

Funds Management – Period End Processing

FI-FM-006

October 8, 2008



LaGOV

Version 1.0

Last updated: Sept 10, 2008



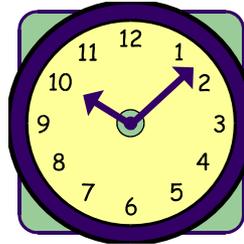


Agenda

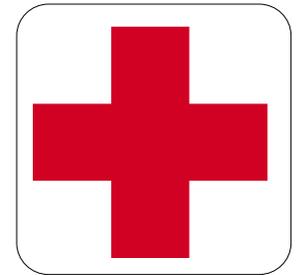
- Logistics, Ground Rules & Introduction
- Project Timeline
- Workshop Objectives
- Business Process Review
 - Process overview
 - AS-IS process flow
 - Current system alignment
 - Process improvement opportunities
 - SAP terms Glossary
 - SAP concepts & functionality
 - Business process flow
 - Leading 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

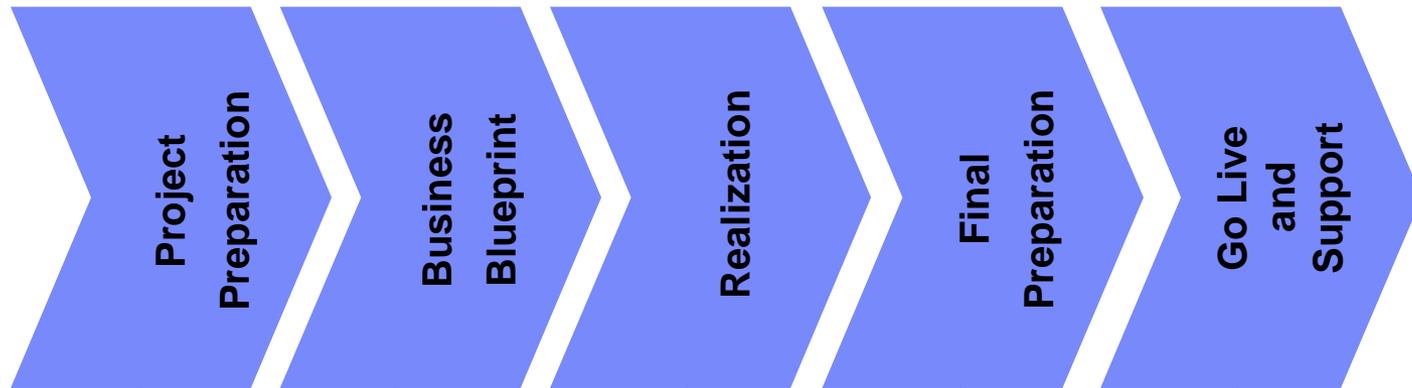
Position

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

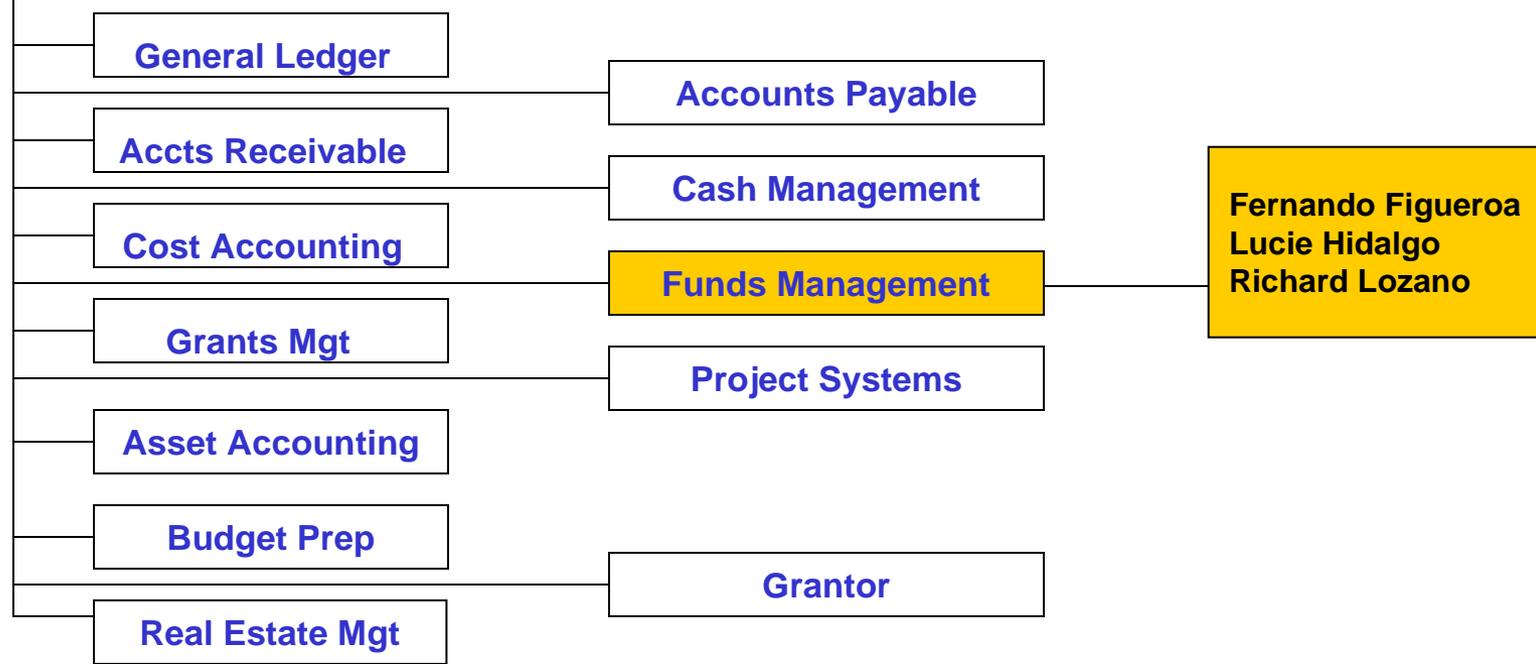
Beverly Hodges – Finance Lead
Drew Thigpen – Finance Lead
Mary Ramsrud – Consulting Lead

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 FM Month End Activities**

- Opening / Closing FM Periods
- Transferring Commitments to FI

➤ **Review Additional FM Year End Activities**

- Commitment and associated budget balance carry-forwards
 - Purchase Requisitions
 - Purchase Orders
 - FM Funds Reservations
- Residual Budget Carry-Forwards
- Fund Balance Carry-Forward



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

TRANSFERRING

COMMITMENTS TO FI - Act of transferring commitments that exist only in FM to FI-GL fund balance accounts for reporting. Example: Purchase order commitments.

