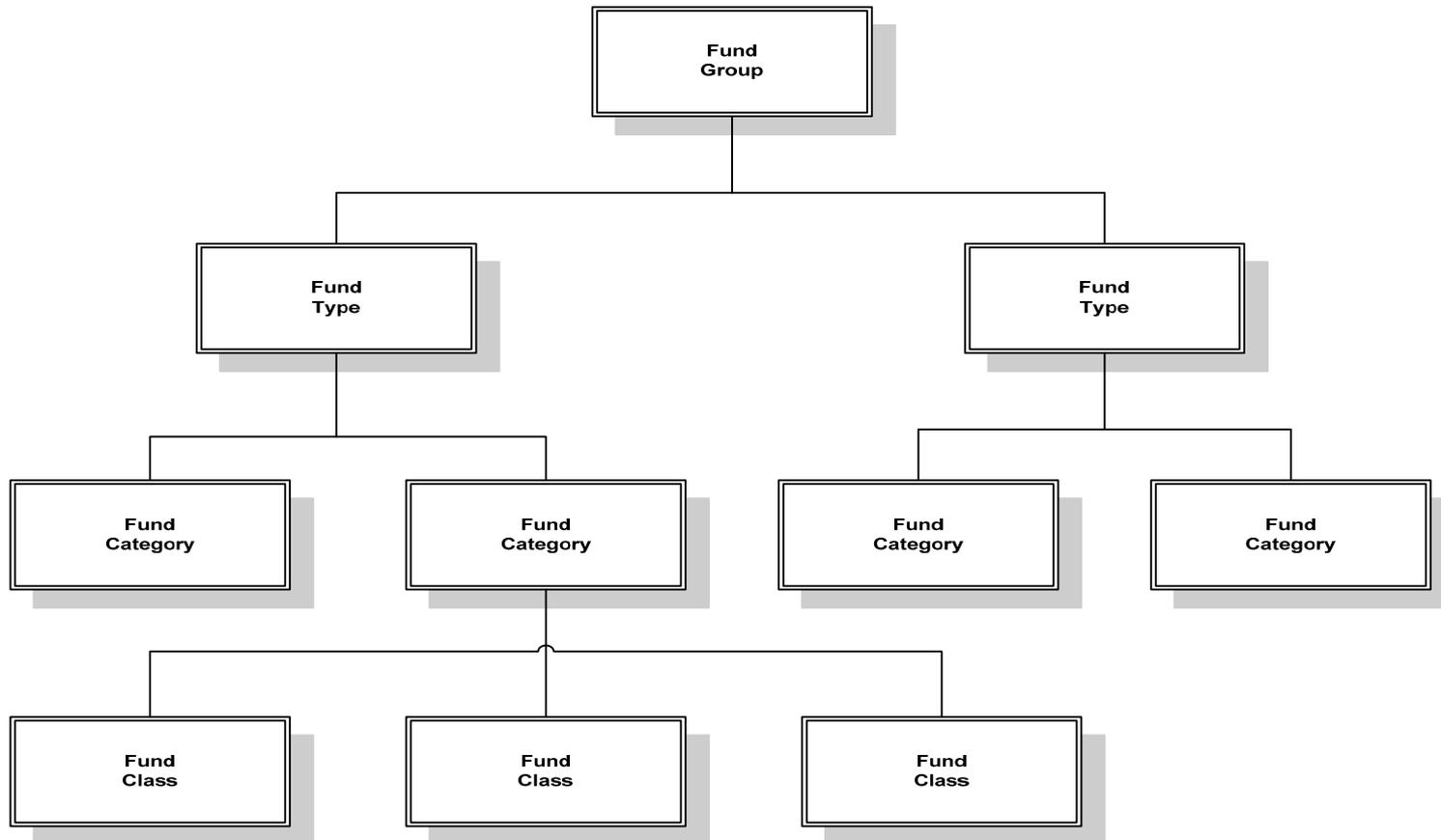
Questions?





