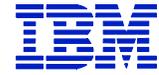




# LaGov ERP Project Business Blueprint



## 7. Asset Accounting

<b>Team:</b>	Finance - Asset Accounting
<b>PDD Name:</b>	Organizational Structure
<b>PDD Number:</b>	FIN-AA-PDD010-AA Organizational Structure
<b>Business Process Owner:</b>	Afranie Adomako
<b>Functional Lead:</b>	Rhoma Speights
<b>Functional Consultant:</b>	Christine Wieczorek

### Executive Summary

In order to effectively manage the fixed asset database, the Asset Accounting module requires an organizational structure which reflects the requirements of and integrates with the organizational structure of the enterprise. Each asset master record must be assigned to the appropriate asset accounting organizational structure.

This document describes the organizational structure for the SAP Asset Accounting module for the State of Louisiana organizational entities participating in the LaGov Project. This document will address the Organizational Structures used in the Asset Accounting (FI-AA) module including: Chart of Depreciation, Depreciation Areas (including depreciation calculation and posting rules), Asset Class structure and linkage to the General Ledger Accounts in the SAP General Ledger (FI-GL) module and other account assignments, Screen Layouts and the Asset Master Recording numbering scheme. Posting definitions such as transaction types and document types will also be addressed, as will integration points within SAP.

The Asset Accounting module will capture the capital asset general and financial details, as required for financial reporting purposes, for Moveable Property, Real Property and Infrastructure assets,

The State has a very limited number of Capital Leases - SAP handling of these will be finalized during realization.

Items that do not meet Capital Asset criteria but require tracking will be managed via Notification Records, and for maintenance purposes, Equipment Master Records in the Plant Maintenance Module. Additionally, for tracking and physical inventory purposes, Notification Records will also be created and cross referenced for each corresponding capital asset (i.e. Asset Master Record).

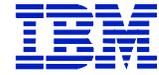
### To-Be Process Description

The SAP Asset Accounting (FI-AA) module provides for management of assets and their values, including special functions for assets under construction and leased assets. It provides for traditional asset accounting functions that encompass the entire lifetime of an asset, from time of acquisition (e.g. purchase order or initial acquisition via construction) through to retirement, and provides robust asset accounting reporting.

In its capacity of being a subsidiary ledger to the General Ledger it contains the detailed information on asset master records and their transactions.



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As part of an integrated solution, the transaction postings for capital assets also update other financial modules such as: General Ledger (GL), Controlling (CO), Funds Management (FM) and Grants Management (GM). Additionally, updates to Asset Master Records (AMR) general and valuation data are also initiated from other modules such as Material Management (MM) and Project Systems (PS). Integration functionality transfers data directly to and from other ECC components thereby eliminating the need to maintain data in multiple disparate systems and reconcile between these systems. The alignment of all integration areas to assets also requires configuration in the respective modules.

Financial reporting for capital assets, in the public sector, requires that, depending on the type of funding source, assets be reported using either modified or full accrual basis:

- Full Accrual Basis: Requires that economic events are recognized regardless of when cash transactions occur. Capital assets, which depreciate over their financial useful life, have their acquisition values and accumulated depreciation reported on the balance sheet. The operating statements record the depreciation expense, which represents the use of the asset.
- Modified Accrual Basis: Requires that revenue is recognized when it becomes available and measurable. Generally, expenditures are recognized in the period in which the liability is incurred. Accordingly, capital assets are reported as capital expenditures when incurred, thus there is no depreciation reported.

For consistency in posting transactions and ease of use by end users, SAP best practice is to have all capital assets recorded using both accounting methods via SAP Depreciation Area functionality. This means that asset classes are not duplicated based on funding source, thus, when creating an asset master record, users are not required to make selection choices of asset class based on type of funding such as governmental vs. proprietary asset class. Reporting the appropriate asset valuation method is addressed via the choice of general ledger accounts and funding detail in financial statement versions.

In order to effectively manage the fixed asset database, the Asset Accounting module requires an organizational structure which reflects the requirements of and integrates with the organizational structure of the enterprise. Each asset master record must be assigned to the appropriate asset accounting organizational structure.

The Asset Accounting module will capture the capital asset general and financial details for Moveable Property, Real Property and Infrastructure assets.

The State has a very limited number of Capital Leases - SAP handling of these will be finalized during realization.

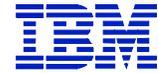
Items that do not meet Capital Asset criteria but require tracking will be managed via Notification Records and for maintenance purposes, Equipment Master Records in the Plant Maintenance Module. Additionally, for tracking and physical inventory purposes, Notification Records will also be created and cross referenced for each corresponding capital asset (i.e. Asset Master Record).

#	Process Terminology	Description
1	Asset Class	Main criterion for classifying fixed assets according to legal, financial and management requirements.
2	Asset Master Record (AMR)	AMR contains general information and valuation/depreciation rules for a specific item in the Asset Accounting (AA) module. In SAP, it also stores all the values and transaction data for the item.
3	Main Asset Number	Unique number, in combination with company code and asset sub-number, that identifies a fixed asset
4	Sub Asset Number	Asset record for an individual part of an asset, or subsequent acquisitions, can be represented by a Sub-number to a main asset number. Sub numbers are also used for multiple funding sources for an asset.
5	Capital Asset	Tangible property which cannot easily be converted into cash and which is



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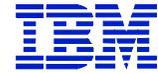


#	Process Terminology	Description
		usually held for a long period, including real estate, equipment, etc
6	Asset under Construction (AuC)	An asset that you produce or manufacture yourself which must be managed as a separate asset master record, generally without depreciation, during the construction phase.
7	Low Value Asset (LVA) / Controlled Assets	Items that do not meet the capital asset criteria and are recorded for tracking purposes. These will be tracked in Plant Maintenance via Notification Records.
8	Capital Lease	A lease that meets one or more financial criteria as defined by FASB. This type of lease considered to have the economic characteristic of asset ownership, thus it is recognized both as an asset and as a liability (for the lease payments) on the balance sheet.
9	Operating Lease	In an operating lease, the lessor (or owner) transfers only the right to use the property to the lessee with the property being returned to the lessor at the end of the lease. This type of lease is treated as an operating expense in the income statement and the lease does not affect the balance sheet. These are not relevant to Capital Assets.
10	Depreciation	The reduction of the asset book value because of decline in economic usefulness or because of legal requirements for taxes.
11	Depreciation Area	A structure which contains and maintains the valuation of a fixed asset for a particular purpose (for example, legal financial statements, balance sheets for tax purposes, or management accounting values). It can be thought of as an asset ledger or asset book. For public sector accounting, it typically reflects asset values two areas: modified accrual and full accrual purposes.
12	Screen Layout	Settings that specify the fields that are displayed during master data maintenance and the field entry characteristics (e.g. required, optional, display only). Field entry characteristics are also referred to as 'Field Status'.
13	Account Assignment or Account Determination	Settings which defines which general ledger accounts to post to from a business transaction. These are the general ledger accounts that are used by the system for transactions that have automated general ledger postings (e.g. depreciation) or that are proposed by the system for transactions which allow an end user to override the proposed account (e.g. post capitalization).
14	Chart of Depreciation (COD)	Defines the set of 'rules' used to manage legal and business requirements for the depreciation and valuation of assets of a company. The Chart of Depreciation consists of 3 major parts: rules for Valuation, Depreciation and Special Valuation
15	Transaction Type	<p>Each asset accounting transaction posting requires a Transaction Types to be assigned in order for posting to:</p> <ul style="list-style-type: none"> <li>- be classified by the type of business transaction (acquire, retire with revenue, retire without revenue, transfer, etc.)</li> <li>- define AMR and posting parameters (e.g. update capitalization or deactivation date, column for value reporting, default document type, etc.)</li> <li>- identify the grouping of the transaction value for some asset accounting reports.</li> </ul> <p>The transfer posting is a 'one-step' posting which updates the retirement from the sending asset and addition to the receiving asset – accordingly two transaction types are required. Transfer variants define the method for valuation of the receiving asset and the transaction types (retirement and acquisition) that are used for the transfer posting.</p>
16	Transfer Variant	The transfer posting is a 'one-step' posting which updates the retirement from the sending asset and addition to the receiving asset – accordingly two transaction types are required. Transfer variants define the method for valuation of the receiving asset and the transaction types (retirement and acquisition) that are used for the transfer posting.



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#	Process Terminology	Description
17	APC	Acronym for Acquisition & Production Costs for assets. This refers to the acquisition values for the asset.

### SAP Organizational Structure Elements

In order to create a consistent and homogenized structure, the following discusses the asset accounting structures to be used for the Asset Accounting module of the LaGov Project.

### Chart of Depreciation

The Chart of Depreciation (COD) defines the set of 'rules' used to manage legal and business requirements for depreciation and valuation of assets of a company. It consists of 3 major parts:

- Asset Valuation Rules:
  - provide ability for multiple parallel asset valuation calculations required for internal and external purposes (e.g. Full Accrual, Modified Accrual, Cost Depreciation, etc.) via 'Depreciation Areas'
- Depreciation Rules:
  - define the depreciation calculation parameters including depreciation types/methods, averaging conventions, period controls, salvage value handling, etc.
- Special valuation:
  - allow for asset value calculation for specialized purposes, such as capital leases, country specific or special tax requirements, etc.

Generally, Charts of Depreciation are defined to be country-specific and independent of other organizational units. SAP provides a sample Chart of Depreciation for each country, which can be copied and tailored to the specific requirements of an organization.

### Design Point:

*For State of Louisiana's entities participating in the LaGov Project, there will be:*

- *One Chart of Depreciation which will be copied from the SAP standard of '1US: Sample chart of depreciation – USA' and named 'STLA: State of LA Chart of Depreciation' and linked to Company Code: 0010 which uses the Chart of Accounts: STLA.*
- *There is no requirement to have a unique fiscal year definition for Asset Accounting (i.e. depreciation periods and G/L posting periods are identical); hence, the system default of the fiscal year version from FI-GL of Company Code: 0010 will be used.*

### Depreciation Areas

Within a Chart of Depreciation, it may be necessary to manage asset master records with multiple valuation rules for different legal, financial and operational purposes (e.g. legal, tax, cost accounting, etc.). This is done using 'Depreciation Areas (DA)' which define the rules used to record and calculate different values (e.g. depreciation and financial posting), in parallel, for an asset master record. SAP supplies multiple sample depreciation areas which can be used, deactivated or copied to a new depreciation area. Non-relevant depreciation areas can be deactivated.

There must be at least one depreciation area that posts financial values to the general ledger. Additional depreciation areas can also be posted to unique accounts in the general ledger or simply calculated for financial reporting purposes.

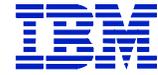
As per best business practice for Public Sector, two Depreciation Areas (DA) are required to facilitate posting and reporting of capital assets for Public Sector requirements (e.g. GASB-34):

- Modified Accrual Accounting which is used by governmental funds for fund-level reporting - every capital asset in this depreciation area is expensed in the month of acquisition.



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- Full Accrual Accounting required by GASB-34 which is used by governmental funds for entity-wide reporting and by proprietary funds for both fund-level and entity-wide reporting – this depreciation area is used to capitalize the assets over their useful lives.

Each asset master record is assigned the applicable depreciation areas necessary for multiple parallel valuations of depreciation terms and values.

Note: All relevant depreciation areas should be identified and defined prior to system implementation. However, if future business needs change, it is possible to add Depreciation Areas. Implementing such a requirement has significant configuration, organizational and financial impacts and must be carefully planned and tested. This type of exercise must not be attempted without expert guidance.

### Design Point:

Two required depreciation areas will be defined following SAP best business practice for public sector. Each depreciation area will be given a descriptive name identifying the purpose of each and will have rules tailored to the State of Louisiana's requirement:

- Modified Accrual recording and reporting will be done using Depreciation Area 01 (i.e. standard SAP delivered depreciation areas 01):
  - The description will be renamed to 'Modified Accrual Accounting':
  - All capital and low value assets within Depreciation Area 01 will be reported as being expensed (i.e. will be fully expensed in the month of acquisition itself).
- Full Accrual recording and reporting will be done using Depreciation Area 20 (copy of Depreciation Area 01 and modified for full accrual reporting rules):
  - The description will be renamed to 'GASB - Full Accrual Accounting':
  - All capital assets within Depreciation Area 20 will be reported in the balance sheet according to capitalization and depreciation rules as per GASB 34 regulations

It should be noted that for simplicity and consistency purposes, all capital asset master records will be recorded and valued using both modified and accrual basis, even though enterprise funds do not require the modified accrual accounting. This will eliminate the need to create multiple asset classes for fund purposes (e.g. governmental fund vs. enterprise fund assets), facilitate transfer of assets between different types of fund, allow for flexible reporting for different funds using different accounting bases and reduce difficult to correct posting errors.

SAP supplied depreciation areas that are not used will be deactivated. It is possible to delete these areas, however, there is no impact to simply deactivating these areas – the deactivated areas will not impact processing as they will not be available on an asset master record nor will they be available for reporting.

Additionally, the asset master record values and depreciation terms for a depreciation area can be defined independently or transferred. The following identifies the settings for these purposes:

- Acquisition Costs – for both areas (i.e. DA 01 and DA 20) must be identical. Hence the values posted to DA01 will be transferred (i.e. value provided) to DA20 and indicator set to disallow changing of values independently within a depreciation area.
- Depreciation Terms – are unique to each depreciation area. Hence, there will be no transfer of depreciation terms from DA 01 to DA 20.

Two additional depreciation areas were discussed, however, it was determined that these are not required for the reasons noted below:

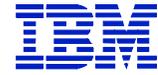
- Federal cost reporting per centers for Medicare and Medicaid Services (CMS) for Hospital/Medical units is not utilized by any of the LaGov Project entities
- Insurance valuation is based on updates using Marshall-Swift appraisals and valuations.

### Asset Class



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Asset Class is the most important element for structuring asset master record. It provides the main criteria for grouping assets according to financial and operational requirements. A thoughtfully designed asset class structure will provide consistency for informational and financial reporting and reduces user input and update errors. Generally, Asset Classes should be categorized by asset types only, not by type of fund (governmental vs. enterprise) to keep the design of asset classes in line with the SAP standard definition of assets. This also enhances the ability to utilize SAP functionality for asset classes.

Asset Classes are used to:

- Define the rule for identifying the G/L accounts to be used for financial postings (i.e. G/L accounts such as: acquisition, accumulated depreciation, depreciation expense and gain/loss updated when a transaction is posted to the asset sub-ledger.). 'Account determination' or 'account assignment' rules are used to define the accounts that are either pre-determined (automatically completed by system, no user input available) or suggested (user can edit).
- Provide a method of classifying similar types of assets for recording, reporting and analysis purposes (e.g. sort / select criteria on reports).
- Define the data elements to be recorded for an asset master record and the characteristics associated with the data element (e.g. mandatory, optional, display only, suppressed). This is often referred to as the 'screen layout' rules.
- Define default values for data elements that are either pre-determined (automatically completed by system, no user input) or suggested (user can edit), for example, often depreciation parameters applied to assets are defaulted.
- Define the asset numbering range to be used for the asset main and sub numbers.

Additionally, the asset class record also stores other class related rules such as Asset under Construction settlement management, asset archiving restrictions, real estate integration indicator, base unit of measure, etc.

If an asset class is no longer valid, it is possible to lock the asset class which disallows any further acquisitions to it.

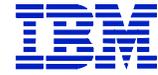
### Design Point:

- Asset Classes will generally follow the existing OSRAP categorizations with additional asset classes defined for more flexibility in reporting ease (e.g. insurance reporting) and as placeholders for GASB 51 – Intangible Asset definition which is still under investigation. ). A description of the asset class will be included in the 'notes' section - however, this detail is available only in the Asset Class change or display mode. Asset Class listing is in Appendix A.
- The Account Determination for each class will generally follow the existing base of acquisition and depreciation account distinctions with additional general ledgers for future reporting ease. See detail below for more detail regarding Account Determination.
- Screen Layout Rules for :
  - General data will have 'individual' screen layouts that are based on a template for similar types of assets (e.g. all transportation related classes will have an identical screen layout).
  - Depreciation areas will have 2 screen layouts, one of which will be relevant to only Capital Lease asset classes.
- Quantities and Units of Measure will not be used on asset master records, as each asset must be identified independently. The exception may be legacy Right of Way (ROW) assets – this will be dependent on how the data for the legacy asset is defined by DOTD – this will be finalized during the early stages of realization.