ASSOCIATED BUDGET –

Budget linked to commitments such as requisitions, purchases orders or funds reservations. The carry-forward of commitments to a new fiscal years carries with it the “associated” budget linked to those commitments.

RESIDUAL BUDGET –

Remaining / unused appropriation at year end. Residual budgets = current budget – assigned budget (by actuals and encumbrances). Residual budgets can be carry-forward to new fiscal year, if desired and permitted

BUDGET BALANCE

CARRY_FORWARD – The closing of revenue and expenses to fund balance accounts at year end.





Funds Management



- **Fund Accounting**
- **Budgetary Controls**
- **Budget Execution**
- **Budgetary Basis Reporting**
- **Commitment Accounting**



Leading Practices

- Centralization of period management and all year end carry-forward activities specifically when budget is being carried forward
- Fiscal year change activities must be started at an early stage. Open commitments that are not going to be cleared in current year and not carried forward should be cleaned up on a timely basis.
 - Activities need to be coordinated with year end activities of other modules as part of the overall year end schedule.



FM Month End Steps – Open / Close FM Periods

- Decision: Period Control will be used for budgeting (FI-FM-002 Workshop)
- As part of the month end process, FM periods for budget and actual postings must be updated (i.e. opened and closed)
- **Proposal:** FM period maintenance involves closing the current month and opening the next month for the following:
 - 1) **FM Update Periods** (actual and commitment updates in FM)
 - FM will be kept open until the FI & CO periods are closed (after all month end transactions posted)
 - Month-end day will be determined in the Period End GL session
 - 2) **Budgeting Periods:**
 - Day 0 (last day of current month): EOD open the next month for budget activities
 - Day X : Close out the current month for budgeting activities to coincide with FM Update Period in case of necessary budget adjustments to support actual / commitment updates
 - Month-end day will be determined in the Period End GL session



FM Month End Steps – Transfer Open Commitments to FI-GL

- Involves transferring the balance of legally binding open commitments such as purchasing orders to the funds balance section of the balance sheet (by fund and if necessary business area)
- SAP transaction is executed to take balance of open commitments in FM ledger and adjust the reserved fund balance accordingly:
 - If outstanding commitment balance is greater than the existing balance in the reserve account, the following entry is made:
 - DR. Undesignated/Unreserved Fund Balance
 - CR. Reserve for Encumbrances
 - The opposite entry is made if the outstanding commitment balance is less than the balance in the reserve account
- Transaction can be rerun as often as necessary for a given time period, e.g. in a month. Program can be schedule to run at month end.



FM Month End Steps – Transfer Commitments to FI-GL

As Is

- DOTD – Reserves for contracts, POs and PRs are done automatically by each transaction as they are entered into DOTD accounting system.
- ISIS - Reserves for PO's are done automatically in the annual Rollover Process during the 13th accounting period.



To Be: FM Month End Steps – Transfer Open Commitments to FI-GL

- **Decision:** Frequency: Open Commitment balance will be transferred to FI-GL monthly to support periodic reporting?
- **Decision:** What type of commitments will the State set-aside funds for?
 - Purchase Orders?
 - Purchase Requisitions?
 - Other?
- Prior decision (FI-FM-005): No pre-encumbrance / encumbrance for Contracts. PR against contract will pre-encumber funds instead.
 - Contract is a purchasing control tool – no obligation with vendor until goods/services are delivered
 - Thus, no reserve to fund balance will be carried out for Contracts



FM Year End Steps

Month End steps plus may include (in order):

- Manually Close out of Commitments not carried forward (at agency level)
- Carry-forward required for commitments with/without associated budgets
- Automatically close out remaining commitments (centrally)
- Residual budget carry-forwards
- Budget Lapsing of remaining Budget?
- Close out revenues and expenditures to fund balance



Commitment Carry Forward

- Can carry forward commitments which were posted in the current year but which will not be reduced until the following year, to the new fiscal year
- Commitments must be carried forward to the new fiscal year to be processed in the new year – Technical System Requirement. Examples of SAP commitment documents include:
 - Purchase Requisitions (PR) from Materials Management (MM)
 - Purchase Orders (PO) from Materials Management (MM)
 - Earmarked Funds (reservations, funds block) from FM
- No changes occur to original commitment documents upon carry-forward
- Commitments may be carried-forward:
 - With their associated budget
 - Without their associated budget
- If carried forward with budget, follow-on documents do not use current year budget unless values are greater than commitment budget (e.g. higher invoice value, extra freight)

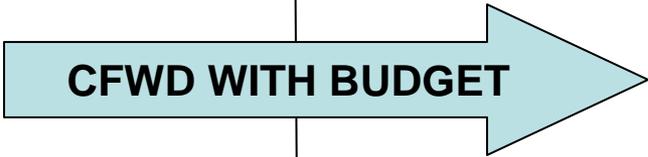


Commitment Carry Forward – Standard Scenarios

CURRENT FY

NEXT FY

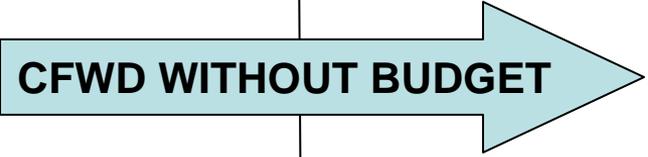
<u>ACTUAL</u>	<u>BUDGET</u>
100	120
<u>-10</u>	<u>-10</u>
90	110



<u>ACTUAL</u>	<u>BUDGET</u>
+10	+10

Scenario: Both actual and budget amounts are reduced in the current year and increased in the new year, i.e. the new years budget is not consumed

<u>ACTUAL</u>	<u>BUDGET</u>
100	120
<u>-10</u>	<u>-00</u>
90	120



<u>ACTUAL</u>	<u>BUDGET</u>
+10	+00

Scenario: The commitment releases budget in the current year and consumes next years budget a