As-Is Process Flow

Fund Code Structure in ISIS





As-Is Process Flow

- Fund Group
 - FIDUCIARY
 - GOVERNMENTAL
 - PROPRIETARY
 - COLLEGES & UNIVERSITIES
 - SUSPENSE CLASSIFICATION
 - DISCRETE



As-Is Process Flow

■ Fund Type

- CAPITAL PROJECT FUNDS
- DEBT SERVICE FUNDS
- ENTERPRISE FUNDS
- GEN FIXED ASSET GROUP
- GENERAL FUND
- INTERNAL SERVICE FUNDS
- GEN LONG TERM DEBT GROUP
- NON-EXPENDABLE TRUST/AGY FUNDS
- REVENUE SHARING FUNDS
- SPECIAL REVENUE FUNDS
- SPECIAL ASSESSMENT FUNDS
- EXPENDABLE TRUST/AGENCY FUNDS
- COLLEGE & UNIVERSITY FUNDS
- INVESTMENT POOL FUNDS
- SUSPENSE CLASSIFICATION FUNDS
- DISCRETE FUNDS



As-Is Process Flow

- Fund Category
 - Original



As-Is Process Flow

■ Fund Class

- AGRICULTURE
- BOND SECURITY AND REDEMPTION
- CONSTITUTIONALLY CREATED
- CORRECTIONS
- CULTURE RECREATION & TOURISM
- CUSTODIAL
- DEPT OF ECONOMIC DEVELOPMENT
- DEPT OF ENVIRONMENTAL QUALITY
- DEPT OF HEALTH AND HOSPITALS
- DEPT OF NATURAL RESOURCES
- DEPT OF PUBLIC SAFETY
- DEPT OF REVENUE AND TAXATION
- DEBT SERVICE
- DEBT SERVICE RESERVE
- DEPT OF SOCIAL SERVICES
- DEPT OF EDUCATION
- ESCROW
- FREE SCHOOL
- GAMING
- OFFICE OF THE GOVERNOR
- DEPT OF HIGHWAYS
- DEPT OF INSURANCE

- JUDICIARY
- DEPT OF JUSTICE
- DEPT OF LABOR
- LEVEE DISTRICTS
- PARISH & MUNICIPAL
- PAYROLL CLEARING
- PUBLIC SERVICE COMMISSION
- ROCKEFELLER
- RUSSELL SAGE
- SECRETARY OF STATE
- STATE TREASURER'S OFFICE
- TRAVEL CLEARING
- TRANSPORTATION TRUST
- DEPT OF WILDLIFE & FISHERIES
- GENERAL FUND
- CAPITAL OUTLAY (77)
- CAPITAL OUTLAY (78)
- ENTERPRISE/INTERNAL SERVICE
- AGENCY OPERATING
- COLLEGE/UNIVERSITY OPERATION
- NONGENERAL FUND OPERATING
- INTERFACE FUNDS



Funds - Numbering Convention (2)

(1)-(2) = Fund Group/Fund Type

11= Governmental – General

12= Governmental – Special Revenue

13= Governmental – Debt Service

14= Governmental – Capital

21= Proprietary – Enterprise

22= Proprietary – Internal Service

31= Fiduciary = Expendable Trust

Etc

(3)-(4) Legacy Fund Class (renumbered)



Funds - Numbering Convention (3)

Operating Fund Examples:

- 1101.000.000 General Fund
- 1103.141.001 Office of Attorney Gen. – General Fund
- 1103.141.002 Office of Attorney Gen. – Self-Gen
- 1103.141.100 Office of Attorney Gen. – Stat Ded #1
- 1103.141.101 Office of Attorney Gen. – Stat Ded#2
- 1102.258.000 LA Economic Development Corp

Capital Fund Examples:

- 1320.075.001 Fac. Cap Proj funded by 2000 (00) seriesA(1) bond
- 1320.075.052 Fac. Cap.Proj funded by 2005 (05) seriesB(2) bond
- 1320.075.000 Fac. Cap.Proj funded by Line of Credit (000)