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- Number ranges will be based on a two prefix identifier number for the main number. Both main and sub-numbers will be system assigned (see section on Number Ranges for more detail).
- Settlement status of asset classes will be as follows:
  - All non-AuC asset classes will be 'No AuC or summary management of AuC' as they are not relevant to AuC settlement processing.
  - All AuC asset classes will be identified as 'Investment Measures' as their asset master records will be defined during the project processing (in Project System module). This will enable automatic asset master record creation for Assets under Construction and will also provide controls which disallow manual creation of assets and disallow acquisition postings from non project system (i.e. can only post to AuC via settlements in PS). (Note: final asset master records will need to be manually created).
  - In order to use the automatic creation of an asset under construction, additional work is required via Project Systems (i.e. the asset classes must be entered in each investment profile. These asset classes provide the system with all the master data needed for creating the asset under construction. Special considerations for these asset classes include:
    - Cannot be created using the normal asset master data transaction of the FI-AA component
    - Cannot be posted with acquisition and production costs directly in Asset Accounting.
- It can be helpful to use several asset classes for investment measures, rather than just one asset class for all investment measures. The asset class can then pass on specific values to the asset under construction for special depreciation terms or investment support. It is also useful when you have more than one balance sheet account for assets under construction. You can also specify in the investment profile whether it is permitted to manually enter other asset classes (instead of the default class) when creating an investment measure.
- Real property and movable property asset classes will have the real estate indicator turned on.
- The inventory indicator will be turned on, and set to display only mode, so that all capital assets are included in SAP standard physical inventory reports.
- The active History Status indicator will be turned on, and set to display only mode, for all assets so that:
  - The asset and the values/transactions belonging to it cannot be archived until the asset is deactivated
  - SAP standard asset master record detail report (S\_ALR\_87012075 - Asset History) is available for the asset.
- At this time, there is no identified requirement to 'lock' asset classes. This functionality remains available should business requirements change resulting in asset classes that need to be deactivated.

### **Screen Layouts**

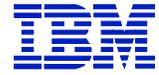
SAP supplies many fields for an asset master record which are arranged in logical format on multiple tabs. The organization and characteristics of these fields can be tailored by asset class via screen layout rules. There are two types of screen layout rules: one for the asset master record general data and the other for the depreciation area data.

- The screen layout rule defines the specification of the field characteristics (e.g. required entry, optional entry, display only after initial input, suppressed). Additionally, it is possible to define the maintenance level of each field:
  - Where does the value default from (i.e. asset class / main number / sub-number)



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- o Can the default value be edited?
- The location of the data fields can be edited to another 'tab' on the asset master record. This latter feature is not recommended as the fields are already logically grouped and changes from the standard may be confusing to users who refer to SAP released documentation.
- Copy reference details can be defined to indicate which data fields can be copied from a source to target asset (i.e. when using the Create AMR functionality by using an existing asset record as a reference). This feature should be used with caution:
  - o Not all fields should automatically be set to copy to a target asset as some fields may not be relevant
  - o Fields that are defaulted by the system tend to be accepted by the user without appropriate review and update.

A screen layout rule can be used by one or more asset classes. However, only one screen layout rule can be assigned to an asset class for each of general data and depreciation areas.

It is strongly recommended that each screen layout rule assigned to an asset class should not be changed after an asset master record has been created for that asset class. In limited circumstances (e.g. change in business requirements) details within a screen layout rule can be changed. However, change impacts must be investigated and tested thoroughly. For example: if a field is changed from optional to mandatory, each time the asset master record is accessed, the system will require that the field be completed. If a field characteristic is changed to suppressed after values have been entered, generally, the values already entered will continue to display (to suppress these fields, you first have to define them as being changeable, and then delete their contents).

*Important: It should be noted that the screen layout data fields are defined within field groups (i.e. one field group can contain one or more data elements). The field group characteristics manage the data characteristics of all the data elements within the group (i.e. if a field group contains 3 data elements, you cannot suppress one element, make one element optional and the other mandatory).*

### Design Point:

For the asset general data:

- A unique screen layout rule will be defined for each asset class. However, the screen layout rules will be designed using a 'template' concept (i.e. all similar asset classes will have screen layouts that are identical, such as all transportation asset classes will have the same look and feel even though each asset class will have its own screen layout rule) with the following template types:
  - o Real Property
  - o Infrastructure
  - o Moveable Property
  - o Vehicle/Transportation
  - o Capital Lease.

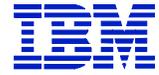
This will provide a screen display that is tailored to the type of asset while providing flexibility for future changes. This option is initially more time consuming to set up, review (however, use of analytical extracts can reduce the review time) and test. Future changes will need review to ensure that all the relevant screen layouts area updated appropriately. These are minor restrictions as initial deployment can be managed and future changes should happen infrequently (if at all).

- For depreciation area data, the data elements tend to be similar for all asset classes. However, for future flexibility two screen layout rules will be defined based on type of asset class and assigned to the applicable asset classes:



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- o Capital asset (non-capital lease)
- o Capital lease.

The field details for the screen layouts are discussed in PDD: FIN-AA-PDD020-AMR Create and Change.

### **Asset Numbering Scheme**

The asset master record number is composed of two parts: a 12 character main number and 4 character sub-number. The sub-number is linked directly to the asset main number and thus is applicable to the same asset class as the main number. Each asset master record is recorded and depreciated independently.

Number ranges identify the numbering scheme applicable to the Asset Master Record main number of an asset class. Numbering schemes provide for numbers to be sequentially assigned by the system (e.g. internal number) or input by the end-user (external):

- Main numbers can be defined by system or user.
- The sub-number can also be defined by the system or the users with the following restrictions:
  - o If system defined (internal), it is always numeric and initial AMR always 0000, and subsequent sub-numbers for asset increment by 1
  - o If user defined (external), it can be alpha-numeric and does not need to be sequentially numbered.
  - o Real Property (i.e. buildings and land) – one AMR main number per RE object with sub-numbers for multiple funding sources, subsequent funding, major improvements, additional valuations, etc.
  - o Infrastructure – one AMR per Control Section or Bridge for converted data. Future data will have one main number per project per Control Section or Bridge per FY with sub-numbers for multiple funding sources.
  - o Moveable property – one AMR main number with sub-numbers for multiple funding sources.
  - o Generally, where multiple funding sources, the main number will not be valued, the sub-numbers will contain the values (master data to be refined during realization)

An Asset Class can:

- Have an independent numbering range
- Can share a numbering range with one or more Asset Classes.

### **Design Point:**

All main and sub-numbers will be internally assigned and use the full character spacing. This will generate sequentially assigned asset main numbers within the number range assigned to the asset class. Sub-numbers of an asset main number will always begin with '0000' and will increment by one for that main number.

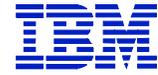
Number ranges (see details for the following section in Appendix A) will be based on a two prefix identifier number to help visually identify the type of asset::

- Main Number: NZXXXXXXXXXX
  - o N = identifies the general category of asset class (e.g. real property, equipment, transportation, asset under construction, capital lease, etc.)
  - o Z = more specific categorization (e.g. for Real Property: Land, Buildings, Leasehold Improvements, etc.)
  - o X = sequentially assigned number within the range
- Sub-number: XXXX



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- X = sequentially assigned number for each main asset record number, starting with 0000.

### **Account Determination (Linkage to General Ledger Accounts)**

Account Determination provides the linkage of asset classes to the General Ledger accounts used for asset transaction financial postings.

Account determinations or account assignments rules identify all the relevant GL accounts used in asset postings for automatic selection (no user intervention) or proposed accounts (user can edit). Each depreciation area within an account determination has independent general ledger account posting definition (e.g. the acquisition general ledger account for Modified Accrual and Full Accrual depreciation areas must be different to prevent duplicate postings.).

The rules define the general ledger accounts, by depreciation area, such as postings of

- Asset Acquisition \*
- Accumulated Depreciation \*
- Depreciation Expense
- Asset Gain on Sale
- Asset Loss
- Offsetting Accounts for Asset Corrections (e.g. found assets, donations, etc.).

An asset class can have only one account determination rule assigned to it. However, an account determination key can be assigned to one or more asset classes.

It is important to note that after a financial posting or a capitalization date has been input for an asset master record it is no longer possible to change the account determination rule attached to that asset class or to change the general ledger accounts assigned to certain types of postings such as asset acquisition and accumulated depreciation.

#### **Design Point:**

Account Determination rules will be unique for each asset class; however, some G/L accounts will be used by multiple Account Determination Rules.

Generally, GL accounts will be developed for each asset class for each Depreciation Area (DA):

- Asset Acquisition \*
- Accumulated Depreciation \*
- Depreciation Expense

*Note: \* refers to Balance Sheet accounts*

Generally, one set of GL accounts will be developed for each DA and shared by all asset classes:

- Asset Gain on Sale
- Asset Loss
- Offsetting Accounts for Asset Corrections (e.g. found assets, donations, etc.)

### **Account Assignment Elements**

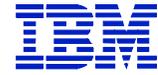
When Asset Accounting is used and integrated with General Ledger (FI-GL) or Controlling (CO), it is possible to post asset transactions to additional account assignments such as Business Area, Fund, Fund Center, Cost Center, Grant, Real Estate Object, WBS Element, Internal Order, etc. The CO module must include creation of statistical cost elements for balance sheet accounts in order to post assets to the applicable cost objects.

#### **Design Point:**



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The following additional account assignment elements will be activated for update via the Asset Master Record - Business Area, Fund, Fund Center, Grant, Functional Area, Cost Center and Real Estate Object.

The settings for these objects will prevent the account assignment object from being changed on the asset master record after values have been posted to the asset (i.e. ensures that account assignment is only possible to those entered in the asset master record).

The following elements will have settings for balance sheet relevance: Business Area, Fund, Grant and Functional Area. If changes are required to these fields for an Asset Master Record, then the asset must be transferred using the transfer transaction.

These will be tested, and if necessary, refined during realization.

### **Asset Thresholds**

Capital Asset thresholds identify the acquisition dollar value required for financial purposes (i.e. depreciation). Generally, the cost of a fixed asset includes items over and above the item purchase price (e.g. duties, trade discounts, rebates, costs related to bringing and installing the asset in its needed location, cost of dismantling and removing item if no longer needed. etc.). Capital asset values must be recorded on the balance sheet for financial statement purposes.

The best practice for capital asset identification and recording is to have a clear policy on asset definitions and thresholds, including items that are part of a capital asset valuation. Users should be trained on these policies. Periodic review of acquisition values should be undertaken to ensure that assets are in the correct asset class – where differences exist they should be researched and resolved (e.g. correct the record, additional training, etc.).

### **Design Point:**

LaGov Project will continue to use existing asset value thresholds for capital assets (possible exception of Infrastructure assets which is awaiting OSRAP guidance) and these values will be the default useful life values.

Leasehold improvements, Other Machinery & Equipment, Law Enforcement Equipment and Capital Leases have varying useful life, dependent on the item. For these OSRAP will need to be consulted to determine the useful life. During realization, the default useful life for the asset class will be determined in consultation with OSRAP.

The details by asset class are in Appendix A.

### **Depreciation Calculation**

There are a number of parameters that impact the depreciation calculation, such as averaging convention, type of depreciation (e.g. straight line, declining, etc.), base value used for depreciation, inclusion of scrap value in depreciation calculation, allowance for shutdown functionality to temporarily stop depreciation or for multiple shifts, interest calculation, etc.

### **Design Point:**

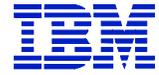
The State depreciation calculation will continue to be based on:

- Straight line method
- Full year averaging convention (i.e. depreciation begins beginning of year regardless of when asst acquired). Note: the averaging convention is being reviewed by OSRAP and there may be a decision to change this during the realization phase.
- Useful life based on OSRAP guidelines
- No salvage value included in depreciation calculation
- No 'special' depreciation
- No multiple shift calculations.



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- No delayed depreciation start based on 'in service' date
- No planned retirement dates required for simulation
- No depreciation simulation required.

To accommodate asset 'out of service' impacts due to natural disasters such as hurricanes, the shutdown functionality will be available to temporarily suspend depreciation.

Requirements for capital lease amortization and interest calculation will be determined during realization.

Depreciation keys will be designed to accommodate depreciation calculation base on:

- Rules defined above
- No depreciation (i.e. land, non-depreciable land improvements, assets under construction)
- Depreciation immediately in month of acquisition (as per best business practice for modified accrual areas)
- Capital leases depreciation key will be reviewed and determined during realization.

These depreciation keys should be sufficient, however, during realization it may be determined that a limited number of additional depreciation keys may be required.

### ***Depreciation Posting Rules***

The posting of depreciation includes parameters such as:

- Posting frequency (monthly, quarterly, annually, etc.)
- Procedure for distributing forecasted depreciation over the posting periods within a fiscal year. The results of the chosen method are most evident when there is a time difference between the date the asset value date and the next depreciation run (e.g. delay in posting an asset acquisition which results in the 'back dating' of the asset value date). The depreciation that falls due on a transaction is posted via:
  - Catch up is posted in one total
  - Smoothing is distributed equally over the periods from the current posting period to the year end.

### **Design Point:**

Posting of depreciation shall be done monthly.

Adjustments for depreciation will be done using the 'catch up method'.

The current policy of the owning agency at the end of year takes full year's depreciation is to be continued. However, this is being reviewed by OSRAP and there may be a decision to change this during the realization phase.

### ***Transaction Type (TType) and Transfer Variant***

Each asset accounting transaction posting requires a Transaction Types to be assigned in order for the posting to:

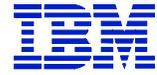
- Be classified by the type of business transaction (acquire, retire with revenue, retire without revenue, transfer, etc.)
- Define AMR and posting parameters (e.g. update capitalization or deactivation date, column for value reporting, default document type, etc.)
- Identify the grouping of the transaction value for some asset accounting reports.

The transfer posting is a 'one-step' process which updates the retirement from the sending asset and the addition to the receiving asset – accordingly two transaction types are required. Rather than choosing two transaction types, a Transfer Variant is used. The Transfer Variant defines the method for valuation of the



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receiving asset and the transaction types (retirement and acquisition) that are used for the transfer posting.

### **Design Point:**

For each transaction, only a limited number of transaction types will be used:

- Transaction types that are system assigned (e.g. depreciation posting, APC Value posting, etc) the SAP supplied TTypes will be used.
- Transaction types that are proposed or editable by end users, TTypes will be copied from SAP delivered and given 'Z' prefix (to be finalized during realization).
- Authorization will be used to limit posting to allow only State valid TTypes.

To eliminate the need of creating many TTypes for certain types of financial analysis (e.g. impairment from Hurricane Ike, impairment from Hurricane Gustav, etc.), the remarks field on the transaction and/or AMR data fields such as Evaluation Group detail for 'acquisition' and 'disposition' method will be used for analysis purposes.

The details of the transaction types and transfer variants will be more specifically defined during the realization phase.

### **Document Types**

The document type, which is stored in the document header, classifies the accounting documents and contains document parameters such as:

- Attributes that control the entry of the document
- Document number range
- Valid account types (e.g. G/L account, assets, customers, vendors, material).

### **Design Point:**

Generally, the SAP delivered document types will be used for asset accounting transactions (i.e. AA – asset posting, AF – depreciation posting, AB – accounting document).

APC Value Posting requires a unique document type. There is not an SAP standard document type for this type of posting. Therefore, a new document type will be created which will be prefaced with a 'Z'.

### **Integration Points**

SAP Asset Accounting integrates with multiple modules in SAP (e.g. FI, CO, FM, GM, MM, PS, RE, etc.).

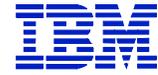
The SAP System integration functionality enables Asset Accounting (FI-AA):

- To transfer data directly to and from other SAP components (e.g. it is possible to post from the Materials Management component directly to FI-AA, depreciation and interest postings can be passed directly to the Financial Accounting and Controlling components, etc.). Values entered for fund and functional area fields are used to update Controlling, Financial Accounting and Funds Management for all asset transactions with financial values including acquisitions, transfers, AuC settlements, retirements, and depreciation. Sort versions that are used with existing asset reports can include the fund and functional area fields.
  - CO module must include creation of statistical cost elements for balance sheet accounts in order to post assets to the applicable cost objects.
- To have linkages to other SAP modules for update, validation and reporting purposes. For example, the Asset Master Record links with:
  - Real Estate module via the REKey
  - Plant Maintenance Module via the Equipment Master Record
  - Human Resources via the Personnel Number.



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- Plant Maintenance: Notification Record is cross referenced with the Asset Master Record number.

### Design Point:

Asset Accounting postings will be integrated with FI, CO, FM and GM.

The Real Estate Key (REKey) will be used to identify the building in which moveable assets are located and for depreciation postings of real property assets (e.g. buildings).

There will be limited linkage with Equipment Master Records. Capital Assets maintained by the State (e.g. vehicles) will have Equipment Master Records in Plant Maintenance/Fleet module. During realization phase further exploration will be required to determine if a linkage to these types of Equipment Records is needed and if Equipment Master Records will be used for 'parent/child' relationships (e.g. truck has a 'cab' attachment). If there is a linkage requirement synchronization fields and rules will be defined – however, these will be limited to those delivered by SAP.

The PM Notification Record will be cross referenced with the Asset Master Record; however, the Notification Record data is neither available on the AMR nor on Matchcodes for the AMR.

- The process to maintain limited Asset Master Record field in parallel with those of the Notification Record (e.g. Inventory Number, Serial Number, Personnel Number, etc.) will be finalized during the realization phase.
- Capital Assets that are assigned to State personnel will be identified via the Personnel Number on the Asset Master Record. It is important to note that this linkage does not result in the Asset Master Record being displayed on the Employee Record. If HR personnel require a listing of assets assigned to employees, it will be necessary to run an asset accounting report. There will be no linkage of Personnel Number for Real Property or Infrastructure capital assets. Hence, this linkage will be disallowed for these types of asset classes. Authorizations will be used to disallow access to the employee master record detail while still allowing employee assignment.

### Negative Assets

SAP provides the ability to define an asset class to allow assets with negative acquisition and production costs and positive depreciation. This functionality is provided for unique circumstances (e.g. to collect credit memos on special assets). In the United States, this is not a generally accepted accounting practice.