Commitment Carry Forward – Custom Scenarios

CURRENT FY

NEXT FY

<u>ACTUAL</u>	<u>BUDGET</u>
100	120
<u>-10</u>	<u>-10</u>
90	110

**CFWD – BDGT REDUCED
IN PRIOR YEAR ONLY**

<u>ACTUAL</u>	<u>BUDGET</u>
+10	+00

Scenario: The commitment is reduced in the prior year and increased in the new year. The budget is reduced in the prior year (for commitment amount) with no change to budget in the new year

<u>ACTUAL</u>	<u>BUDGET</u>
100	120
<u>-10</u>	<u>-00</u>
90	120

**CFWD – BDGT INCREASED
IN NEW YEAR ONLY**

<u>ACTUAL</u>	<u>BUDGET</u>
+10	+10

Scenario: The commitment is reduced in the prior year and increased in the new year. The budget increased in the new year only (for commitment amount) with no change to budget in prior year.



As Is Encumbrance Carry Forward: Requisitions

AFS/ISIS

- Requisitions typically pre-encumber funds with some exceptions (refer to contract exceptions)
- Requisitions pre-encumbrances are not carried forward to the new year.
- Requisitions not converted to purchase orders may be closed, but do not automatically release the pre-encumbrance unless it is done by final award. A manual process may be required to release the pre-encumbrance in the current year (however not all agencies do this)
- Requisitions, if required, are re-created in the new year, where they pre-encumber new year budget
 - No BA7 Carry-forward process for requisitions

DOTD

- Requisitions commit budget when created
- PReqs not converted to Purchase Orders by year end are carried forward into the next fiscal year without budget
 - No BA7 Carry-forward process for requisitions
 - Budget Commitment reduced in current year and increased in the new fiscal year
 - Note: Typically, there is a 1:1 relationship between PReqs and Orders



To Be: Commitment Carry Forward- Requisitions

Proposal (Both Operating and Capital Outlay Funds):

Option 1: Carry-forward all open purchase requisitions with no budget to the new year

- Purchase Requisition can be referenced in the new year – no need to recreate
- Pre-encumbrance balance is reduced in the prior year and increase in the new year
- Effectively, available budget is increased in the prior year and decreased in the new year
- Option is In line with DOTD process

Option 2: Close out all open purchase requisitions at the end of the year and recreate in the new year if necessary

- No rollover of purchase requisitions are required. Budget is pre-encumbered in the new year when the new requisition is created.
- Closing out the open requisitions in the effectively increased available budget in the prior year since the pre-encumbrance balance is released
- Option is In line with AFS agency process

■ **Decision: ??**



As Is Encumbrance Carry Forward: Contracts / PO

ISIS/AFS

- The vast majority of agency contracts / POs encumber funds (a few contracts may pre-encumber) when created and sent over to AFS. Exceptions (no-encumbrances):
 - Contracts/POs with .00 dollar amount (exchange of services)
 - Agency budget is in another system or non-ISIS agencies (no budget), but the purchase order has to be in AGPS.
- The full amount of the contract may or may not be encumbered at the creation of the contract as the contract may extend multiple fiscal years. Typically, only the current year amount is encumbered.
- Agencies determine the encumbrances that should be rolled at year end (balance remaining) subject to state guidelines.
 - Agencies have the ability to change the FY Roll Flag in AGPS/CFMS, at any status code, from 'Y' to 'N' and (vice versa) to prevent or cause the rollover of encumbrances balances into new fiscal year.
- During the 13th accounting period, OIS Rollover Process will rollover encumbrances to the new fiscal year. When rollover is reflected in AFS, the encumbrances are reduced in the closing year and increased in the new fiscal year.
 - **Note: Permanent/continuing appropriations, i.e. Capital Outlay, are excluded from rollover process**
- Rollover of contracts does not carry forward the related budget. Thus, rollover of encumbrances consumes the new fiscal year budget.
 - No contract pre-encumbrances are rolled
- To effectively “rollover” the budget associated with these encumbrances, Agencies’ budget section may prepare BA7 Carry-forward requests to OPB (Office of Planning and Budgeting).
 - Agencies will manually enter the budgets documents (AP, RB & EB) in AFS after the approval of the BA7 in the new Fiscal Year



As Is Encumbrance Carry Forward: Contracts/POs

DOTD - Operating

- All contracts / POs encumber the current year's budget in its entirety when created
 - Invoices are entered against contracts or POs
- Balance of contracts / POs will be carried forward to the new fiscal year, reducing the current (closing) fiscal year encumbrances and consuming the next fiscal years budget
- DOTD Budget Office will coordinate with DOTD IT to rollover
- DOTD budget office always applies for carry-forward budget through the BA7 process
 - Must have remaining unused budget in the prior year and enough cash
 - Usually approved but may be for an arbitrary amount, not equal to the sum of individual encumbrances

DOTD - Capital

- All contracts encumber the current year's budget in its entirety when created
 - Invoices are entered against contracts
 - No purchase orders are created against capital outlay contracts
- Encumbrances remain in the year made (no rollover to the new year)
- DOTD Budget Office will coordinate with DOTD IT to rollover contracts (technical requirement)
- No BA7 process necessary for Capital Outlay. Remaining budget from prior years is available in the future years

Note: In both AFS/ISIS and DOTD systems, there are no deadlines by which carried forward POs must be goods receipted or expensed.