Fund Class and MOF may be renumbered. Fund # will be kept, where possible

Note: No periods will be part of the fund number; used for ease of segregation only



FM Budget Control – Budget Tolerances Example

Tolerance Profile 2000 MC Standard Tolerance Profile

Maintain tolerance limits

Ceiling Type	A. Text	O...	Ina...	Message ...	Usag...	Absolu...	Curr...	Use of Usage Rate and A...	Availability Control Event
Expenditures	++ All groups	0	<input type="checkbox"/>	V Warn...	95.00		USD	Take usage rate on...	INLE With internal nail (repeated)
Expenditures	++ All groups	1	<input type="checkbox"/>	E Erro...	100.00		USD	Take usage rate on...	
Expenditures	60 Controlling p...	0	<input type="checkbox"/>	I Info...	100.00		USD	Take usage rate on...	INLE With internal nail (repeated)
Expenditures	80 Payroll	0	<input type="checkbox"/>	I Info...	100.00		USD	Take usage rate on...	INLE With internal nail (repeated)
Expenditures	90 Posted Budg...	0	<input type="checkbox"/>	E Erro...			USD	V Take absolute var...	



FM Revenue Increasing Budget (RIB) – Calculation Rule Sample

Budget Based Rule Sample

Display View "Maintain RIB Calculation Formulas (FM)": Details

Calculation Formula: Z100 SBBC Standard Fees (Advanced) Budget Calculation Rule

Maintain RIB Calculation Formulas (FM)

Currency	USD
% of Revenues	100.00

Lower Limit

Type of Lower Limit	Lower limit defined as percentage of current reference bdgt
% Current Budget	100.00
Minimum Revenue	0.00

Upper Limit

Type of Upper Limit	No upper limit
% Current Budget	0.00
Maximum Revenue	0.00
Max. Diff. to Min.R.	0.00



FM Revenue Increasing Budget (RIB) – Calculation Rule Sample

Actual Based Rule Sample

Display View "Maintain RIB Calculation Formulas (FM)": Details

Calculation Formula:

Maintain RIB Calculation Formulas (FM)

Currency	<input type="text" value="USD"/>
% of Revenues	<input type="text" value="100.00"/>

Lower Limit

Type of Lower Limit	<input type="text" value="No lower limit"/>	
% Current Budget	<input type="text" value="0.00"/>	
Minimum Revenue	<input type="text" value=""/>	<input type="text" value="0.00"/>

Upper Limit

Type of Upper Limit	<input type="text" value="No upper limit"/>	
% Current Budget	<input type="text" value="0.00"/>	
Maximum Revenue	<input type="text" value=""/>	<input type="text" value="0.00"/>
Max. Diff. to Min.R.	<input type="text" value=""/>	<input type="text" value="0.00"/>



FM Earmarked Funds

- There are several types of “earmarked” funds in FM:
 - Funds Pre-commitments – simulate PR’s / Contracts
 - Funds Commitments – simulate PO’s
 - Funds Reservations – Reservation of funds for specific purposes
 - Funds Blocking – Block funds for no specific purpose; General Block

- Generally, Funds Reservations are used to reserve budget for specific purposes, without the use of purchasing documents (PR/PO). They can be referenced and reduced by:
 - Purchase requisitions or purchases orders
 - FI invoices
 - Reduced manually

- Referencing the Funds Reservation in follow-on documents will reduce the funds reservation automatically and set up the pre-encumbrance (PR), encumbrance (PO) or expense (FI invoices)

- Funds Reservations field must be made available in the PR, PO and AP and GL Journal Entry Screens (Integration point)



To Be: FM Fund Reservations

- **Summary State Design Decisions (FM005):**
 - Funds Reservation documents will be available for all State Agencies to reserve budget
 - Two documents types will be used:
 - Z1 – Agency Funds Reservations
 - Z2 – OPB Funds Reservations
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