### Design Point:

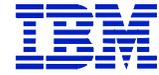
Any legacy assets that have negative net book values must be 'cleaned up' by the relevant agency, in conjunction with OSRAP, prior to conversion.

Negative assets shall be disallowed for all asset classes except AuC asset classes:

- AuC asset classes use a background process for transferring values from WBS element to AuC asset master record (i.e. settlement process). In rare instances, the WBS element may temporarily have a credit value that occurs at the time of settlement (i.e. credit note processed before invoice processed, adjustment made resulting in a negative value, etc.) which results in a negative asset value. Without the negative value indicator, the system will generate an error. In some instances, the error may stop the settlement process and thus delay subsequent processing and/or result in incorrect subsequent processing. The correction of this error may be time-consuming and ultimately require a configuration to enable the creation of a negative asset for a temporary period.
- As a control, asset values after settlements should be reviewed for negative assets. Any such assets should be researched and monitored to ensure that they are valid and the value is temporary. This is a low risk item as such scenarios happen infrequently (if ever) and assets under construction do not have depreciation.



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## Interfaces

### Design Point

No interface requirements have been identified.

For ease of future Infrastructure asset reporting with AGILE ASSETS, the Asset Master Records data field for 'Supernumber' will be used to identify Control Section (linear assets) and Recall Number (Bridges) for commonality/report 'join' ability with the equivalent Control Section and Recall Number elements in AGILE Assets.

### Process Improvement Opportunities:

- Single source of data for Capital Assets. Centralize and standardize the fixed asset organizational structure and repository of fixed asset data for State of Louisiana organizational entities participating in the LaGov Project.
- State Assets become part of accounting system – financial integration for recording and reporting. Accurate financial reporting on capital assets. Eliminate need for duplicate recording of data (e.g. financial). Reduce manual gathering of asset data for financial reporting (e.g. CAFR)
- Simplify the financially relevant fixed asset structure to take advantage of asset master record default ability for depreciation calculations and reporting criteria selection
- Capital Asset financial data becomes transaction based to ensure that general ledger and sub-ledger balance are updated appropriately. Provide a consistent approach to asset master record creation and update processes for financial transactions within the AA modules (such as transfers, retirements, depreciation postings, value adjustments, corrections and non-cash acquisitions) and integrated transactions such as asset acquisition via procurement <MM module>, direct purchase without PO <AP module> and 'construction' projects <PS module>.
- Reduce re-tagging of moveable assets upon transfer.
- Mass record changes allowed for updates, transfers, and retirements.
- Move the operational information (e.g. maintenance, warranty, usage) of the asset records in Protégé to the more operationally relevant module within SAP (i.e. as Equipment records, for Equipment and Fleet, in the Plant Maintenance module) with linkage, as appropriate, between the Asset and Equipment Master Records.

## To-Be Process Flows

Not applicable

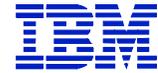
## Key Business Process Decisions

#	Decision	Process Impact	Organizational Impact
1	Chart of Depreciation: <ul style="list-style-type: none"> <li>• One Chart of Depreciation which will be copied from the SAP standard of '1US: Sample chart of depreciation – USA' and named STLA: State of LA Chart of Depreciation.</li> <li>• This will be linked to the Company Code: 0010 which uses the Chart of Accounts: STLA.</li> <li>• There is no requirement to have a unique fiscal year definition for Asset Accounting, hence the FI-AA module will use the same fiscal year variant assigned to Company Code: 0010.</li> </ul>	No processing impact, this is a configuration item and is transparent to the end user.	No Organizational impact, this is a configuration item and is transparent to the end user.



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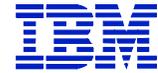


#	Decision	Process Impact	Organizational Impact
2	<p>Two depreciation areas will be defined following SAP best business practice for public sector:</p> <ul style="list-style-type: none"> <li>Modified Accrual Depreciation Area: All capital and low value assets will be reported as being expensed (i.e. will be fully expensed in the month of acquisition itself).</li> <li>Full Accrual Depreciation Area: All capital assets will be reported in the balance sheet according to capitalization and depreciation rules as per GASB 34 regulations.</li> </ul> <p>For simplicity and consistency purposes, all capital asset master records will be recorded and valued using both modified and accrual basis, even though enterprise funds do not require the modified accrual accounting. This will eliminate need to create multiple asset classes for fund purposes (e.g. governmental fund vs. enterprise fund assets), facilitate transfer of assets between different types of fund, allow for flexible reporting for different funds using different accounting bases and reduce difficult to correct posting errors.</p>	<p>All asset transactions will have two financial postings to the general ledger and the AMR. The AMR will update for both postings immediately. Financial postings to the general ledger will be done in two steps: Modified Accrual will post immediately to the general ledger, while Full Accrual postings to the general ledger will occur during a separate scheduled posting job.</p>	<p>End users will need to training on the two methods of asset valuation, posting processes and AMR/ financial reporting impacts.</p>
3	<p>Asset Classes will generally follow the existing OSRAP categorizations with additional asset classes defined for more flexibility in reporting ease (e.g. insurance reporting) and as placeholders for GASB 51 – Intangible Asset definition which is still under investigation.</p>	<p>Correct Asset Classes will need to be chosen by the end user when creating asset master records to ensure that financial postings and reporting of assets is correct</p>	<p>End users will need to be trained on the asset class definition, use of asset classes and their impact on valuation and AMR/ financial reporting impacts.</p>
4	<p>Account Determination for each class will follow the existing base of acquisition and depreciation account distinctions with some additional general ledger accounts for future reporting ease.</p>	<p>For most asset processing, the choice of general ledger accounts used for postings will be transparent to the end user, as the system will use the g/l based on the account determination rules (e.g. depreciation posting). For a limited number of transactions, such as those used for non-cash asset acquisition or posting correction (e.g. post capitalization, acquisition with offsetting entry), the system will propose an offsetting g/l account for the credit posting. However, users will need to review and, where necessary, overwrite the proposed account.</p>	<p>End users will need to be trained on the general ledger accounts for posting asset transactions so that general ledger account review (i.e. posting simulations and reporting) and overwrite options are used appropriately.</p>
5	<p>Additional account assignment elements will be activated for update via the Asset Master Record - Business Area, Fund, Fund Center, Grant, Functional Area, Cost Center and Real Estate Object. The following elements will have settings for balance sheet relevance: Business Area, Fund, Fund Center, Grant and Functional Area. If changes are required to these fields</p>	<p>No processing impact, this is a configuration item and is transparent to the end user.</p>	<p>End users will need training on financial integration and update impacts for asset accounting transitions.</p>



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#	Decision	Process Impact	Organizational Impact
	for an Asset Master Record, then the asset must be transferred using the transfer transaction.		
6	LaGov Project will continue to use existing asset value thresholds for capital assets (possible exception of Infrastructure assets which is awaiting OSRAP guidance).and these values will be the default useful life values. Leasehold improvements, Other Machinery & Equipment, Law Enforcement Equipment and Capital Leases have varying useful life, dependent on the item.	Via configuration, Asset Master Records will have the useful life for depreciation defaulted (based on OSRAP guidelines).	End users will need training on depreciation calculation and financial impacts of depreciation rules from asset master records and postings. This includes the limited number of asset classes that will require additional guidance from OSRAP to assign the correct useful life.
7	The State depreciation calculation will continue to be based on: <ul style="list-style-type: none"> <li>• Straight line method</li> <li>• Full year averaging convention (i.e. depreciation begins beginning of year regardless of when asset acquired).</li> <li>• Useful life based on OSRAP guidelines</li> <li>• No salvage value included in depreciation calculation</li> <li>• No 'special' depreciation</li> <li>• No multiple shift calculations.</li> </ul>	Generally transparent to users, as the majority of calculation rules will be defined in configuration. However, limited edits to useful life and depreciation shutdown will be an end-user action.	End users will need training on depreciation calculation and financial impacts of depreciation rules from asset master records and postings. This includes the handling of temporary asset depreciation shutdown due to impairment, as defined by OSRAP.
8	Posting of depreciation will be done monthly and adjustments to depreciation will use the 'catch up method'. The current policy of the owning agency at the end of year takes full year's depreciation to be continued. However, this is being reviewed by OSRAP, and there may be a decision to change this during the realization phase.	Depreciation will be posted monthly for all assets. The depreciation posting will need to be reviewed each month.	Posting transactions will include monthly depreciation posting and review. Financial reporting will be available on a monthly basis.

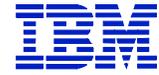
### Statute, Regulation, Policy, and Procedural Impacts

#	Statue, Regulation, Policy or Procedure	Revision Identified	Business Owner
1	State of Louisiana: Title 34 & RS 39:200.C, RS 39:321-328, RS 39:330-332 (Moveable Property)	Title 34 section VII: requires significant revisions; governing statutes may also need revisions	Commissioner of DOA
2	State of Louisiana: RS 39:11-14; RS 41 (Real Property)		Commissioner of DOA
3	Title 23, United States Code, Section 4029c (Infrastructure)		DOTD
4	State of Louisiana: RS 39:122 (Infrastructure)		Commissioner of DOA, Secretary of DOTD
5	GASB Statement No. 42 Accounting and Financial Reporting for Impairment of Capital Assets and for Insurance Recoveries		OSRAP
6	GASB Statement No. 34 Basic Financial Statements—and Management's Discussion and Analysis—for State and Local Governments		OSRAP
7	GASB 51 Accounting and Financial Reporting for		OSRAP



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Intangible Assets		
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### Identified Development Objects (FRICE-W)

F – Forms		Master List of Current and Future State Forms: <Supported Process>					
No.	Form Name	Purpose	As-Is	To-Be	Justification	Contact Person	Comments
1.	None identified		X	X			

R – Reports		Master List of Current and Future State Reports: <Supported Process>					
No.	Report Name	Purpose	As-Is	To-Be	Justification	Contact Person	Comments
1.	None identified		X	X			

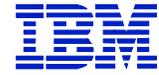
I – Interfaces		Master List of Current and Future State Interfaces: <Supported Process>					
No.	Interface Name	Purpose	As-Is	To-Be	Justification	Contact Person	Comments
1.	None identified		X	X			

C - Conversions		Master List of Future State Data Conversions: <Supported Process>					
No.	Type of Data	Use	Source	Destination	Justification	Approach	Comments
1.	Master Data	Moveable Assets	Protégé	SAP – Asset Master Record	Existing legacy source data for Moveable Property Capital Assets. Volume too large to load manually.		<i>NOTE: Mid year conversion for DOTD will require additional effort for transactional data from beginning of fiscal year to time of mid year conversion. Details will need to be refined.</i>
2.	Master Data	Real Property Assets	SLABS	SAP – Asset Master Record	Existing legacy source data for Real Property Capital Assets. Volume too large to load manually.		There will need to be a joining of Real Property Assets from SLABS and valuation data from OSRAP's worksheets which contain the real property valuation and depreciation data. This will likely need to be a manual joining of the data on the data load sheet.



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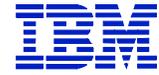


C - Conversions		Master List of Future State Data Conversions: <Supported Process>					
No.	Type of Data	Use	Source	Destination	Justification	Approach	Comments
							<p><i>NOTE: Mid year conversion for DOTD will require additional effort for transactional data from beginning of fiscal year to time of mid year conversion. Details will need to be refined.</i></p>
3.	Master Data	Valuation and Depreciation of Real Property Data	Excel Sheets	SAP Asset Master Record	Existing legacy source data for Real Property Capital Assets. Volume too large to load manually.		<p>There will need to be a joining of Real Property Assets from SLABS and valuation data from OSRAP's worksheets which contain the real property valuation and depreciation data. This will likely need to be a manual joining of the data on the data load sheet.</p> <p><i>NOTE: Mid year conversion for DOTD will require additional effort for transactional data from beginning of fiscal year to time of mid year conversion. Details will need to be refined.</i></p>
4.	Master Data	Infrastructure (Road & Bridges) Assets	Excel Spreadsheet	SAP – Asset Master Record	Existing legacy source data for Real Property Capital Assets. Volume too large to load manually.		<p>DOTD will create worksheet with asset general and valuation data based on revaluation and reorganization of asset records as part of the change from the Wooster depreciation method.</p> <p><i>NOTE: Mid year conversion for DOTD will require additional effort for transactional data from beginning of</i></p>



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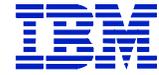


C - Conversions		Master List of Future State Data Conversions: <Supported Process>					
No.	Type of Data	Use	Source	Destination	Justification	Approach	Comments
							<i>fiscal year to time of mid year conversion. Details will need to be refined. NOTE: Infrastructure for Road &amp; Bridges and for Right of Way may be one conversion item – to be finalized.</i>
5	Master Data	Infrastructure (Right of Way) Assets	Excel Spreadsheet	SAP – Asset Master Record	Existing legacy source data for Real Property Capital Assets. Volume too large to load manually.		<i>DOTD will create worksheet with asset general and valuation data based on revaluation and reorganization of asset records as part of the change from the Wooster depreciation method. NOTE: Mid year conversion for DOTD will require additional effort for transactional data from beginning of fiscal year to time of mid year conversion. Details will need to be refined. NOTE: Infrastructure for Road &amp; Bridges and for Right of Way may be one conversion item – to be finalized.</i>
6.	Master Data	Equipment Master Records (EMR) linkage		SAP Asset Master Record			<i>Linkage of AMR to EMR...requirements and quantity to be finalized during realization to be determined. NOTE: Mid year conversion for DOTD will require additional effort for transactional data from beginning of fiscal year to time of mid year</i>



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C - Conversions		Master List of Future State Data Conversions: <Supported Process>					
No.	Type of Data	Use	Source	Destination	Justification	Approach	Comments
							<i>conversion. Details will need to be refined.</i>
7.	Master Data	Real Estate Objects linkage		SAP Asset Master Record	Linkage of Real Estate objects and Asset Master Records is required for reporting and financial update purposes. Volume is too great for manual input.		Linkage of AMR to RE Object. The Real Estate Object will need to be created before the linkage is made. <i>NOTE: Mid year conversion for DOTD will require additional effort for transactional data from beginning of fiscal year to time of mid year conversion. Details will need to be refined.</i>
8	Configuration Tables	Supernumber (V_T087, Fields ANLUE and ANLUE_TXT): Values for Control Section and Recall Number (and possibly non-State location)	Worksheets from DOTD and LPAA	Asset Accounting IMG - Supernumber Table: (V_T087U, Fields ANLUE and ANLUE_TXT):	Volume (e.g. over 18000+ items)		
9	Configuration Tables	Evaluation Group (via V_T087U, Fields ORDNR, ORD4X and ORDTX; via V_T087G, Fields GDLGRP and GDLGRP_TXT): Values for Location and Asset Classification	Worksheets from LPAA	Asset Accounting IMG - Evaluation Group Tables: (via V_T087U, Fields ORDNR, ORD4X and ORDTX; via V_T087G, Fields GDLGRP and GDLGRP_TXT):	Only if volumes are sufficiently high that manual entry is not realistic.		<i>NOTE: To be confirmed during realization. Volumes currently are in low thousands, however, this is going to be reviewed and streamlined.</i>

Conversions: integration point conversions are defined in the respective modules:

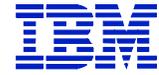
- GL: Journal Entry to load GL Balances (including those for Asset Master Record valuation)
- MM: Linkage of AMR to MM (Open Purchase Orders, Goods Receipt but not Invoiced)
- PS: Linkage of AMR to PS (WBS Settlement Rules)
- PM: Linkage of AMR with PM (Notification Record).