To Be: Commitment Carry Forward - Contracts

Proposal (Both Operating and Capital Funds):

- FI-FM-005 Decision: As part of the procurement process, purchase requisitions and purchase orders will reference contracts (both service and commodities, both operating and capital outlay)
 - Since Purchase Requisitions will pre-encumber funds, no pre-encumbrance will occur at the time of the Contract creation

- Since no encumbrances will be made for Contracts, no commitment carry forward will be required for Contracts, i.e. no technical system requirement to rollover contracts or encumbrances to the new year
 - Contracts can be reference in the new fiscal year if the end date on contract is not exceeded



To Be: Commitments Carry Forward POs

Proposal:

- Considerations to keep in mind:
 - State Law - Carried forward Purchase orders must use new fiscal year budget. Can apply for BA7 Carry-forward instead
 - When the legislature reviews the BA7 carry forwards, they don't review / approve individual purchase orders. Instead, they may approve an arbitrary amount
 - Amount applied for is usually approved in full?
- Purchasing, in coordination with departments, needs to clean-up / delete any POs prior to year end that are not necessary to be carried forward



To Be: Commitments Carry Forward POs

Proposal (For both Operating and Capital Funds):

- **Carry forward purchase orders and encumbrances without associated budget. Supplement new year budget manually after BA7 carry-forwards are approved.**
 - Agencies / Purchasing cleans up any old purchase orders not required
 - Agencies run the PO carry-forward program and select purchase order to carry-forward
 - Encumbrance is carried forward to new year; the associated budget is not carried forward.
 - New year budget is increased for carry-forwards to the extent of BA7 carry-forward is approved by the legislature.
 - Approved budget is entered by Agencies in FM using the FM Budgeting Workbench and subject to approval by controlling agencies (OPB, OSRAP?, STO)
 - Budget is not associated with individual carried forward purchase orders



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)



AS IS – Budget Reservations

- **AFS** - No known methods of reserving funds for manually reserving budget for future spending in AFS

- **DOTD** – Commitment vouchers are used to reserve budget for specific purposes
 - Use of commitment voucher vary among Districts and Sections depending how closely they monitor their budgets
 - Some examples of reserving budget through a commitment voucher are:
 - Utility Bills
 - City Maintenance Agreements
 - Doctor Pre-employment Physicals and Drug Testing
 - Vouchers are zeroed out at year end. Program is used to close out vouchers by document.



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)



To Be: Commitments Carry-Forward: Earmarked Funds

Proposal (for both Operating and Capital Outlay Funds):

- Fund reservation documents that will not be carried forward to new fiscal year.
 - Exist primarily to tie up current year budget
- Any existing reservations will be liquidated collectively prior to year end by central office
 - SAP Transaction can be run to close out reservations and release the encumbered budget
- Funds reservations can be recreated in the new year if necessary, where they will consume the new year's budget



To Be: Commitments Carry-Forward: Closing Out Current Year Encumbrances

- At year end, after desired commitments are carried, there are often pre-encumbrances / encumbrances that are not carried forward and have not been closed out
 - Purchase Requisitions
 - Purchase Orders
 - Earmarked Funds (Funds Reservations)
 - Parked FI Documents

- SAP provides a transaction to automatically close out all commitments that are not carried forward
 - Set Completion Indicators or Final Invoice to PR/PO documents
 - Delete Parked Documents

- Result is that budget is released

Decision: Will the State Use this?



Residual Budget Carry Forward - Overview

- **RESIDUAL BUDGET** = Remaining / unused appropriation at year end.
- Residual budgets = current budget – assigned budget (i.e. consumption by actual expenses and commitments).
- Residual budgets can be carry-forward to new fiscal year, if desired and permitted.
- SAP calculates residual budgets and generally carries the residual budget to the same budget lines, unless reassignment rules are defined (e.g. reorganization)



As Is Residual Budget Carry Forwards

ISIS/DOTD

- For Capital Outlay, any remaining budget amounts in a fiscal year are available for spending in future years
 - No rollover is necessary
- Operating budget is not carried forward. Any unused budget at year end is lost.



To Be: Residual Budget Carry Forward

PROPOSAL: No Carry-forward of Residual Funds

- **Operating Funds:** Any unused or residual budget for operating funds will not be carried forward to the new year as per current practice
 - Budget that is not carried forward remains in the prior year and unavailable for use once the fiscal year is closed
 - Any Exceptions? E.g. Maintenance budget?
- **Grantee (Grant):** For grants which cross the State fiscal year (e.g. COPS), any remaining budget will be applied for under the BA7 process and entered as Supplemental Grants budget in the new year when approved. No carry-forwards. (per GM003)
- **Grantor (Grants):** Multi-year State issued grants with remaining budget will follow the same process as Grantee grants, i.e. BA7 process to 'reacquire' the funds in the new year for the unused budget.
- **Capital Funds:** All capital funds (for capital projects) WILL NOT require the carry-forward of residual budgets to new year OR the BA7 process in the new year
 - Unlike Operating funds which are defined as "Annual" Funds for budget purposes, Capital Funds are defined as "Overall" funds meaning budget entered in one fiscal year can be used in any future fiscal year without the need for carryover of the remaining budget



TO-BE: Budget Types, Document Types and Processes

BUSINESS PROCESS	DOCUMENT TYPE	PROCESS-BDGT TYPE: RECEIVER	PROCESS-BDGT TYPE: SENDER	AUTHORITY GROUP
Retract Annual Budget from BI-IP	OPER / CAPL	ENTR-OREC ENTR-ONRC ENTR-ONCB	N/A N/A N/A	OPB
Mid-Year Budget Supplements	OPER / CAPL	SUPL-MNRC SUPL-MREC	N/A N/A	ALL (With Budget Authority)
Mid-Year Budget Transfers (Consumable)	OPER / CAPL	RECV-MNRC	SEND-MNRC	ALL (With Budget Authority)
Mid-Year Budget Transfers (Non-Consumable to Consumable and Vice Versa)	OPER / CAPL	RECV-ONCB RECV-RESV RECV-MNRC RECV-MNRC	SEND-MNRC SEND-MNRC SEND-ONCB SEND-RESV	ALL (With Budget Authority)
Budget Returns/Reductions (current year)	OPER / CAPL	RETN-MREC RETN-MNRC RETN-LAPP RETN-LAPS	N/A	ALL (With Budget Authority)
Revenues Increasing Budget *	OPER	RBBT-RIBU	RBBS-RIBU	NONE (Automatic Posting)
Y/End Commitment Budget C fwd *	CFWD	CORV-YECB	CORS-YECB	OPB
Y/End Residual Budget C fwd *	CFWD	CORV-YERB	CORS-YERB	OPB