E – Enhancements	Master List of Future State Enhancements: <Supported Process>
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No.	Type of Enhancement	Details	Target of Enhancement (Gap)	Justification	Comments
1.	None identified				

W – Workflow		Master List of Future State Workflow Events: <Supported Process>			
No.	Description	Justification	Comments		
1.	None identified				

### Gaps

Gaps		Master List of Future Gaps: <Supported Process>		
No.	Description of Gap	Why Gap Exists?	Impact / Comments	
1.	None identified			

### Security & Enterprise Role Definitions

Authorizations		Master List of Future State Roles/Authorizations: <Supported Process>			
No.	Role	Description	Strategy	Special Considerations	
1.	Support Team	IMG update		<p>The existing OIS SAP support policies, procedures and change request process will be followed.</p> <p>Post go-live: no users should have configuration access, support standards to be determined, limited access to configuration display</p>	
2.	Support Team	IMG view		<p>The existing OIS SAP support policies, procedures and change request process will be followed.</p> <p>Post go-live: no users should have configuration access, support standards to be determined, limited access to configuration display</p>	
3.	End Users	NO ACCESS to configuration.		<p>All changes to Production, post go-live, must be follow change procedures and be coordinated with the team responsible for Production support.</p>	



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### Organizational Impact

No.	Activity/Task	Key Change from As-Is State	Organizational Work Force Impact
1.	<p>SAP will be the system of record for capital assets and their valuation for the State of Louisiana organizational entities participating in the LaGov Project, replacing the records maintained Moveable Assets (Protégé), Real Property Assets (SLABS and worksheets/spreadsheets used by OSRAP for calculating depreciation) and Infrastructure Assets (worksheets/spreadsheets used by DOTD and OSRAP for calculating valuation and depreciation). Data will be maintained in asset master records which are classified for financial and other reporting purposes via Asset Classes. Other integration modules will be used to maintain non-capital asset detail (e.g. Real Estate, Plant Maintenance/Fleet for non-capital assets and other recording such as maintenance tracking).</p>	<p>Single source for all Capital Asset records. Multiple SAP modules will contain data currently stored in a single system (e.g. Protégé records will be stored in AA for Capital Assets, PM for non-capital assets and PM for fleet / maintenance detail; SLABS records will be stored in AA and RE modules)</p>	<p>Training to understand where existing data will be stored in SAP, how SAP will be used to maintain and report on data. Training on the concept of SAP asset classes and their purpose. Training on the concept of multiple modules used to store data most applicable to that module (e.g. Asset Accounting, Plant Maintenance, Real Estate, General Ledger, etc.)</p>
2.	<p>Each capital asset will be recorded in the SAP Asset Accounting during the entire asset financial life cycle (e.g. acquisition, depreciation, transfers, sale/disposal) and will be integrated with other SAP modules for master record and financial updates. Two parallel depreciation areas will facilitate simultaneous accounting on Modified and GASB-34/Full Accrual basis, which would have significant benefits for OSRAP reporting.</p>	<p>Transactional updates with SAP capital assets will be integrated and thus financial records will be in balance for the Capital Asset database and Financial records (e.g. G/L). Asset Accounting system will accommodate both Modified and Full Accrual reporting requirements. Financial updates to the general ledger will be based on account determination rules that are either automatically applied or proposed for user update.</p>	<p>Training requirements for the concept of Asset Accounting integration and financial / master data updates. Training requirements for the concept of dual depreciation areas and the financial / master data updates. Training requirements for financial postings and use of general ledger accounts for financial updates. OSRAP to become more involved in certain decisions (e.g. Capitalized Projects vs. Maintenance, halting asset depreciation, unplanned depreciation)</p>
3.	<p>Asset numbering will be based on Asset Class rules and Public Sector best business practice (e.g. sub-numbers for funding sources)</p>	<p>Existing asset records have multiple numbering schemes (based on source system) which have 'smart numbering'.</p>	<p>End users will need to become familiar with a new system generated numbering scheme for capital assets (and different numbering schemes for corresponding integration point records such as those in Real Estate and</p>



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No.	Activity/Task	Key Change from As-Is State	Organizational Work Force Impact
			Plant Maintenance).
4	Depreciation will automatically be calculated for each capital asset master record based on the rules assigned via the asset master record and transaction postings. The asset master record will contain the planned values and will be updated with posted values when depreciation is posted, on a monthly basis, to the financial records (e.g. G/L).	Depreciation calculation was processed, on an annual basis, and then manually updated in general ledger (e.g. processed within Protégé, calculated manually for SLABS and Infrastructure records)	End users will need training on depreciation calculation and financial impacts of depreciation rules from asset master records and postings. This includes the limited number of asset classes that will require additional guidance from OSRAP to assign the correct useful life.
5	Transactional updates will include transaction types and document types which will have master record and financial update impacts.	Existing systems did not use transaction types of document types.	Users will need training on purpose of transaction types and document types including their master record and financial update impacts.
6	Using the Asset Accounting module, users with the appropriate security access, will be able to view the general and financial details of an asset master record and report on their fixed assets using standard delivered reports.	Although end users could view legacy assets, the financial reporting capabilities were very limited (where they existed).	Users will need training on capital asset master records and financial processing and reporting. This includes where multiple integration points will be applicable for additional information.
7	For location and physical inventory purposes, Notification Records (PM) will be maintained, in parallel, for Asset Master Records (AA). A limited number of fields on the AMR will need to be maintained with parallel data on the Notification Record (e.g. Inventory Number, Serial Number, etc.). The fields and process to maintain the parallel data will be finalized during realization.	Single record, in Protégé, currently exists to capture financial and operational data about a capital asset.	Users will need training on the financial and operational data storage locations for a capital asset. Training will also be required on fields that must be maintained in parallel and how to identify an asset master record (based on notification record detail).

**Note:** *The asset organization structure is defined during configuration. There are limited times when users may require additional updates post go-live. However, these will need to be managed via the Production Change Control process.*

### **Training Impact**

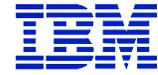
The creation, maintenance and valuation of asset records will have significant changes from the existing practices and potentially have a significantly larger end user base for various business processes associated with asset master records. The following key areas regarding design of the asset structure and organizational elements will need to be addressed during training:

- Terminology change for use of SAP terms
- Concept of asset class structure and classifications (e.g. Capital – owned, Capital Lease, Assets under Construction, Intangible Assets).
  - Separating infrastructure asset classes into bridges and highways impacts DOTD invoices, projects, coding, finance sources, funding type, bidding process, and contracts and some changes to chart of accounts.



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- New capital asset numbering scheme
  - Asset Numbering differs from legacy record numbers
  - Use of sub-number asset records for multiple funding sources of a capital asset
- Concept of each asset master record recording valuation for two depreciation areas
  - Concept and financial implications of simultaneous and parallel accounting methods using multiple depreciation for each asset master record (i.e. DA 01: Modified Accrual Accounting and DA 20 GASB - Full Accrual Accounting)
  - New asset depreciation calculation processes
- Integration:
  - Creation of AMR and financial value update from integrated processes (e.g. procurement via PO, Projects – including sourcing from RE Contract, non-cash acquisitions such as donations)
    - Acquisition of land, buildings, or infrastructure would go through a PS project to accumulate associated costs. Only DOTD, FP&C, and a small sub-set of DNR will have access to the PS module
    - Acquisition of moveable property will most frequently be via PO (MM module)
  - Integration with financials – many transactions will have automated postings (e.g. depreciation).
    - Transaction postings update GL, Cost objects (e.g. cost element, cost center, RE object), Fund/Grant values
  - Validation with HR – personnel number
  - Automated posting GL (e.g. depreciation run)
  - Integration between an AMR and the PM Notification Record will be maintained for each Capital Asset – including fields that must be maintain in parallel on both records. Training will be needed on how to identify/locate an AMR, in the Asset Accounting module, from the Notification Record detail.
    - Integration with multiple modules in one system (e.g. PS, MM, RE, etc.) – may need to use information from more than module for data analysis
- Capital Asset information would reside in multiple modules of SAP
  - Financial data for capital assets would reside in AA
  - Inventory, location, and tracking data would reside:
    - PM for moveable property
    - RE for buildings and land (including ROW)
    - Agile Assets for infrastructure
- New processes to create/update asset master records and valuations
- Asset Master Record and Financial Updates will change:
  - Asset changes will now have financial impact.
  - AMR creation at beginning of process: e.g. time of Purchase Order rather than goods receipt, when Project is started
  - Some transactions will require more steps than legacy transactions.
  - Transaction posting will require understanding of Transaction Types (transfers use transfer variant) and their financial and AMR impacts TTypes and Transfer Variants
  - Use of document types to identify type of transactions and provide posting controls
- Data monitoring via report required to ensure proper data entry. Recommendation that this be done frequently after initial implementation when data entry problems are most likely.
- Security Considerations:
  - Property Managers will not be tied to individual assets in AA
  - Security would determine who can edit which assets



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- History transaction reports will show who edited which pieces of information
- SAP match code options cannot be filtered by user security or business area.
- Non-financial data remains editable on deactivated asset records – Can be managed by reporting (e.g. change history audit).
- Personnel change for who creates and maintains asset master records.
  - Management of fixed asset master records – including creation, field update, blocking and review of general and asset values.
  - OSRAP to become more involved in certain decisions (e.g. Capitalized Projects vs. Maintenance, halting asset depreciation, unplanned depreciation)

### Appendix A – Asset Class Listing

Numbering	Capital Asset – Real Property / Infrastructure	Threshold	Life (yrs)
110000000000	Land/Non-Depreciable Land Improvements (includes R.O.W)	N/A	N/A
120000000000	Depreciable Land Improvements	\$100,000	20
210000000000	Buildings & Improvements	\$100,000	40
220000000000	Leasehold Improvements	\$100,000	Varies
310000000000	Highways	\$3,000,000	40
320000000000	Bridges	\$3,000,000	40
Numbering	Capital Asset – Assets under Construction	Threshold	Life (yrs)
410000000000	AuC - Capitalized Buildings	if meets Capital Asset criteria	N/A
420000000000	AuC - Infrastructure	if meets Capital Asset criteria	N/A
430000000000	AuC – Equipment (placeholder, if needed)	if meets Capital Asset criteria	N/A
440000000000	AuC – Software	if meets Capital Asset criteria	N/A
Numbering	Capital Asset – Capital Lease	Threshold	Life (yrs)
510000000000	Land	N/A	Varies *
520000000000	Buildings	N/A	Varies *
530000000000	Equipment	N/A	Varies *
Numbering	Capital Asset – INTANGIBLE ASSETS (utilize moveable property screen layout) - State handling still being reviewed by OSRAP	Threshold	Life (yrs)
600000000000	Easements	TBD	TBD
600000000000	Water Rights	TBD	TBD
600000000000	Timber Rights	TBD	TBD
600000000000	Patents	TBD	TBD
600000000000	Trademarks	TBD	TBD
600000000000	Software	TBD	TBD
600000000000	Mineral Rights	TBD	TBD

Numbering	Capital Asset – Moveable Property <i>* indicates OSRAP to provide user guidance</i>	Threshold	Life (yrs)
710000000000	Software (Purchased or Licensed)	\$1,000,000	3
710000000000	Software (Internally Developed)	\$1,000,000	3



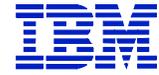
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Numbering	Capital Asset – Moveable Property <i>* indicates OSRAP to provide user guidance</i>	Threshold	Life (yrs)
710000000000	Computers and Peripheral Equipment	\$5,000	5
710000000000	Voting Machines	\$5,000	10
720000000000	Radio/TV Broadcasting Equipment	\$5,000	6
720000000000	Telephone Station Equipment	\$5,000	10
720000000000	Telephone Central Office Equipment	\$5,000	18
720000000000	Recreation Assets (entertainment svcs for a fee)	\$5,000	10
730000000000	Office Furniture and Fixtures	\$5,000	10
730000000000	Office Machinery and Equipment	\$5,000	6
730000000000	Printing and Publishing Equipment	\$5,000	10
730000000000	Construction Equipment	\$5,000	6
730000000000	Agricultural Assets	\$5,000	10
730000000000	Other Machinery & Equipment (generators, shop equip. etc)	\$5,000	Varies *
730000000000	Mobile Structures	\$5,000	10
740000000000	Medical Equipment	\$5,000	5
740000000000	Assets Used In Research/Experimentation	\$5,000	10
750000000000	Law Enforcement Equipment	\$5,000	Varies *
760000000000	Hogs (breeding)	\$5,000	4
760000000000	Sheep & Goats (breeding)	\$5,000	5
760000000000	Dairy Cattle (breeding)	\$5,000	7
760000000000	Horses (breeding)	\$5,000	10
760000000000	Horses (non breeding or work)	\$5,000	12
760000000000	Animals, Other	\$5,000	7
810000000000	Automobiles	\$5,000	5
810000000000	Other Vehicles (Motorcycles, ATVs)	\$5,000	5
810000000000	High Mileage Automobiles	\$5,000	3
810000000000	Trucks (light general purpose)	\$5,000	5
810000000000	Trucks (heavy general purpose)	\$5,000	6
810000000000	Buses	\$5,000	9
810000000000	Tractor Units (over the road)	\$5,000	5
810000000000	Trailers & Mounted Containers	\$5,000	6
820000000000	Marine & Watercraft over 26'	\$5,000	18
820000000000	Marine & Watercraft 26' & under	\$5,000	18
830000000000	Airplanes	\$5,000	6



# LaGov ERP Project Business Blueprint



<b>Team:</b>	Finance - Asset Accounting
<b>PDD Name:</b>	AMR Create and Change
<b>PDD Number:</b>	FIN-AA-PDD020-AMR Create and Change
<b>Business Process Owner:</b>	Afranie Adomako
<b>Functional Lead:</b>	Rhoama Speights
<b>Functional Consultant:</b>	Christine Wieczorek

## Executive Summary

The asset accounting module uses an Asset Master Record to contain general and financial data about capital assets for the following:

- Moveable Assets
- Real Property
- Infrastructure – including Rights of Way (ROW)
- Intangible Assets (GASB 51) recording and reporting requirements are still under review by OSRAP.

The State has a very limited number of Capital Leases - SAP handling of these will be finalized during realization.

Items that do not meet Capital Asset criteria but require tracking will be managed via Notification Records, and for maintenance purposes, via Equipment Master Records in the Plant Maintenance Module. Additionally, for tracking and physical inventory purposes, Notification Records will be created and cross referenced for each corresponding capital asset (i.e. Asset Master Record).

This document describes the design of the SAP asset accounting master data records for the entities participating in the LaGov project. Detail covered includes asset data fields to be tracked and responsibility for creation and maintenance of asset master general and asset values.

## To-Be Process Description

The asset accounting module uses an Asset Master Record to contain general and financial data about capital assets for the following:

- Moveable Assets
- Real Property
- Infrastructure – including Rights of Way (ROW)
- Intangible Assets (GASB 51) recording and reporting requirements are still under review by OSRAP.

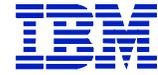
The State has a very limited number of Capital Leases - SAP handling of these will be finalized during realization (this has been documented as an action item).

Items that do not meet Capital Asset criteria but require tracking will be managed via Notification Records, and for maintenance purposes, via Equipment Master Records in the Plant Maintenance Module. Additionally, for tracking and physical inventory purposes, Notification Records will be created and cross referenced for each corresponding capital asset (i.e. Asset Master Record).



# LaGov ERP Project

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This document describes the design of the SAP asset accounting master data records for the entities participating in the LaGov project. Detail covered includes asset data fields to be tracked and responsibility for creation and maintenance of asset master general and asset values.

The fields on the Asset Master Record are controlled by the rules defined within the Screen Layout assigned to the Asset Class. See PDD: FIN-AA-PDD010-AA Organizational Structure. This establishes which data fields are available and the characteristics of the field (e.g. mandatory, optional, display only, suppressed).

- These details are identified in this document and may be refined during realization.
- Post go-live, changes to Asset Master Record fields will be managed via Change Control procedures with appropriate impact analysis, testing and acceptance. Extra caution must be exercised for fields that have financial impacts – in some cases the changes will not be possible.

Capital Asset Master Records are defined prior to any transactional processing for the assets – generally, at the start of the acquisition process.

Capital Assets can be acquired via multiple paths:

- Purchase
- Construction
- Donation
- Seizure or legal settlement
- 'Found' (i.e. during physical inventory and item not updated to asset database at time of acquisition – this should be applicable to moveable capital assets only)
- Capital Lease.

In most cases there will be multiple costs and transaction postings for the acquisition value of an asset, including those that are donated or obtained via seizure or legal settlement. Generally, the value of a capital asset includes the cost of procuring the asset as well as ancillary costs such as installation, freight for goods, professional fees for surveying, legal, appraisal, and other costs as defined by OSRAP. As part of the transactional updates, in addition to the asset valuation updates, there may be system generated updates to the general data of the asset master record. In some instances, there will be a requirement for manual update to the asset master record.

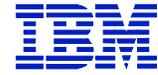
The responsibility for creation and update of capital asset master records will be dependent on the type of asset. Generally, asset master records will require multiple update and review of general asset data during the financial life cycle of the asset and financial update via integrated or asset transaction processing.

- Movable Assets:
  - Property Managers will be responsible for the creation, update of general data and integrity of financial values for Capital Asset Master records including:
    - o Asset shells will be created during the procurement process, and assigned to the Purchase Order during the approval for capital assets. See PDD: LOG-PUR-PDD005 PO Processing, via MM.
    - o At the time of GR – the system will update the asset values for the asset master record based on the PO unit value. As part of GR, the Property managers or designates will be responsible for the update of additional details such as serial number, employee assignment, etc.
    - o If there are other general master data during the financial life cycle, generally, the Property Manager will be responsible for appropriate updates. There will be limited updates by agency financial personnel responsible for assets or OSRAP.
    - o Changes that have a financial impact (e.g. transfers to another 'cost center' or funding changes) will require a transfer transaction to be processed or non-cash acquisitions such as donations or asset posting corrections will be processed by the financial team of



# LaGov ERP Project

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transferring agency based on property manager direction. See PDD: FIN-AA-PDD040-AA Transfers via AA.

- o Retirements will be required for reasons such as: destruction, loss or sending to LPAA for surplus sales. In these situations, the asset will be retired without revenue by the financial team of transferring agency based on property manager direction. See PDD: FIN-AA-PDD050-AA Retirements.
- Real Property:
  - Initially, while FP&C is responsible for managing the acquisition and construction of real property, the designated project administrator will be responsible for the creation, update of general data and integrity of financial values for Capital Asset Master records including:
    - o Asset shells for Asset under Construction (AuC) created (i.e. system generated) as part of the project system process and asset master records for final settlement in project system processing. See PS PDD: FIN-PS-PDD070-Capital Projects Periodic Processing.
    - o After final settlement and handing over responsibility for the asset to the agency who will 'own' the asset, FP&C will relinquish asset master responsibility. At that time, the 'owning' agency will become responsible for the general ledger and valuation integrity of the asset master data for their assets.
    - o If there are other general master data during the financial life cycle, then the Real Estate Property Manager will be responsible for appropriate updates.
    - o Changes that have a financial impact (e.g. transfers to another 'cost center' or funding changes will require a transfer transaction to be processed, donations, corrections) will be processed by the OSRAP, financial team of transferring agency based on property manager direction. See PDD: FIN-AA-PDD040-AA Transfers.
    - o Retirements may occur as a result of sale or destruction. The applicable retirement with or without revenue will be processed by the agency financial team of transferring agency based on Real Estate Property Manager direction. See PDD: FIN-AA-PDD050-AA Retirements.
- Infrastructure:
  - o Initially, while the Infrastructure Project Systems team is responsible for managing the acquisition and construction of real property, the designated project administrator will be responsible for the creation, update of general data and integrity of financial values for Capital Asset Master records including:
    - o Asset shells for Asset under Construction (AuC) created (i.e. system generated) as part of the project system process and asset master records for final settlement in project system processing. See PS PDD: FIN-PS-PDD070-Capital Projects Periodic Processing.
    - o After final settlement and handing over responsibility for the asset to the agency (e.g. DOTD) who will 'own' the asset, the project team will relinquish asset master responsibility. At that time, the 'owning' agency will become responsible for the general ledger and valuation integrity of the asset master data for their assets.
    - o If there are other general master data during the financial life cycle, then the agency facilities manager will be responsible for appropriate updates.
    - o Changes that have a financial impact (e.g. transfers to another 'cost center' or funding changes will require a transfer transaction to be processed, donations, retirements by sale or disposal - noncash) will be processed by the agency financial team of transferring agency based on DOTD management direction. See PDD: FIN-AA-PDD040-AA Transfers.
    - o Retirements will be either due to destruction, sale of non-economic right of way (i.e. infrastructure does not get sold), or 'exchanged with or donated' to a non-state governmental entity such as a parish. The applicable retirement without revenue will be



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processed by the financial team of transferring agency based on DOTD management direction. See PDD: FIN-AA-PDD050-AA Retirements.

- Centralized financial processing for specialized asset transactions (e.g. depreciation postings, month and year end processing, depreciation area 20: Full Accrual transaction updates for general ledger) will generally be coordinated by OSRAP as instructions to technical personnel for job scheduling or, if necessary, by OSRAP's direct processing. OSRAP will also be responsible for review of errors, handover to the applicable agency with the error and ensuring correction if completed. See PDD: FIN-AA-PDD070-AA Periodic Processing.
- Sensitive transactions such as Unplanned Depreciation (i.e. Impairment) and transfers for real property asset classes will also be processed by OSRAP. Unplanned Depreciation (i.e. Impairment) for movable property must be confirmed by OSRAP prior to processing by the financial team of the agency responsible for the asset. Similarly, infrastructure impairment must be confirmed by OSRAP prior to processing by the financial team of the agency responsible for the asset – this is currently relevant mostly to DOTD, however, it will be applicable to all agencies with infrastructure. See PDD: FIN-AA-PDD090-Valuation Adjustment.

The asset accounting module also integrates with ECC and other SAP components for financial and linkage purposes. Accordingly, the integration functionality may result in transfer of data directly to and from other ECC components thereby eliminating the need to maintain data in multiple disparate systems and reconcile between these systems. Some examples of integration points are noted below.

- When an asset is purchased or constructed, the system enables the assigned AMR to be updated with the values at the time of Goods Receipt and Invoice Receipt (via Material Management –MM or Supply Relationship Management -SRM); RE Contract closing (via settlement from the Real Estate object - RE) or settlement of values to Construction AMR (AuC) or final AMR (via Project System - PS).
- Correspondingly, posting of transactions from the AA module such as depreciation will update the Financial Accounting (FI) and Controlling modules (CO).
- Additionally, funds management (FM) and grant management (GM) are integrated with the asset master record – the alignment of these areas to assets also requires configuration in the respective modules.
- In the instances where the AA: Asset Master Record is linked to the PM: Equipment Master Record, SAP provides a limited number of fields within these records to be synchronized to eliminate duplicate or non-identical data entry.

#	Process Terminology	Description
1	Asset Class	Main criterion for classifying fixed assets according to legal, financial and management requirements.
2	Asset Master Record (AMR)	Contains general information and valuation/depreciation rules for a specific item in the Asset Accounting (AA) module. In SAP, it also stores all the values and transaction data for the item.
3	Main Asset Number	Unique number, in combination with company code and asset sub number, that identifies a fixed asset
4	Sub Asset Number	Asset record for an individual part of an asset, or subsequent acquisitions, can be represented by a sub-number to a main asset number. For public sector, sub-numbers are used for each funding source of an asset.
5	Capital Asset	Tangible property which cannot easily be converted into cash and which is usually held for a long period, including real estate, equipment, etc
6	Asset under Construction (AuC)	An asset that you produce or manufacture yourself which must be



# LaGov ERP Project

## Business Blueprint

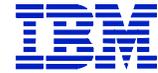


#	Process Terminology	Description
		managed as a separate asset master record, generally without depreciation, during the construction phase.
7	Low Value Asset (LVA) / Controlled Assets	Items that do not meet the capital asset criteria and are recorded for tracking purposes. These will be tracked in Plant Maintenance via Notification Records.
8	Capital Lease	A lease that meets one or more financial criteria as defined by FASB. This type of lease considered to have the economic characteristic of asset ownership, thus it is recognized both as an asset and as a liability (for the lease payments) on the balance sheet.
9	Operating Lease	In an operating lease, the lessor (or owner) transfers only the right to use the property to the lessee with the property being returned to the lessor at the end of the lease. This type of lease is treated as an operating expense in the income statement and the lease does not affect the balance sheet. These are not relevant to Capital Assets.
10	Depreciation	Reduction of the asset book value because of decline in economic usefulness or because of legal requirements for taxes.
11	Depreciation Area	A structure that contains and maintains the valuation of a fixed asset for a particular purpose (for example, legal financial statements, balance sheets for tax purposes, or management accounting values). It can be thought of as an asset ledger or asset book. For public sector accounting, it typically reflects asset values two areas: modified accrual and full accrual purposes.
12	Screen Layout	Settings that specify the fields that are displayed during master data maintenance and the field entry characteristics (e.g. required, optional, display only). Field entry characteristics are also referred to as 'Field Status'.
13	Account Assignment or Account Determination	Settings which defines which general ledger accounts to post to from a business transaction. These are the general ledger accounts that are used by the system for transactions that have automated general ledger postings (e.g. depreciation) or that are proposed by the system for transactions which allow an end user to override the proposed account (e.g. post capitalization).
14	Amortization	Writing off of loans or intangible assets in equated annual/monthly installments over a scheduled period.
15	Post Capitalization	Correction of asset value, which was either set too low because capitalization was not performed in the past, or which was treated entirely as an expense.
16	Goods Receipt (GR)	A term from inventory management denoting a physical inward movement of goods or materials. It is usually triggered by a document that denotes the delivery of goods from a vendor to a company. For assets, the AMR valuation occurs at either time of GR or IR.
17	Invoice Receipt (IR)	A term from Invoice Verification describing the receipt of an invoice issued by a vendor (creditor). For assets, the AMR valuation occurs at either time of GR or IR.
18	Unplanned depreciation	Financial valuation adjustment which decreases the asset net book value via adjustment to depreciation posted. Reasons for adjustment include unexpected permanent reduction in the worth of the asset due to damage, technical obsolescent, etc.
19	Transfer	A transfer is a partial or complete movement of an asset from a physical,



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#	Process Terminology	Description
		financial or responsibility / ownership perspective. This can include a change in tracking location, responsibility/ownership, splitting of an asset/moving part of an asset to another asset
20	Retirement:	Asset retirement is the removal of an asset or part of an asset from the asset portfolio. When an asset is 100% retired, the deactivation date for the asset should be defined.
21	Physical Inventory	Methodical review and recording of the quantities and amounts relating to the asset portfolio.
22	Data Conversion:	The transfer of data from one/many existing system(s) into a new computer system. For assets, this transfer process uses existing or 'new' data elements to be 'copied' into the new system, for example general information (e.g. master records) and values (e.g. financial balances and/or transactions).
23	Data Takeover (DTO)	Another term for Data Conversion.
24	Data Mapping	Process of matching data elements between the legacy and new system. This includes identifying where 'exact' matches in terms of field length and characteristic do not exist and determining how to manage the data to fit the new system (e.g. data transformation).
25	Data Transformation	Legacy system(s) may have different characteristics for a data element that must be standardized and transformed into the new system format (e.g. update of data for loading or using cross reference data-mapping rules).
26	Project System	Module that allows the user to plan, execute and account for a project.
27	WBS Element	Work Breakdown Structure – Forms the basis for the coordination and organization of a project. It is the Hierarchical outline of a task, item or process, described in the project definition.
28	Settlement	Full or partial allocation of costs from one object to another (e.g. from WBS to AuC, from AuC to final AMR).
29.	Intangible Assets:	<p>GASB "Statement No. 51 identifies an intangible asset as having the following three required characteristics:</p> <ul style="list-style-type: none"> <li>• It lacks physical substance—in other words, you cannot touch it, except in cases where the intangible is carried on a tangible item (for example, software on a DVD).</li> <li>• It is nonfinancial in nature—that is, it has value, but is not in a monetary form like cash or securities, nor is it a claim or right to assets in a monetary form like receivables, nor a prepayment for goods or services.</li> <li>• Its initial useful life extends beyond a single reporting period.</li> </ul> <p>Examples of intangible assets in the governmental arena include easements (which are the right to use land for a specific purpose, such as building a highway), land use rights (such as the right to use a water source or to remove minerals or other resources from land), computer software, patents, and trademarks."</p>

### Screen Layout – Asset Fields

Asset Master Record is the method by which detailed and general and financial information is stored for each capital asset. General and depreciation type of data can be configured by field group (i.e. one or more fields predefined by SAP to be in a grouping) to determine which fields are maintained and their characteristics (e.g. mandatory, optional, displayed or no input allowed/suppressed). Fields for asset valuation (i.e. Asset Value tab) are delivered by SAP and cannot be configured.

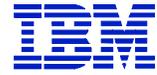
Field detail is arranged in logical groupings in 'Tabs' and there are multiple tabs for data recording.

- General



# LaGov ERP Project

## Business Blueprint



- Time Dependent
- Allocations
- Origin
- Net Worth Tax
- Insurance
- Leasing
- Depreciation Area
- Asset Values (Planned & Posted).

### Design Point:

The design of the screen layouts:

- For Real Property and Infrastructure assets the data fields used will be the minimal required to identify the asset and maintain financial data.
- Since Moveable Property assets require scanning and validation for both capital assets and low value controlled assets, the location and custodianship of all Moveable Property assets will be tracked in the Plant Maintenance module. Accordingly, for Moveable Property capital assets there will be slightly more detail on the AMR than for other asset groupings, which will be maintained in parallel with the corresponding Notification Record in Plant Maintenance. The Notification Record will be used to track limited inventory identification, location and custodianship of all movable property assets. The parallel data fields that will be maintained in both records for capital movable property, and the process to maintain them will be finalized during realization (an action item has been logged for this). See, also, Plant Maintenance, PDD: LOG-PM-PDD001, Maintenance Process.
- Maintenance type data will be tracked in the PM master records for Equipment/Fleet.
- No custom field requirements have been identified.

Capital asset master records are of the following major groupings:

- Moveable Assets
- Real Property
- Infrastructure – including Rights of Way (ROW)
- Assets under Construction.
- Intangible Assets (GASB 51) recording and reporting requirements are still under review by OSRAP
- Capital Leases.

Each asset class shall have its own screen layout, however, these will be based on templates for each major grouping of assets as noted above and these may be identical for more than one grouping.

The following fields, by tab, will be configured for use on the Asset Master Record:

- General Tab
  - Description Line 1
  - Description Line 2
  - Asset Main No. Text (default from Description Line 1, display only)
  - Acct determination (default from Asset Class, display only))
  - Inventory Number (not Real Estate, Moveable Property based on PM Notification Record inventory number)
  - Last Inventory On (not Real Estate or Infrastructure, Moveable Property to be determined during realization)
  - Inventory Note (not Real Estate or Infrastructure, Moveable Property to be determined during realization)



# LaGov ERP Project

## Business Blueprint

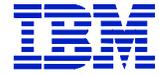


- Serial Number (not Real Estate or Infrastructure)
- Manage historically (Y - defaults from Asset Class, display only)
- Include Asset In Inventory (Y – defaults from Asset Class, display only)
- Capitalized On (display only, edited by transaction posting). Includes defaults for:
  - First acquisition on
  - Acquisition year
- Deactivation on (display only; edited by transaction posting)
- Time-Dependent Tab:
  - Business Area
  - Cost Center
  - Fund
  - Fund Center
  - Grant
  - Functional Area
  - Responsible Cost Center (not Real Estate or Infrastructure)
  - Real Estate Key (not Infrastructure)
  - Room (not Real Estate or Infrastructure, to be determined for Moveable Property)
  - Personnel Number (not Real Estate or Infrastructure, to be determined for Moveable Property)
  - License plate number (vehicles & Capital Leases equipment Only, , to be determined for Moveable Property)
  - Asset Shutdown
- Allocations Tab:
  - Evaluation Groups (see below for more detail)
  - Investment Reason
  - Linkage to Equipment Master Record (not Real Estate or Infrastructure)
- Origin Tab:
  - Vendor (defaults from PO)
  - Manufacturer (not Real Estate or Infrastructure)
  - Asset Purch. New
  - Type Name (not Real Estate or Infrastructure)
  - Purchased used
  - Original Asset (legacy asset for data conversion & auto filled for receiving asset)
  - WBS Element (Real Estate & Infrastructure Only)
- Net Worth Tax – not used
- Insurance Tab (Moveable Assets only):
  - Type
  - Supplementary Text
  - Start Date
  - Manual Insurance Value
- Leasing Tab (Capital Lease only):
  - To be refined during realization (this has been logged as an action item).
- Depreciation Area (for two depreciation areas – Modified and Full Accrual):
  - Depreciation Key
  - Useful life
  - Ordinary depreciation start date



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## Business Blueprint



- Operating readiness
- Interest Calculation (Capital Leases only)

### **Asset Fields – Table Values**

Some asset data fields are defined via table values. For integration points (such as Business Area, Cost Center, Fund, Fund Center, Grant, Functional Area, Real Estate Key, Personnel Number) the values are defined in other modules and available for selection on the Asset Master Record. For non-integrated fields, the tables are defined in Asset Accounting configuration. These values can be added to after go-live via the Production Change Request process.

### **Design Point:**

- *'Investment Reason' (i.e. reason for acquisition) – mandatory - may need refinement for PO creation:*
  - *Agency Manufactured / Constructed*
  - *Birth (livestock)*
  - *Buy-back Acquisition*
  - *Donation*
  - *Federal Surplus*
  - *Lease*
  - *Legacy Data (DOTD)*
  - *Legal Settlement*
  - *Loan*
  - *LPFA/3rd party financing*
  - *Original Purchase*
  - *Seizure*
  - *State Surplus*
- *Values for 'Evaluation Group' - 'Disposition Method':*
  - *Initial*
  - *Abandoned to non-state*
  - *Agency Manufactured / Constructed*
  - *Agency Transfer (users will go back to original asset for original acquisition method)*
  - *Available for Transfer*
  - *Buy-Back Retire*
  - *Deceased (livestock)*
  - *Demolished*
  - *Dismantled for Parts*
  - *Impairment*
  - *Inventory Adjustment (use note field for details)*
  - *No longer in use*
  - *Scrap*
  - *Sold (not Moveable Property)*
  - *Stolen*
  - *Surplus – Destroyed*
  - *Surplus (Movable Property) – as is, where is*
  - *Surplus (Movable Property) – delivered to whse.*
  - *Surplus (Movable Property) – pick up*
  - *Trade In*
  - *Unlocated 3rd year discrepancy*
  - *Unlocated FY 20XX (where XX is the financial year – about 5 years to be setup)*



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## Business Blueprint



- *Values for Evaluation Group - 'Asset Classification' (not Infrastructure or Buildings):*
  - *Values to be refined during realization (i.e. map to commodity codes)*
  - *Land to include Land and Right of Way (ROW)*
- *Values for Evaluation Group - 'Reimbursement' (not applicable to Real Property or Infrastructure):*
  - *Yes, see long notes*
  - *No*
- *Values for Evaluation Group - 'Location':*
  - *To be confirmed during realization*
- *Values for Asset Super Number:*
  - *Moveable Property - Non-State Location*
  - *Infrastructure incl. ROW - Control Section / Bridge*

### **Asset Numbering Scheme**

The asset master record number is composed of two parts: a 12 character main number and 4 character sub-number. The sub-number is linked directly to the asset main number and thus is applicable to the same asset class as the main number. Each asset master record is recorded and depreciated independently.

Number ranges identify the numbering scheme applicable to the Asset Master Record main number of an asset class. Numbering schemes provide for numbers to be sequentially assigned by the system (e.g. internal number) or input by the end-user (external):

- Main numbers can be defined by system or user.
- The sub-number can also be defined by the system or the users with the following restrictions:
  - If system defined (internal), it is always numeric and initial AMR always 0000, and subsequent sub-numbers for asset increment by 1
  - If user defined (external), it can be alpha-numeric and does not need to be sequentially numbered.
  - Real Property (i.e. buildings and land) – one AMR main number per RE object with sub-numbers for multiple funding sources, subsequent funding, major improvements, additional valuations, etc.
  - Infrastructure – one AMR per Control Section or Bridge for converted data. Future data will have one main number per project per Control Section or Bridge per FY with sub-numbers for multiple funding sources.
  - Moveable property – one AMR main number with sub-numbers for multiple funding sources.
  - Generally where there are multiple funding sources, the main number will not be valued, the sub-numbers will contain the values (master data to be refined during realization)

An Asset Class can:

- Have an independent numbering range
- Can share a numbering range with one or more Asset Classes.