* Separate Transaction - outside of FM Budgeting Workbench



Discussion : Status Management To Be

BUSINESS PROCESS	PROCESS-BDGT TYPE: RECEIVER	PROCESS-BDGT TYPE: SENDER	P1 Preparation	P2 Execution (up to period 13)	P3 Closing (period 14 – OPB only)	P4 Closed
Retract Annual Budget from BI-IP	ENTR-OREC ENTR-ONRC ENTR-ONCB	N/A N/A N/A	✓	✓ (Grant Funds)	✗	✗
Mid-Year Budget Supplements	SUPL-MNRC SUPL-MREC	N/A N/A	✗	✓	✓	✗
Mid-Year Budget Transfers (Consumable)	RECV-MNRC	SEND-MNRC	✗	✓	✓	✗
Mid-Year Budget Transfers (Non-Consumable to Consumable and Vice Versa)	RECV-ONCB RECV-RESV RECV-MNRC RECV-MNRC	SEND-MNRC SEND-MNRC SEND-ONCB SEND-RESV	✗	✓	✓	✗
Budget Returns/Reductions (current year)	RETN-MREC RETN-MNRC RETN-LAPP RETN-LAPS	N/A	✗	✓	✓	✗
Revenues Increasing Budget *	RBBT-RIBU	RBBS-RIBU	✗	✓	✗	✗
Y/End Commitment Budget C fwd *	CORV-YECB	CORS-YECB	✓ CORV-YECB	✗	✓ CORS-YECB	✗
Y/End Residual Budget C fwd *	CORV-YERB	CORS-YERB	✓ CORV-YERB	✗	✓ CORS-YERB	✗

•Separate Transaction outside of FM Budgeting Workbench or BI-IP



Budgetary Fund Balance Carry Forward - Overview

- In order to show the life-to-date effect of fund operations over several years and produce Fund Balance Sheets, budgetary fund balance is carried out in FM and GL
- The fund balance carry-forward process in FM closes out **actual revenue and expenses** to various fund balance accounts on the balance sheet in the FM ledger
- By carrying-forward the actual data from prior years, data from current year is not mingled with data from prior years
 - i.e. The Operating Statement begins with a zero balance for revenues and expenses in the new year in the FM ledger
- A similar closing process is performed in FI-GL at year end



As Is Fund Balance Carry Forward – Close Revenues and Expenses

AFS – Revenues and expenses are closed out automatically in the Annual Close process (14th Period).

DOTD - Revenues and expenses are closed out manually after the 45 day process by DOTD accounting section.



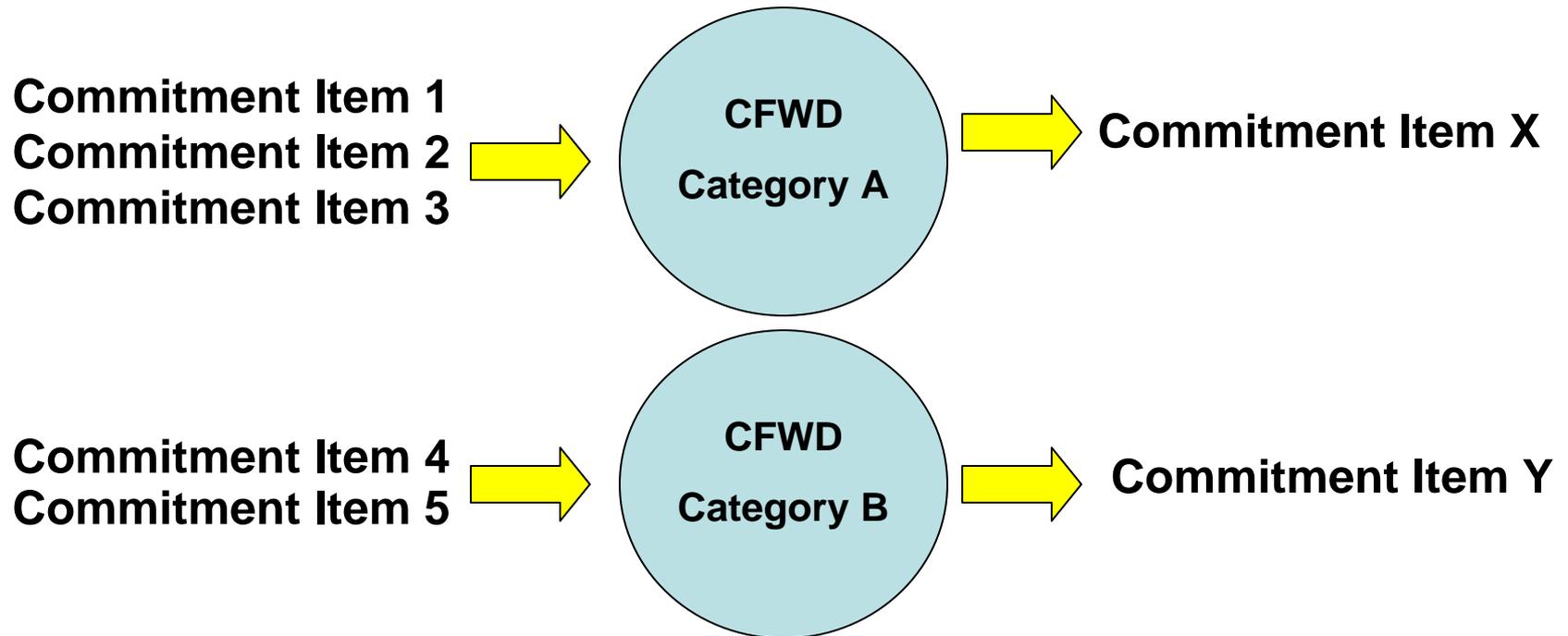
Budgetary Fund Balance Carry Forward

Proposal:

- Carry-forward item categories will be used in FM Commitment Items master data to “close” revenue and expenditure commitment item balances to Fund Balance and Net Asset Accounts on the balance sheet
- Revenues and expense commitment items will close out to the fund balance / net asset account with the same carry-forward item category
- The Carry-forward item categories will be synched with P&L statement account type ; these are used in FI to “close” revenue and expense balances to Fund Balances and Net Assets accounts on the Balance Sheet



Budgetary Fund Balance Carry Forward - Process



Purpose:

1. Provide management with information about resources available for future appropriation or expenditure
2. Reconcile modified fund balance and full accrual net assets accounting treatments
3. Provide fund balance reporting