### **Design Point:**

All main and sub-numbers will be internally assigned and use the full character spacing. This will generate sequentially assigned asset main numbers within the number range assigned to the asset class. Sub-numbers of an asset main number will always begin with '0000' and will increment by one for that main number.

Number ranges (see details for the following section in Appendix A) will be based on a two prefix identifier number to help visually identify the type of asset:



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- Main Number: NZXXXXXXXXX
  - N = identifies the general category of asset class (e.g. real property, equipment, transportation, asset under construction, capital lease, etc.)
  - Z = more specific categorization (e.g. for Real Property: Land, Buildings, Leasehold Improvements, etc.)
  - X = sequentially assigned number within the range
- Sub-number: XXXX
  - X = sequentially assigned number for each main asset record number, starting with 0000.

### **Asset Field – Other Considerations**

Some fields will have special considerations for the data that will be stored and maintained.

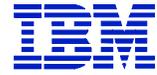
#### **Design Point:**

- It has been determined that a Notification Record in PM will be created for each Capital Asset (i.e. for tracking purposes and to enable utilization of a common barcode scanning solution for all track-able items). Accordingly, some of the location and custodian type fields will need to be revisited during realization and probably removed from the Asset Master Record and maintained in the Notification Record (PM). Additionally, some data fields such as Inventory and Serial Number may need to be maintained in parallel. The fields that will be maintained in parallel on Notification Record and AMR and the process to maintain these fields will be finalized during realization (action item logged for this).
- Personnel number (HR): must be maintained for movable assets that are assigned to State employees and must be returned if that person changes job responsibilities that do not require possession of that asset or if they leave State employment. Additional tracking for personnel number is at the discretion of the agency Property Manager. There will be no linkage of Personnel number for Real Property or Infrastructure capital assets or capital leased assets (hence, this linkage will be disallowed for these type of asset classes). It must be noted that there is no linkage to display the asset master record on the HR Personnel Master Record (Infotype for 'Items on Loan'). This data will be maintained on the PM Notification Record corresponding to the AMR, and during realization it will be determined if it must also be maintained in AMR.
- Equipment Master Record (PM): will be maintained on an 'as needed only' basis for moveable capital owned or capital leased assets. Synchronization of capital asset and equipment master record will be only for the SAP delivered synchronized fields (i.e. no additional development will be done for synchronization). There will be no linkage to Equipment records for Real Property or Infrastructure capital assets or capital leased assets (hence, this linkage will be disallowed for these type of asset classes.)
- Real Estate Key will be used for posting of depreciation for Real Property assets (i.e. Buildings) and for tracking purposes only for Moveable Property assets.
- There is no funding reimbursement tracking applicable to Real Property or Infrastructure assets.
- Super number will be used for:
  - Infrastructure asset classes, including land that is acquired for right of way, to identify Control Sections and Bridges for linear assets. This field will provide the reportable linkage between AA and Agile. The table data will be provided from DOTD and maintained by DOTD, likely in the AGILE ASSET system. Additions or changes to the master data will need to be communicated to the infrastructure capital assets



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## Business Blueprint



personnel and production support team for assets and updated according to Production Change Request processes.

- Moveable asset classes to identify non-state assigned locations.
- Original asset will be used to identify the legacy asset for data conversion reconciliation identification/analysis and legacy system cross reference. After go-live this field will be used in transfer transaction (including settlements) by the receiving asset master record to automatically identify the sending asset master record.
- Insurance fields for Insurance Type, Start Date and Manual Valuation will be made available for ORM's use as desired. Dates and valuation will be manually maintained (i.e. no indexing or other system calculation).
- Use of the shutdown indication will require OSRAP guidance and approval.
- Depreciation Area fields will be maintained only for Depreciation Area, Depreciation Key, Useful Life (Yr and Pd) and Depreciation Start Date. The system will calculate Expired Useful Life (Yr and Pd). OSRAP has identified that salvage value is not applicable for depreciation calculations. Hence, these fields will not be maintained.

The following asset class definitions will be refined during realization: Capital Leases and Intangible assets (GASB51). The latter requirements cannot be defined until OSRAP provides guidance on how the State will handle these types of assets.

### ***Asset Master Record Creation and Maintenance***

Asset master records must be created prior to transactional processing. Values on the asset master records are either updated automatically by the transaction or must be maintained manually.

#### **Design Point:**

Creation and maintenance of capital asset master records will be limited to users who are trained/have the knowledge of the fields, their characteristics and purpose, as well as impacts for financial or other area update impacts.

Generally, this will be moveable or real estate Property Managers, agency team members responsible for capital assets and OSRAP financial personnel responsible for capital assets.

Display or reporting of asset master data will have a larger audience.

Roles and authorization will be used to control access to asset master record creation, maintenance and display.

### ***Asset Tagging Changes***

Assets often use 'tagging labels' to visually identify the asset and cross reference to the system record.

#### **Design Point:**

Legacy tag numbers will be brought over in "Inventory Number" field for reference and reporting.

Recommendation that future moveable property tags be printed and "Inventory Number" be populated with SAP master data number (based on the Notification Record inventory number for the corresponding AMR), to minimize future retagging and to provide ease of record access in SAP

Existing tag numbers will not be required to change. For both legacy numbers and new AMR's, users will need to do a 'search', on the inventory number, to find the applicable SAP AMR.

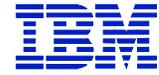
### ***Process Improvement Opportunities:***

- Single source of data for Capital Assets. Centralize and standardize the fixed asset organizational structure and repository of fixed asset data for State of Louisiana organizational entities participating in the LaGov Project.



# LaGov ERP Project

## Business Blueprint

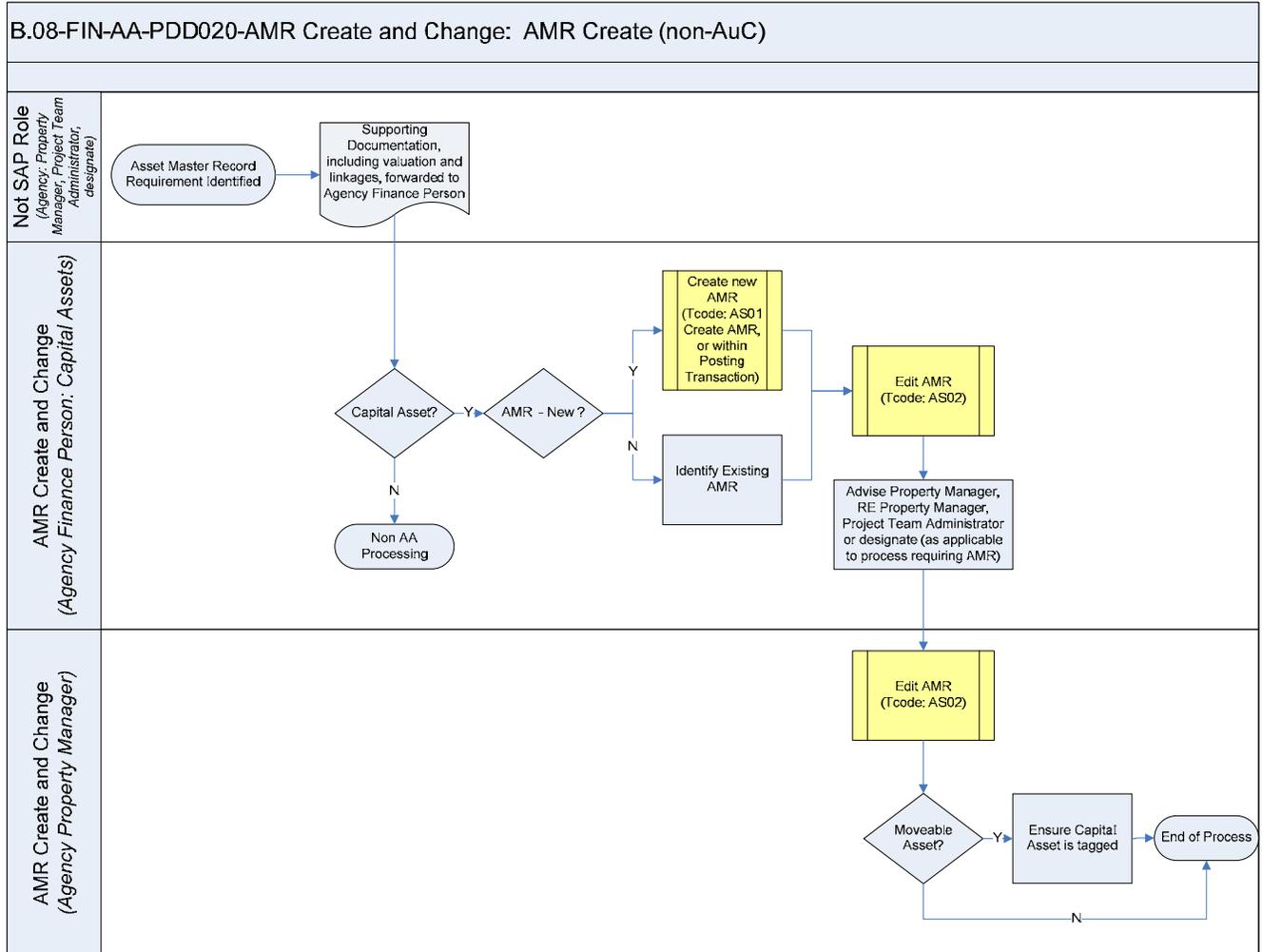
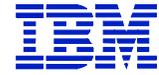


- State Assets become part of accounting system – financial integration for recording and reporting. Accurate financial reporting on capital assets. Eliminate need for duplicate recording of data (e.g. financial). Reduce manual gathering of asset data for financial reporting (e.g. CAFR)
- Simplify the financially relevant fixed asset structure to take advantage of asset master record default ability for depreciation calculations and reporting criteria selection
- Capital Asset financial data becomes transaction based to ensure that general ledger and sub-ledger balance are updated appropriately. Provide a consistent approach to asset master record creation and update processes for financial transactions within the AA modules (such as transfers, retirements, depreciation postings, value adjustments, corrections and non-cash acquisitions) and integrated transactions such as asset acquisition via procurement <MM module>, direct purchase without PO <AP module> and 'construction' projects <PS module>.
- Reduce re-tagging of moveable assets upon transfer.
- Mass record changes allowed for updates, transfers, and retirements.
- Move the operational information (e.g. location, physical inventory, maintenance, warranty, usage) of the capital asset records in Protégé to the more operationally relevant module within SAP (i.e. Plant Maintenance module: Equipment records, for Equipment and Fleet maintenance; Notification Records for location and physical inventory) with linkage, as appropriate, between the Asset Master Record and Notification Records / Equipment Master Records.

### To-Be Process Flows



# LaGov ERP Project Business Blueprint



- 'FIN-AA-PDD020-AMR Create and Change - AMR Create' defines the process to create an Asset Master Record.

## Key Business Process Decisions

#	Decision	Process Impact	Organizational Impact
1	Use of minimal amount of asset master record data fields, as required for asset identification and accounting purposes. Moveable assets will have some additional fields for location and custodianship tracking.	Asset Master Record screen layout rules will define which fields are available for capital asset maintenance.	End users will need to have an understanding of what fields are maintained within the Asset Master Record, their characteristics and whether the field has a financial / other update impact or is informative data. They will also need to understand which data is maintained in other integration point master records or in transactional data.
2	All real property assets, including Right of Way, will be linked to corresponding Real Estate Object for either	Asset Master Record screen layout rules will define which fields are available for capital asset maintenance.	End users will need to have an understanding of what fields are maintained within the Asset Master Record, their characteristics and whether the field has a financial / other



# LaGov ERP Project

## Business Blueprint



	land or building (RE). Depreciation calculations will be applied to buildings and, statistically, to cost centers.		update impact or is informative data. They will also need to understand which data is maintained in other integration point master records or in transactional data.
3	All infrastructure assets will be assigned to a Control Section/Recall Number for more robust reporting and analysis.	Asset Master Record screen layout rules will define which fields are available for capital asset maintenance.	End users will need to have an understanding of what fields are maintained within the Asset Master Record, their characteristics and whether the field has a financial / other update impact or is informative data. They will also need to understand which data is maintained in other integration point master records or in transactional data.
4	For location and physical inventory purposes, Notification Records (PM) will be maintained, in parallel, for Asset Master Records (AA). A limited number of fields on the AMR will need to be maintained with parallel data on the Notification Record (e.g. Inventory Number, Serial Number, etc.). The fields and process to maintain the parallel data will be finalized during realization.	<ul style="list-style-type: none"> <li>o Users will need to understand the detail maintained in the AMR and corresponding Notification Record.</li> <li>o Users will need to search for AMR number based on other values (e.g. Inventory number).</li> <li>o A limited number of data fields will need to be maintained in parallel on the AMR and Notification field (e.g. description, inventory number, the AMR on the Notification Record).</li> <li>o The processes, and master record updates, to maintain financial and physical inventory data for a capital assets will need to be understood and adhered to for system integrity. For example: financially relevant events for capital assets will need to be updated using transactions for capital assets, some events such as acquisition and deactivation will need to also be maintained on the Notification Record.</li> </ul>	Users will need training on the financial and operational data storage locations for a capital asset. Training will also be required on fields that must be maintained in parallel and how to identify an asset master record (based on notification record detail).

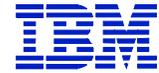
### Statute, Regulation, Policy, and Procedural Impacts

#	Statue, Regulation, Policy or Procedure	Revision Identified	Business Owner
1	State of Louisiana: Title 34 & RS 39:200.C, RS 39:321-328, RS 39:330-332 (Moveable Property)	Title 34 section VII: requires significant revisions. Revisions to governing revised statutes may also be required.	Commissioner of DOA
2	State of Louisiana: RS 39:11-14; RS 41 (Real Property)		Commissioner of DOA
3	Title 23, United States Code, Section 4029c (Infrastructure)		DOTD
4	State of Louisiana: RS 39:122 (Infrastructure)		Commissioner of DOA, Secretary of DOTD
5	GASB Statement No. 42 Accounting and Financial Reporting for Impairment of Capital Assets and for Insurance Recoveries		OSRAP
6	GASB Statement No. 34 Basic Financial Statements—and Management's Discussion and Analysis—for State and Local Governments		OSRAP
7	GASB 51 Accounting and Financial Reporting for		OSRAP



# LaGov ERP Project

## Business Blueprint



#	Statue, Regulation, Policy or Procedure	Revision Identified	Business Owner
	Intangible Assets		

### Identified Development Objects (FRICE-W)

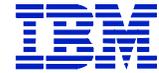
F – Forms		Master List of Current and Future State Forms: <Supported Process>					
No.	Form Name	Purpose	As-Is	To-Be	Justification	Contact Person	Comments
1.	None identified						

R – Reports		Master List of Current and Future State Reports: <Supported Process>					
No.	Report Name	Purpose	As-Is	To-Be	Justification	Contact Person	Comments
1.	BI – PS / AA/ AGILE asset reporting.	Reporting on Infrastructure from multiple modules.		X		Rae Marrero	Details to be refined during realization.
2.	BI – PS / AA reporting for AuC and settlement rules.	Reporting on assets under construction from multiple modules.		X		Rae Marrero	Details to be refined during realization. May be existing SAP delivered report that will fulfill requirements.
3.	BI – RE / AA deactivation report.	Used to ensure that master records for Real Property assets and Real Estate objects are synchronized (e.g. if active in one module, then they should be active in the other and the same for deactivation data).		X	Ensure that master records maintained in multiple modules are synchronized for active assets and deactivated assets.	Rae Marrero, Sue Wheeler	
4.	BI – RE / PM deactivation report.	Used to ensure that master records for Real Property assets and Plant Maintenance records (i.e. Notification and Equipment Master Records) are synchronized (e.g. if active in one module, then they should be active in the other and the same for deactivation data).		X	Ensure that master records maintained in multiple modules are synchronized for active assets and deactivated assets.	Rae Marrero	

I – Interfaces		Master List of Current and Future State Interfaces: <Supported Process>					
No.	Interface Name	Purpose	As-Is	To-Be	Justification	Contact Person	Comments



# LaGov ERP Project Business Blueprint



1.	None identified					
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C - Conversions		Master List of Future State Data Conversions: <Supported Process>					
No.	Type of Data	Use	Source	Destination	Justification	Approach	Comments
1.	See below						

**Note:** Refer to PDD: FIN-AA-PDD010-AA Organizational Structure.

E – Enhancements		Master List of Future State Enhancements: <Supported Process>			
No.	Type of Enhancement	Details	Target of Enhancement (Gap)	Justification	Comments
1.	AA – add fields for ALV grid selection for selected SAP delivered reports	Provide additional fields for standard SAP reporting (e.g. may be required for fund, fund center, grant, functional area and limited other SAP asset master record fields)	SAP standard asset accounting reports predefine fields available for reporting. For analysis purposes often additional fields are required.	Provides enhanced reporting ability without having to create new reports.	Relatively simple enhancement that will provide additional reporting and analysis ability. Eliminates potential requirements for additional report development.