Budgetary Fund Balance Carry Forward - Overview

**4XXXXX and
5XXXXX closed out to
respective Fund
Balance / Net Asset
Accounts using
Carryforward
Categories to permit
reconciliation of
Modified to Full
Accrual by fund**



302010	NA: BOND PROC CONTRA
302020	NA: BOND PROC NYS
302030	NA: BOND PREM CONTRA
302040	NA: BOND DISC CONTRA
302050	NA: BOND ISSUE COSTS
302060	NA: AMORT BOND DISC
302070	NA: AMORT BOND PREM
302080	NA: AMORT BOND ISS C
302090	NA: PRINCIPAL EXP CO
302100	NA: ACCRUED BOND INT
302110	NA: DEBT FUT PROV
302120	NA: DEPRECIATION
302130	NA: RESERVE FOR INV
302140	NA: RESERVE BOND DBT
302150	NA: CONTRIB CAPITAL
302160	NA: GAIN ON DEFEASAN
303000	UNRESERVED/UNDESIG
303001	UNRESERVED/UND-ST



Period End Process Roles

Who will perform the period end processing steps:

- Monthly Period Maintenance
- Monthly Transfer of Commitment Obligations to FI-GL

- Year End Commitment Items Carry Forward (rollover only)
- Year End FM Fund Balance Carry Forward
- Year End Close of Open Commitments Not Carried Forward

- If applicable:
 - Year End Residual Budget Carry Forward



Enterprise Readiness Challenges

- Centralized functions so training impact is minimal. Possible exception is rollover of commitments if not centralized

- Additional year-end activities to be performed by budget office or OSRAP
 - Commitment Carry-Forwards
 - Residual Budget Carry-forwards
 - Fund Balance Carry-forwards
 - Closing Commitments

- Coordination of FM year-end activities with year end processing close of all other modules



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?

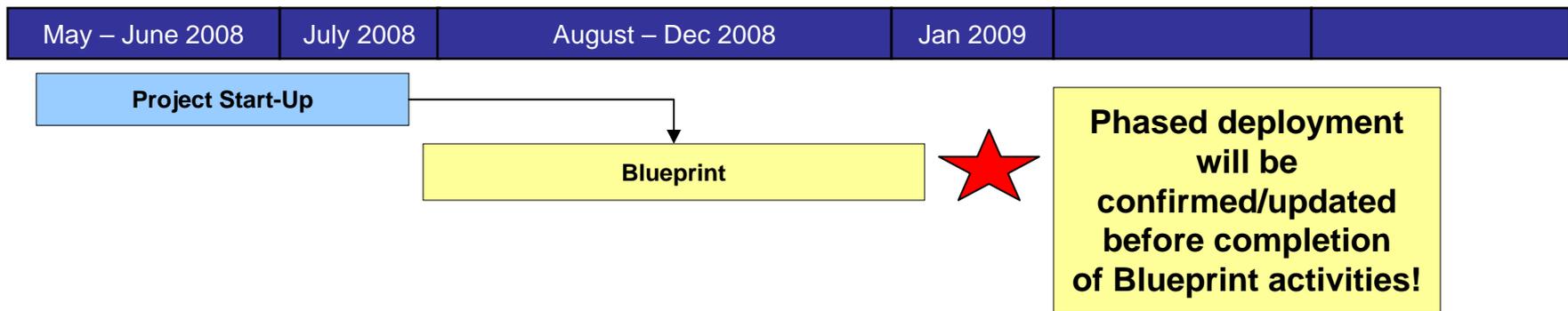




Tentative Project Timeline

- Tentative implementation dates are planned as follows:

Functionality	Tentative Implementation Date
Budget Prep	October 2009
DOTD	February 2010
Core Modules All Agencies	July 2010
Additional Modules	January 2011





Commitments Carry-Forward: POs Changes

- When a PO that has been carried forward to a new fiscal year is closed or reduced in value, the corresponding budget is freed up due to the reduction in the commitment amount for consumption in the new year (i.e. the associated budget is not reduced accordingly)
- Question: Does a reduction in the value of the carried forward need to trigger a reduction in the carried forward budget or is the budget allowed to be used for other purposes?



FM Funds Reservations: Overview Screen

Document Edit Goto Extras Environment System Help

Funds reservation: Create Overview scrn

Park Document Entry

Document number New Document Date 04/09/2007

Document type Z1 SBBC Funds Reserv -School Posting Date 04/09/2007

Company Code SBBC USD School Board Broward Cnty Currency/rate USD

Doc.text

Currency USD

Grand total 250.00

D	Original amou	Fund	Cost Center	WBS Element	Order	G/L Account	Func	Commitm	Grant	Funded Program	Funds Center	Text
1	100.00	4110	1320097250			53710000	7601000000000000	53710000	NOT RELEVANT	NOT RELEVANT	1320097250	
2	50.00	4110	1320097250			55110000	7601000000000000	55110000	NOT RELEVANT	NOT RELEVANT	1320097250	
3	100.00	4110	1320097250			53360000	7601000000000000	53360000	NOT RELEVANT	NOT RELEVANT	1320097250	