W – Workflow		Master List of Future State Workflow Events: <Supported Process>		
No.	Description	Justification	Comments	
1.	None identified			

### Gaps

Gaps		Master List of Future Gaps: <Supported Process>		
No.	Description of Gap	Why Gap Exists?	Impact / Comments	
1.	Not applicable			

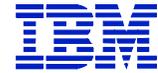
### Security & Enterprise Role Definitions

Authorizations		Master List of Future State Roles/Authorizations: <Supported Process>			
No.	Role	Description	Strategy	Special Considerations	
1.	Asset Master Data - AMR Create and Maintain	The role owner is responsible for creating and changing asset master records: o Create, change and display asset master records	Moveable Asset Classes: Property Managers, Agency Finance personnel assigned to capital assets, OSRAP personnel assigned to capital assets Real Property Asset Classes: Real Estate Property Managers, Agency Finance personnel, FP&C project	o Authorization restriction by Agency (i.e. cost center) o Additional restrictions may be required for Moveable assets used in Covert situations. o Moveable asset will need	



# LaGov ERP Project

## Business Blueprint

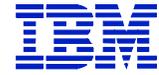


Authorizations		Master List of Future State Roles/Authorizations: <Supported Process>		
No.	Role	Description	Strategy	Special Considerations
		<ul style="list-style-type: none"> <li>o Create asset sub-numbers</li> </ul>	administrator personnel assigned to capital assets, OSRAP personnel assigned to capital assets Infrastructure Asset Classes: DOTD facility manager, Agency Finance personnel, project administrator personnel assigned to capital assets projects, OSRAP personnel assigned to capital assets.	authorization object for Personnel Number and Equipment Master Number (i.e. linkage). <ul style="list-style-type: none"> <li>o During realization, may identify requirement to have roles split for Create and Maintain.</li> </ul>
2.	Asset Master Data - Asset Display	The role owner monitors and checks asset balance sheet values, as well as planned and posted depreciation, on individual fixed assets. <ul style="list-style-type: none"> <li>o Display Asset Master Record</li> <li>o Asset Explorer</li> <li>o Display Document (Asset related)</li> </ul>	Broader audience including those that can create and maintain asset master records and process asset transactions and those that need to access asset data for analysis and reporting purposes.	<ul style="list-style-type: none"> <li>o Authorization restriction by Agency (i.e. cost center).</li> <li>o Additional restrictions may be required for Moveable assets used in Covert situations.</li> <li>o OSRAP will have access to all asset classes.</li> <li>o This role also allows the user to jump to asset master record display and the display of asset documents. The user is not able to jump to the display of Financial Accounting documents unless the role owner has that authorization, which is contained in the <i>Asset Accounting Information System</i> role.</li> </ul>
3.	Asset Master Data Maintenance – Block	The role owner is responsible for blocking asset master records. <ul style="list-style-type: none"> <li>o Block asset master records</li> </ul>	Limited to individuals who should be able to block and AMR (e.g. Property Managers, Project Team administrator, OSRAP, or designates). This will likely be a subset of the group that can create and maintain AMR.	<ul style="list-style-type: none"> <li>o Authorization restriction by Agency (i.e. cost center).</li> <li>o Additional restrictions may be required for Moveable assets used in Covert situations.</li> <li>o OSRAP will have access to all asset classes</li> </ul>
4.	Support Team	IMG update		The existing OIS SAP support policies, procedures and change request process will be followed.  <ul style="list-style-type: none"> <li>- Post go-live: no users should have configuration access, support standards to be determined, limited access to configuration display</li> </ul>
5.	Support Team	IMG view		The existing OIS SAP support policies, procedures and change request process will be followed.  <ul style="list-style-type: none"> <li>- Post go-live: no users should have configuration access, support</li> </ul>



# LaGov ERP Project

## Business Blueprint

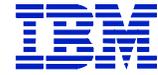


Authorizations		Master List of Future State Roles/Authorizations: <Supported Process>		
No.	Role	Description	Strategy	Special Considerations
				standards to be determined, limited access to configuration display
6	RE: Display RE Object (Site, Building, Land)	The role owner will be able to display the RE object for linkage and drill down from the AMR.		o Authorization may be restricted based on Capital Assets requiring RE object access.
7	CO: Display Cost Center	The role owner will be able to display the Cost Center object for linkage and drill down from the AMR.		o To be determined during realization.
8	FM: Display Fund and Fund Center	The role owner will be able to display the Fund and Fund Center object for linkage and drill down from the AMR.		o To be determined during realization.
9	GM: Display Grant	The role owner will be able to display the Grant object for linkage and drill down from the AMR.		o To be determined during realization.
10	FI: Display Business Area and Functional Area	The role owner will be able to display the Business Area and Functional Area objects for linkage and drill down from the AMR		o To be determined during realization
11	PM: Display Notification Record	The role owner will be able to display the Notification Record in order to be able to determine the AMR number / obtain location and custodianship about the capital asset.		o To be determined during realization
12	PM: Display Equipment Master Record	The role owner will be able to display the Equipment Master Record for linkage and drill down from the AMR		o To be determined during realization
13	HR: Display Personnel Number	The role owner will be able to display the Personnel Number for linkage and drill down from the AMR		o Limited infotype containing only the name and personnel number for matchcode searches required for Personnel Assignment on the AMR. Note: Need for this



# LaGov ERP Project

## Business Blueprint



Authorizations		Master List of Future State Roles/Authorizations: <Supported Process>		
No.	Role	Description	Strategy	Special Considerations
				detail on the AMR will be determined during realization as it will be contained on the corresponding Notification Record and must be coordinated with the HCM team.

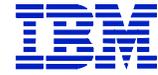
### Organizational Impact

No.	Activity/Task	Key Change from As-Is State	Organizational Work Force Impact
1.	Asset Master record creation and maintenance.	Asset master records and financial records are not integrated thus end users do not see the 'whole picture' for capital assets. Currently, users may have limited responsibility for maintenance of data. Moveable assets require additional layers of authorization for some field changes.	Responsibility for creation and maintenance of asset master records will have additional or different personnel. End users will have access to more financial data about a capital asset. End users will need to have an understanding of what fields are maintained within the Asset Master Record, their characteristics and whether the field has a financial / other update impact or is informative data. They will also need to understand which data is maintained in other integration point master records or in transactional data.
2.	Asset Master record display and reporting.	Asset master records and financial records are not integrated thus end users do not see the 'whole picture' for capital assets. A larger audience will be able to display and report on assets.	Responsibility for creation and maintenance of asset master records will have additional or different personnel. End users will have access to more financial data about a capital asset. End users will need to have an understanding of what fields are maintained within the Asset Master Record, their characteristics and whether the field has a financial / other update impact or is informative data. They will also need to understand which data is maintained in other integration point master records or in transactional data.
3.	SAP will be the system of record for capital assets and their valuation for the State of Louisiana organizational entities participating in the LaGov Project, replacing the records maintained Moveable Assets (Protégé), Real Property Assets (SLABS and worksheets/spreadsheets used by OSRAP for calculating depreciation) and Infrastructure Assets (worksheets/spreadsheets used by DOTD and OSRAP for calculating valuation and depreciation). Data will be maintained in asset master records which are	Single source for all Capital Asset records. Multiple SAP modules will contain data currently stored in a single system (e.g. Protégé records will be stored in AA for Capital Assets, PM for non-capital assets and PM for fleet / maintenance detail; SLABS records will be stored in AA and RE modules)	Training to understand where existing data will be stored in SAP, how SAP will be used to maintain and report on data. Training on the concept of SAP asset classes and their purpose. Training on the concept of multiple modules used to store data most applicable to that module (e.g. Asset Accounting, Plant Maintenance, Real Estate, General Ledger, etc.)



# LaGov ERP Project

## Business Blueprint

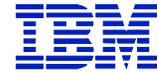


No.	Activity/Task	Key Change from As-Is State	Organizational Work Force Impact
	classified for financial and other reporting purposes via Asset Classes. Other integration modules will be used to maintain non-capital asset detail (e.g. Real Estate, Plant Maintenance/Fleet for non-capital assets and other recording such as maintenance tracking).		
5.	Each capital asset will be recorded in the SAP Asset Accounting during the entire asset financial life cycle (e.g. acquisition, depreciation, transfers, sale/disposal) and will be integrated with other SAP modules for master record and financial updates. Two parallel depreciation areas will facilitate simultaneous accounting on Modified and GASB-34/Full Accrual basis, which would have significant benefits for OSRAP reporting.	Transactional updates with SAP capital assets will be integrated and thus financial records will be in balance for the Capital Asset database and Financial records (e.g. G/L). Asset Accounting system will accommodate both Modified and Full Accrual reporting requirements. Financial updates to the general ledger will be based on account determination rules that are either automatically applied or proposed for user update.	Training requirements for the concept of Asset Accounting integration and financial / master data updates. Training requirements for the concept of dual depreciation areas and the financial / master data updates. Training requirements for financial postings and use of general ledger accounts for financial updates. OSRAP to become more involved in certain decisions (e.g. Capitalized Projects vs. Maintenance, halting asset depreciation, unplanned depreciation).
6.	Asset tagging numbers for Moveable Assets will change to reflect the Asset Master Record.	Existing numbers are the same as the Protégé record number and have a 'smart numbering' schema. Asset tag labels are preprinted and Protégé records are created based on the tag number.	Legacy tag numbers will be brought over in "Inventory Number" field for reference and reporting. Recommendation that future moveable property tags be printed and "Inventory Number" be populated with SAP master data number to minimize future retagging and to provide ease of record access in SAP Existing tag numbers will not be required to change – however, users will need to do a 'search' to find the applicable SAP AMR. Asset tagging process at time of goods receipt will change. May require additional tag printers.
7.	Data Conversion / Data Mapping effort	Legacy location fields are used inconsistently. Matching of GL and Legacy system data.	Existing data fields (particularly in Protégé) are used inconsistently, users will need training on where (if at all) this data is stored in SAP AND will need training on understanding and appropriate completion of SAP asset master record data fields. Users will need to understand the concept of integration and ledger/asset sub ledger financial updates for a balanced financial system.
8	For location and physical inventory purposes, Notification Records (PM) will be maintained, in parallel, for Asset Master Records (AA). A limited number of fields on the AMR will need to be maintained with parallel data on the Notification Record (e.g. Inventory Number, Serial Number, etc.). The fields	Single record, in Protégé, currently exists to capture financial and operational data about a capital asset.	Users will need training on the financial and operational data storage locations for a capital asset. Training will also be required on fields that must be maintained in parallel and how to identify an asset master record (based on notification record detail).



# LaGov ERP Project

## Business Blueprint



No.	Activity/Task	Key Change from As-Is State	Organizational Work Force Impact
	and process to maintain the parallel data will be finalized during realization.		

### Training Impact

The creation, maintenance and valuation of asset records will have significant changes from the existing practices and potentially, have a significantly larger end user base for various business processes associated with asset master records. The following key areas regarding design of the asset structure and organizational elements will need to be addressed during training:

- Terminology change for use of SAP terms
- Concept of asset class structure and classifications (e.g. Capital – owned, Capital Lease, Assets under Construction, Intangible Assets).
  - Separating infrastructure asset classes into bridges and highways impacts DOTD invoices, projects, coding, finance sources, funding type, bidding process, and contracts and some changes to chart of accounts.
- New capital asset numbering scheme
  - Asset Numbering differs from legacy record numbers
  - Use of sub-number asset records for multiple funding sources of a capital asset
- Concept of each asset master record recording valuation for two depreciation areas
  - Concept and financial implications of simultaneous and parallel accounting methods using multiple depreciation for each asset master record (i.e. DA 01: Modified Accrual Accounting and DA 20 GASB - Full Accrual Accounting)
  - New asset depreciation calculation processes
- Integration:
  - Creation of AMR and financial value update from integrated processes (e.g. procurement via PO, Projects – including sourcing from RE Contract, non-cash acquisitions such as donations)
    - Acquisition of land, buildings, or infrastructure would go through a PS project to accumulate associated costs. Only DOTD, FP&C, and a small sub-set of DNR will have access to this module (PS module)
    - Acquisition of moveable property will most frequently be via PO (MM module)
  - Integration with financials – many transactions will have automated postings (e.g. depreciation).
    - Transaction postings update GL, Cost objects (e.g. cost element, cost center, RE object), Fund/Grant values
  - Validation with HR – personnel number
  - Automated posting GL (e.g. depreciation run)
  - Integration between an AMR and the PM Notification Record will be maintained for each Capital Asset – including fields that must be maintain in parallel on both records. Training will be needed on how to identify/locate an AMR, in the Asset Accounting module, from the Notification Record detail.
  - Integration with multiple modules in one system (e.g. PS, MM, RE, etc.) – may need to use information from more than module for data analysis
- Capital Asset information would reside in multiple modules of SAP
  - Financial data for capital assets would reside in AA
  - Inventory, location, and tracking data would reside:
    - PM for moveable property
    - RE for buildings and land (including ROW)
    - Agile Assets for infrastructure



# LaGov ERP Project

## Business Blueprint



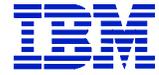
- New processes to create/update asset master records and valuations
- Asset Master Record and Financial Updates will change:
  - Asset changes will now have financial impact.
  - AMR creation at beginning of process: e.g. time of Purchase Order rather than goods receipt, when Project is started
  - Some transactions will require more steps than legacy transactions.
  - Transaction posting will require understanding of Transaction Types (transfers use transfer variant) and their financial and AMR impacts TTypes and Transfer Variants
  - Use of document types to identify type of transactions and provide posting controls
- Data monitoring via report required to ensure proper data entry. Recommendation that this be done frequently after initial implementation when data entry problems are most likely.
- Asset Master Record Field Data:
  - Visible and, generally immediate, financial impact on asset master record transaction postings, including the nuances for multiple depreciation areas
  - Capital asset records need to be created at the 'front-end' of acquisition process (not 'back-end' as is done currently)
  - Control Section changes require configuration and manual synchronization in AA, PS, and Agile
  - Linkage with AGILE Assets will be non-integrated, however, the Super-number on the AMR will use the Control Section mapping. Control Section changes require configuration and manual synchronization in AA, PS, and Agile
  - More discrete data being maintained for Infrastructure assets
- Asset tagging changes
  - Legacy tag numbers will be brought over in "Inventory Number" field for reference and reporting.
  - Recommendation that future moveable property tags be printed and "Inventory Number" be populated with SAP master data number to minimize future retagging and to provide ease of record access in SAP
  - Existing tag numbers will not be required to change – however, users will need to do a 'search' to find the applicable SAP AMR.
- SAP allows duplicate data in "Inventory Number" field
  - SAP must allow duplicates for multiple funding sources
  - SAP "Inventory Number" is a free form field and therefore does not automatically assign numbers
- Security Considerations:
  - Property Managers will not be tied to individual assets in AA
  - Security would determine who can edit which assets
  - History transaction reports will show who edited which pieces of information
  - SAP match code options cannot be filtered by user security or business area.
  - Non-financial data remains editable on deactivated asset records – Can be managed by reporting (e.g. change history audit).
- Data Conversion:
  - Reconciliation with Agile, PM, RE, and MM before go-live
  - Reconciliation of DOTD Land and Buildings to data in SLABS for upload to RE, conversion of assets
  - Reporting by financial owning "Business Area" and "Cost Center" or "Responsible Cost Center" replaces LPAA defined department / agency.
  - Legacy location fields are used inconsistently. Matching of GL and Legacy system data
  - Open POs for capital assets require special attention during conversion (i.e. AMR numbers will need to be attached). Recommendation that steps be taken to minimize the number of records which fall into this category



# LaGov ERP Project

## Business Blueprint

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- Open Projects for capital assets require special attention during conversion (i.e. AuC creation and settlement rules). Close out as many AuC projects as possible prior to cut-over to simplify conversion and settlement process
- Fund & Fund-type need to match those defined funds and fund-types in new system
- Personnel change for management of capital asset master records – including creation, field update, blocking and review of general and asset values:
- Management of fixed asset master records – including creation, field update, blocking and review of general and asset values.
- OSRAP to become more involved in certain decisions (e.g. Capitalized Projects vs. Maintenance, halting asset depreciation, unplanned depreciation)
- Inventory number for new capital assets will be based on the corresponding PM: Notification Record inventory number.

### **Appendix**

Not Applicable



# LaGov ERP Project

## Business Blueprint



<b>Team:</b>	Finance - Asset Accounting
<b>PDD Name:</b>	PM Notification Record (Create and Change for Controlled Assets)
<b>PDD Number:</b>	FIN-AA-PDD100-PM Notification Record (Create and Change for Controlled Assets)
<b>Business Process Owner:</b>	Afranie Adomako
<b>Functional Lead:</b>	Rhoama Speights
<b>Functional Consultant:</b>	Paul Petro / Christine Wieczorek

### Executive Summary

The plant maintenance module uses a Notification Record to contain general and location/custodianship data about all trackable movable property items – non-capital and capital assets.

- Items that meet capital asset criteria will also have a corresponding Asset Master Record(s) (AMR) in the Asset Accounting Module to track general and financial data relevant for financial reporting and analysis purposes. The Asset Master Record number is recorded in the Notification Record for tracking and physical inventory purposes.
- Items that require tracking for maintenance purposes will also have an Equipment Master Records (EMR) in the Plant Maintenance Module. The Equipment record will be referenced as the technical object in the notification. The Asset Master Record number is linked to the Equipment record and is recorded in the notification for tracking and physical inventory purposes.
  - Notification, Asset and Equipment numbers are searchable using standard SAP plant maintenance reporting tools for Notification records.