Position Document item 1 / 3

Checks completed successfully

FMX1 SAPXEDA OVR



FM Funds Reservations: Consumption Screen

SAP

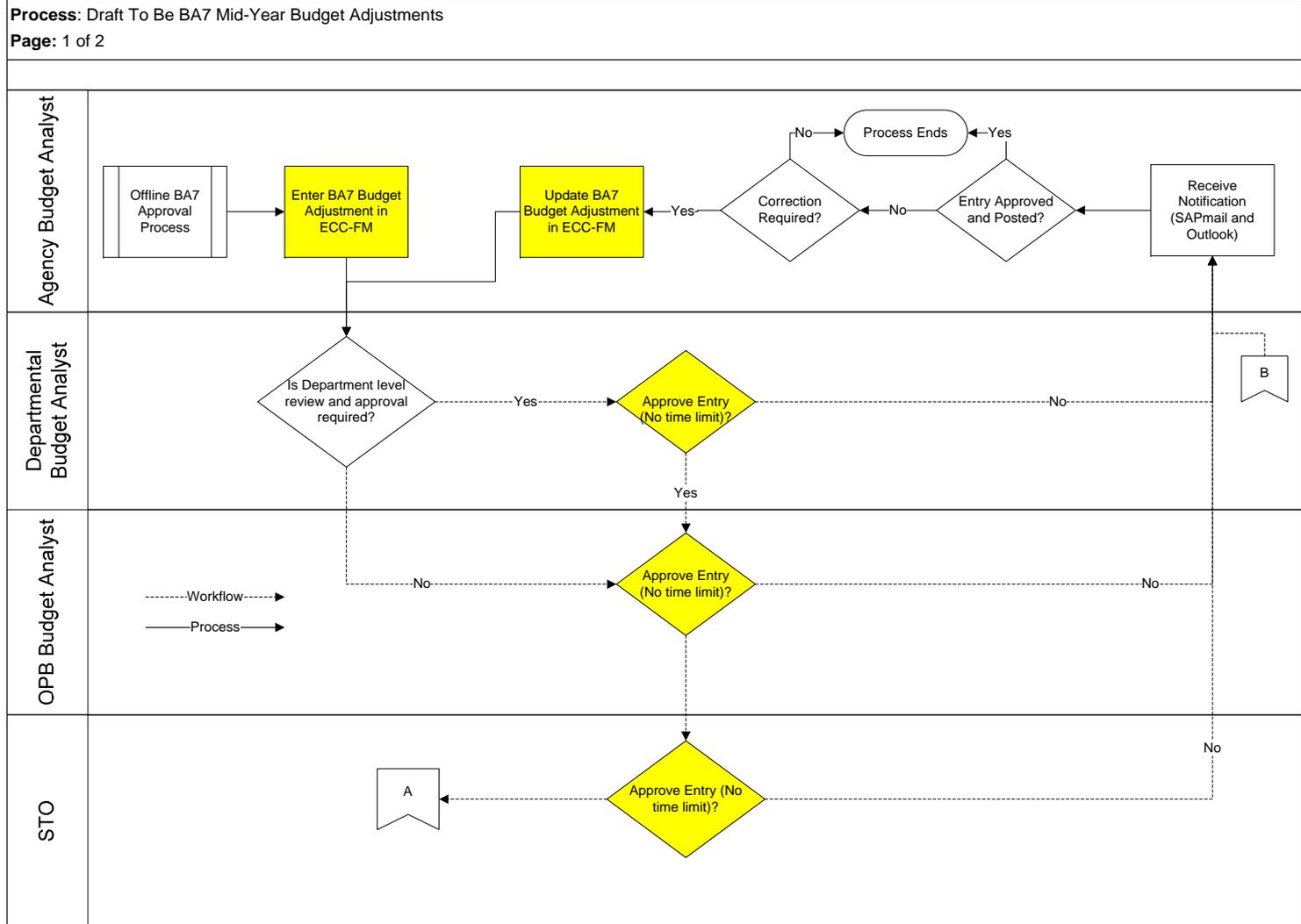
List Edit Goto Views Settings System Help

Earmarked Funds: Display Consumption History

Doc. No.	Item	Business Transaction	Trigger document	Consumptn	Crcy	Consumptn	LCurr	Not relev.	Not relev.	Delete Date	Doc. Date	Reduction text	Revaluatns	Sta
3000000005	1	Receipt amt		1,000.00	USD	1,000.00	USD	0.00	0.00					
		Purchase Requisition	<u>0010000323 00010</u>	120.45	USD	120.45	USD	0.00	0.00	03/26/2007	03/26/2007	Bookcase Oak		
		Purchase Requisition	<u>0010000322 00010</u>	0.00	USD	0.00	USD	0.00	0.00	03/26/2007	03/26/2007	Bookcase Oak		
		Total Purchase reqs		120.45	USD	120.45	USD	0.00	0.00					
		Consumpt.		120.45	USD	120.45	USD	0.00	0.00					
		Set "complete"		879.55	USD	879.55	USD	0.00	0.00	03/28/2007				
		Open amount		0.00	USD	0.00	USD	0.00	0.00					



TO BE: Mid-year Budget Adjustments (BA7s) – p1

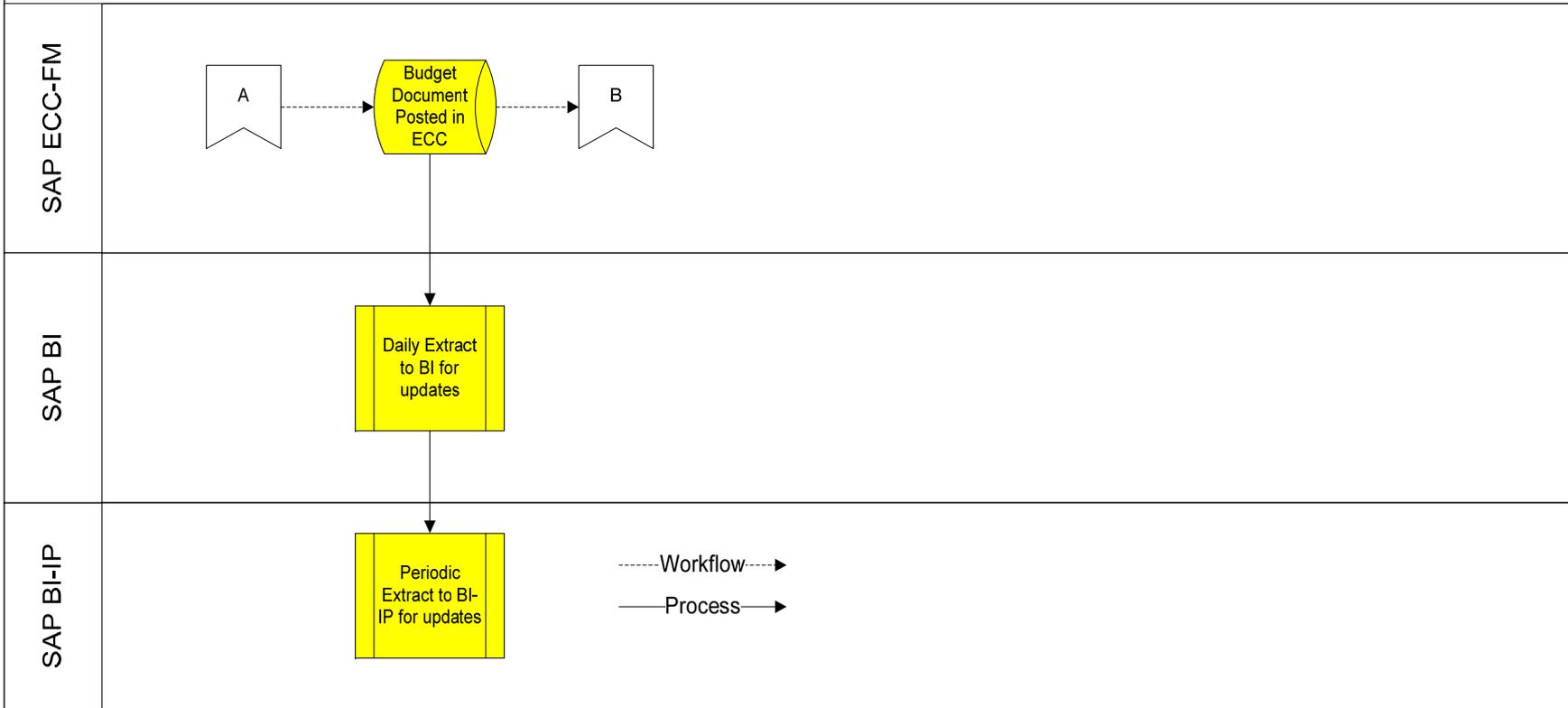




TO BE: Mid-year Budget Adjustments (BA7s) – p2

Process: Draft To Be Non-BA7 Mid-Year Budget Adjustments (e.g. Budget Transfers)

Page: 2 of 2





FMJ2: Commitment Carry-forward

Year-End Closing: Carryforward of Open Items

FM Area
Sender Fiscal Year

Restriction on FM Account Assignments

Grant	<input type="text"/>	to	<input type="text"/>	
Reporting	<input type="text"/>	to	<input type="text"/>	
Sub-Object	<input type="text"/>	to	<input type="text"/>	
Commitment Item	<input type="text"/>	to	<input type="text"/>	
Functional Area	<input type="text"/>	to	<input type="text"/>	
Funded Program	<input type="text"/>	to	<input type="text"/>	

Restriction According to Attributes

Multiple Selection FM Account Assignm... Variant Name

Restriction at Document Level

Value Type	<input type="text"/>	to	<input type="text"/>	
Company Code	<input type="text"/>	to	<input type="text"/>	
Document Number	<input type="text"/>	to	<input type="text"/>	

FI Documents

FI doc.no.fisc.year

Process Control

Test Run
 Process with Dialog
 Block Documents
 Detail List Layout
Availability Control Check



FMMPCOVR: Residual Budget Carry-forward

Program Edit Goto Environment System Help

SAP

Carry Over Residual Budget

FM area to

Budget Category to

Version

Fiscal Year

Type of Account Assignments

Budget Addresses

AVC Data Availability Control Ledger

Control Objects

Automatic Cover Groups

Manual Cover Groups

Cover Groups

Cover Group to

Restriction on FM Account Assignments

Grant to

Fund to

Funds Center to

Commitment Item to

Functional area to

Funded Program to

Restriction According to Attributes

Variant Name

FMMPCOVR sapxqb INS

Program Edit Goto Environment System Help

SAP

Carry Over Residual Budget

Fund to

Funds Center to

Commitment Item to

Functional area to

Funded Program to

Restriction According to Attributes

Variant Name

Basis for calculation

Key figure

Document settings

Document type Document date

Sender budget type Receiver budget type

Sender period Receiver period

Distribution key

Additional data

Processing options

Test Mode Test Run

Detail List Layout

Grouping Settings per AVC Object / Cover Group

Grouping settings

FMMPCOVR sapxqb INS



FMMPCOVR: Close FM Commitments

Program Edit Goto Environment System Help

Closing Operations: Close Open Items

FM Area 0010
Fiscal Year

Restriction on FM Account Assignments

Grant		to		↔
Reporting		to		↔
Sub-Object		to		↔
Commitment Item		to		↔
Functional Area		to		↔
Funded Program		to		↔

Restriction According to Attributes

↔ Multiple Selection FM Account Assignm... Variant Name

Document-Dependent Parameters

- Purchase Requisitions: Set Completed Indicator
- Purchase Orders: Set Final Invoice and Del. Compld Ind.
- Earmarked Funds: Set Completed Indicator
- Sales Orders: Set Rsn for Rej. Reason for reje
- Delete Parked FI Documents

Process Control

- Test Run
- Process with Dialog
- Detail List Layout



FM Month End Steps – Transfer Commitments to FI-GL

As Is

- What types of commitments are transferred to GL each month/year end (PR, POs, Contracts, other expenses)
- What is the frequency (monthly/yearly)?
- What is the process? Is this process the same across the entire state?
- Who performs this function?



Commitment Carry Forward: Requisitions

As Is

- Requisitions commit budget when created. Any requisitions not converted to purchase orders by year end are closed, releasing the budget in the current year. Correct Statement?



Commitment Carry Forward: Contracts

As Is

- Do all contracts consume budget when created? If not, what types do and don't? If they do, is it for the full amount of the contract?
- Are all contract budget reservations created in current year carried forward to the new year? Exceptions?
- What is the process? Is this process the same across the entire state?
- Who performs this function?



Commitments Carry Forward: POs

As Is

- Are ALL open POs carried forward? If not, what are the exceptions (by coding block, amount, etc)
- The budget associated and consumed by the PO is also carried forward, correct?
- Is there a deadline by which carried-forward POs must be goods receipted or else the PO is closed in the new year and must be recreated if necessary?
- What is the process? Is this process the same across the entire state?
- Who performs this function?



Commitments Carry-Forward: Budget Reservations

As Is

- No method currently exists of manually reserving budget for a particular use.
Correct?



Residual Budget Carry Forward

As Is

- What types of budget can be carried forward if not used in the current years? All account codes (funds, etc)? What are the exceptions?
- Any amount limitation or other rules to amount carried forward or is it always the full remaining amount?
- Are negative residual budgets if any carried forward?
- Capital Funds – remaining amounts are always carried forward in full?
- **Grants – Remaining budget is carried forward to the new year, for those grants that cross the state fiscal year?**
- What is the process? Is this process the same across the entire state?
- Who performs this function?