The processing and management of moveable property for asset transfers and retirements will have significant changes from current processes. Moveable Property will be managed by the agencies (i.e. without LPAA approval for transfers or retirements via surplus or scrapping; and discontinue the LPAA fee processing on transfer transactions). Property Managers will manage the creation and updates for Notification Records. For items that are also capital assets, agency finance personnel will manage the transaction processing for Moveable Property transfers and retirements. However, LPAA will continue to manage surplus sales, auction preparation and fund reimbursement using Protégé. The changes to handling of moveable assets will require updates to Louisiana Administrative Code, Title 34 – Section 7.

This document describes the process of creating and changing a SAP plant maintenance Notification Record for the entities participating in the LaGov project. Details covered include when to use the notification, types of information entered in the notification and responsibility for creation and maintenance of Notification Records.

### To-Be Process Description

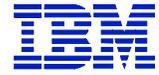
Notification Records are created after the item is received. Most common means of acquiring controlled assets are:

- ACQUISITION VIA PO
- ACQUISITION VIA DONATION/SEIZURE/SETTLEMENT
- ACQUISITION VIA 'FOUND' ITEM
  - e.g. during physical inventory an item which did not have a notification created at time of acquisition



# LaGov ERP Project

## Business Blueprint



- ACQUISITION VIA P-CARD
  - Expected to be on limited basis
- ACQUISITION VIA CONSTRUCTION
  - e.g. building project is of a 'turn-key' nature which includes some moveable assets as part of the project completion criteria

### ***Notification Record Create (New Notification)***

For new acquisitions after go-live, the Notification Record number will become the item's tag number (replacing the numbering scheme previously used within Protégé). Existing assets will retain their tag numbers. The tag number for new and legacy assets will be stored in a searchable field on the Notification Record.

For items that are non-capital in nature the Notification Record will contain limited valuation data (i.e. acquisition value) which will be manually entered. The values entered for the non-capital items must reflect the acquisition value as defined by OSRAP. This includes the actual cost of the item (purchased or appraised if a donated/seized/settlement item) and ancillary costs such as installation, freight for goods, appraisal, and other costs as defined by OSRAP.

The Notification Record will also indicate the person and/or property manager responsible for each asset. Notification subject codes will be used for the Protégé class code, and the notification item detail section will be used to assign the SAP classification/characteristics functionality. User statuses will be used to show assets being created, transferred and/or retired. Dates will be used to show date/time the asset was created, active and/or retired. During physical inventory one of the options will be to use Blind Audits which will use the Notification Record via MAM (Mobil Asset Management) to update the notification record as required.

Location detail will be maintained to enable a moveable asset to be easily located. At a minimum, the building, floor, room and limited other location data will be maintained.

- For items that are also capital assets, the Asset Master Record in the Asset Accounting module will contain very detailed financial data. Valuation details are explained in FIN-AA-PDD020-AMR Create and Change and FIN-AA-PDD030-AA Acquisitions.

The responsibility for creation and update of Notification Records will reside with Property Managers or their designate. They will be responsible for the creation, update of general data, and integrity of Notification Records. Notification Records will be created after the goods are received (e.g. goods receipt for items acquired via PO). For items that are acquired via a non-PO method, the Notification Record will be created upon receipt of the item (e.g. donated/seized/settlement, purchase by P-card, etc.).

For many Notification Records there will be corresponding master records that must be manually maintained in parallel (e.g. Capital Asset Master Records in AA for items that meet capital asset criteria and Equipment Master Records in PM for vehicles and equipment that require maintenance tracking). It will be critical to ensure that the corresponding master records are appropriately created and deactivated in parallel with Notification Records.

### ***Notification Record Transfer (Existing Notification)***

A moveable property transfer is arranged between two business entities. Supporting documentation is consolidated by the sending agency Property Manager.

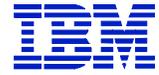
- If the transfer is for a moveable property which is also a capital asset, the Property Manager forwards documentation to the receiving agency Property Manager and financial personnel responsible for capital asset for their follow-up.

The sending property manager shall update the Notification Record and advise the receiving agency Property Manager of transfer details.



# LaGov ERP Project

## Business Blueprint



Upon receipt of the moveable property item, the receiving agency Property Manager will review and update their Notification Record data as necessary, and advise the receiving agency finance personnel. If the item is also a capital asset, the Property Manager shall ensure that the corresponding AMR is appropriately updated.

For details related to corresponding capital asset transfer processes, see FIN-AA-PDD040-AA Transfers.

### **Notification Record Retirement (Existing Notification)**

Retirements of moveable property can be made for multiple reasons, such as the item being:

- Damaged beyond use
- No longer required and not saleable thus will be scrapped
- Dismantled
- Moveable Property: no longer required and declared surplus (i.e. sent to LPAA for sale)
- Moveable Property: lost or stolen

Previously, LPAA had been responsible for approval to dispose of moveable property assets – either via scrapping or surplus sale.

On a go-forward basis, with the SAP implementation, the agencies will be responsible for determining if a moveable property item is no longer of use. If the item cannot be transferred to another State entity, then the owning agency will need to determine if the asset should be sent to LPAA for surplus sale or disposal. During realization, the handling of moveable property scrapping will be refined. Some items must be destroyed in a controlled manner (e.g. surplus firearms). Accordingly, it may be more effective to have LPAA manage the process for items that are to be scrapped.

Although LPAA will no longer be responsible for transfer and retirement approvals of movable property, they will continue to manage Surplus disposal activities. In some circumstances, such as equipment changeovers or accumulation of items for a surplus 'load', there can be a significant volume of items in a surplus transfer. To facilitate the LPAA processing of items sent to the Surplus warehouse the following will be developed:

- A form to identify the surplus capital assets being sent to LPAA. The data on this form will be used by LPAA as a 'Pickup' and 'Warehouse receiving' document as well as data necessary for fund reimbursement processing. Furthermore, a request has been made to be able to include the limited text data for additional information such as the location of the item and the reason for surplus.

Process:

- Supporting documentation for an asset retirement is received by the Property Manager.
- If the capital asset is Computer or Telecom relevant, approval for retirement must be obtained from:
  - Computer: Director of the Office of State Purchasing (OSP)
  - Telecom: Director of the Office of Telecommunications Management (OTM)
- If approval is received for Computer or Telecom equipment, when applicable, and the Property Manager approves the requested retirement, then the Property Manager:
  - Updates the Notification Record.
  - Ensures that the appropriate action is taken for disposal of the asset (e.g. sent to LPAA surplus)
  - If the item is also a capital asset, forwards documentation to agency finance person responsible for capital assets for their follow-up.
- For details related to corresponding capital asset retirement processes, see FIN-AA-PDD050-AA Retirement



# LaGov ERP Project

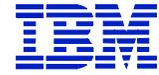
## Business Blueprint



#	Process Terminology	Description
1	Notification Record	Master Record in Plant Maintenance module which will be used to record data trackable moveable assets for inventory and tracking purposes. For items that meet capital asset criteria, a corresponding financial Asset Master Record (AA) will also be created. For vehicles and equipment that have maintenance tracking requirements, a corresponding Equipment Master Record (PM) will also be created.
2	Notification Type	A major categorizing of notification records for process and reporting considerations (e.g. maintenance notification, controlled asset notification, etc.). A unique notification type for Controlled Assets will be determined during realization.
3	Low Value Asset (LVA) / Controlled Assets	Items that do not meet the capital asset criteria and are recorded for tracking purposes. These will be tracked in Plant Maintenance via Notification Records.
4	Capital Asset	Tangible property which cannot easily be converted into cash and which is usually held for a long period, including real estate, equipment, etc.
5	Asset Master Record (AMR)	Contains general information and valuation/depreciation rules for a specific item in the Asset Accounting (AA) module. In SAP, it also stores all the values and transaction data for the item.
6	Asset under Construction (AuC)	An asset that you produce or manufacture yourself which must be managed as a separate asset master record, generally without depreciation, during the construction phase.
7	Goods Receipt (GR)	A term from inventory management denoting a physical inward movement of goods or materials. It is usually triggered by a document that denotes the delivery of goods from a vendor to a company. For assets, the AMR valuation occurs at either time of GR or IR.
8	P-card (Purchasing Card)	A purchasing card is a form of company credit card that allows goods and services to be procured without utilizing a traditional purchasing process.  Purchasing Cards are usually issued to employees who are required to operate within a set of company rules and guidelines which usually include an approved spend limit.
9	Transfer	A transfer is a partial or complete movement of an asset from a physical, financial or responsibility / ownership perspective. This can include a change in tracking location, responsibility/ownership, splitting of an asset/moving part of an asset to another asset
10	Retirement:	Asset retirement is the removal of an asset or part of an asset from the asset portfolio. When an asset is 100% retired, the deactivation date for the asset should be defined.
11	Physical Inventory	Methodical review and recording of the quantities and amounts relating to the asset portfolio.
12	Project System	Module that allows the user to plan, execute and account for a project.

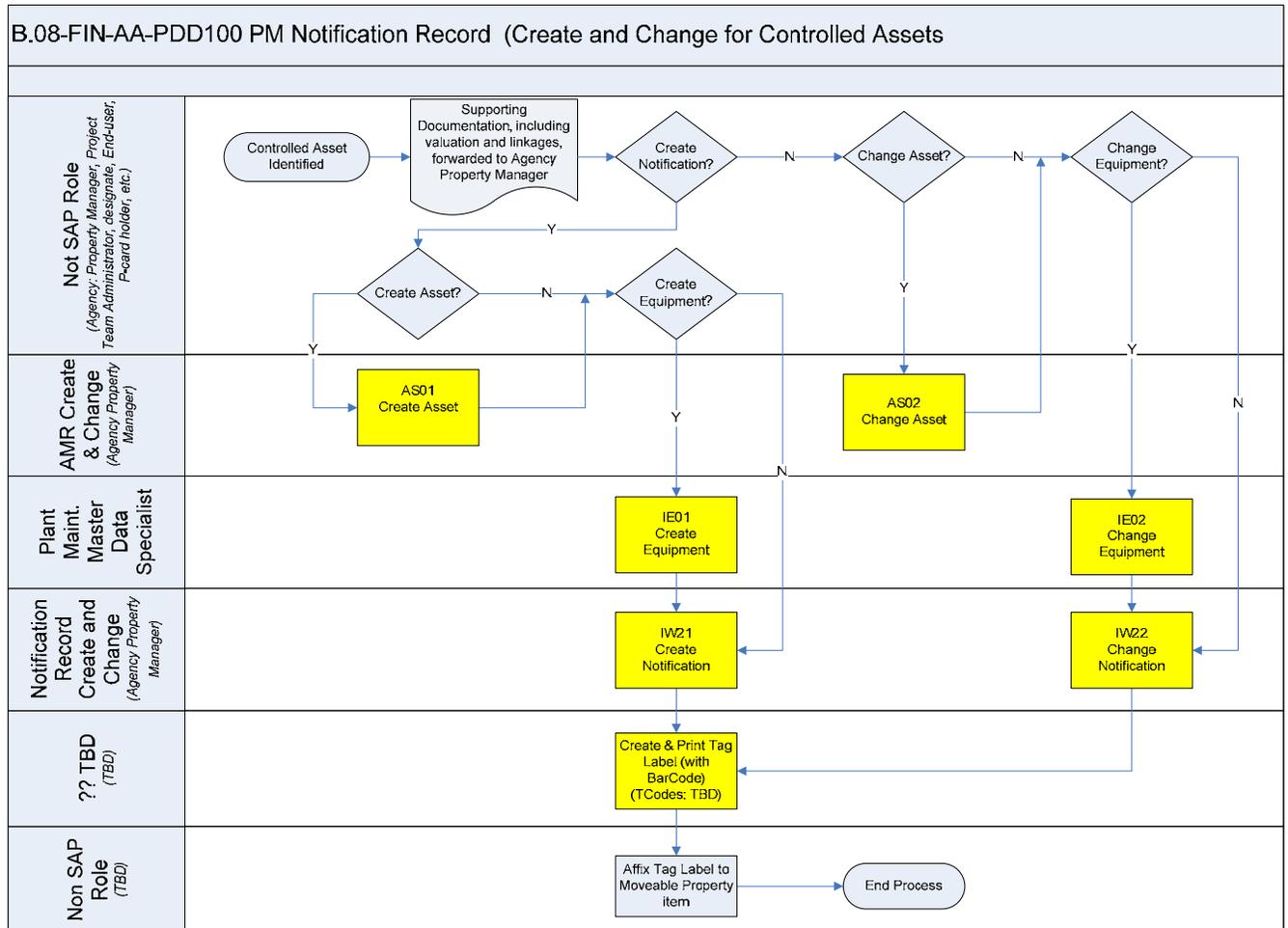


# LaGov ERP Project Business Blueprint



## To-Be Process Flows

- Notification Record Create or Change



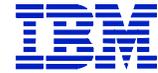
## Key Business Process Decisions

#	Decision	Process Impact	Organizational Impact
1	For location and physical inventory purposes, Notification Records (PM) will be maintained. Other master records will be maintained, in parallel, for financial reporting and analysis - Asset Master Records in AA, for maintenance tracking of vehicles and equipment – Equipment Master Record in PM. A limited number of fields on the AMR and	<ul style="list-style-type: none"> <li>Users will need to understand the detail maintained in the Notification Records and corresponding master records (e.g. AMR and EMR).</li> <li>A limited number of data fields will need to be manually maintained in parallel on the Notification Record and corresponding master records (i.e. AMR and EMR).</li> <li>The processes, and master record updates to maintain financial and physical inventory data for corresponding capital Asset Master Records will need to be understood</li> </ul>	Users will need training on the location/inventory tracking, financial and operational data storage locations for a trackable moveable property item. Training will also be required on fields that must be maintained in parallel.



# LaGov ERP Project

## Business Blueprint



#	Decision	Process Impact	Organizational Impact
	possibly EMR will need to be maintained with parallel data on the Notification Record (e.g. Inventory Number, Serial Number, etc.). The fields and process to maintain the parallel data will be finalized during realization (an action item is logged for this).	and adhered to for system integrity. For example: financially relevant events for capital assets will need to be updated using transactions for capital assets, whereas these may be simply updates to the Notification Record.	
2	For new items, the Notification Number will be used for the tag/bar code number. Legacy trackable items will retain their tag/bar code numbers and these will be stored on the Notification Record.	<ul style="list-style-type: none"> <li>o Users will need to understand the change in tag/bar code numbers.</li> <li>o Users will need to understand how to identify Notification Numbers for legacy trackable items.</li> </ul>	Users will need to understand how to identify Notification Records for legacy trackable items.

### Statute, Regulation, Policy, and Procedural Impacts

#	Statute, Regulation, Policy or Procedure	Revision Identified	Business Owner
1	State of Louisiana: Title 34 & RS 39:200.C, RS 39:321-328, RS 39:330-332 (Moveable Property)	Title 34 section VII: requires significant revisions. Revisions to governing revised statutes may also be required.	Commissioner of DOA
2	GASB Statement No. 42 Accounting and Financial Reporting for Impairment of Capital Assets and for Insurance Recoveries		OSRAP
3	GASB Statement No. 34 Basic Financial Statements—and Management's Discussion and Analysis—for State and Local Governments		OSRAP

### Identified Development Objects (FRICE-W)

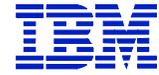
F – Forms		Master List of Current and Future State Forms: Controlled Asset Notifications					
No.	Form Name	Purpose	As-Is	To-Be	Justification	Contact Person	Comments
1.	A form to select and record moveable property capital assets being sent to LPAA is required.	Data on this form will be used by LPAA as a 'Pickup' and 'Warehouse Receiving' document – request has been made to have ability to include limited text data for additional information (e.g. location of item, reason for surplus).	X	X	Replace similar functionality in Protégé used by LPAA to manage Surplus pickup and warehouse receipt.	Rebecca Kleinpeter	

R – Reports		Master List of Current and Future State Reports: Controlled Asset Notifications					
No.	Report Name	Purpose	As-Is	To-Be	Justification	Contact Person	Comments



# LaGov ERP Project

## Business Blueprint



R – Reports		Master List of Current and Future State Reports: Controlled Asset Notifications					
No.	Report Name	Purpose	As-Is	To-Be	Justification	Contact Person	Comments
1	Creation and printing of Tags/Inventory Labels, with tag and bar code	Labels with Tag and Bar Code detail for affixing to moveable property for identification purposes	X	X	Requirement to be able to identify moveable items and their system detail.	Rebecca Kleinpeter	Detail will be refined during realization
2	A report / extract of asset master record data for items being sent to LPAA surplus, in a format that could be used for upload by Protégé.	Data loading worksheet for use by LPAA to create Protégé master records for items sent to Surplus.		X	This would reduce the manual data entry required for Protégé record input.	Rebecca Kleinpeter	

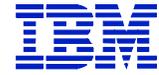
I – Interfaces		Master List of Current and Future State Interfaces: Controlled Asset Notifications					
No.	Interface Name	Purpose	As-Is	To-Be	Justification	Contact Person	Comments
1.	None identified						

C - Conversions		Master List of Future State Data Conversions: Controlled Asset Notifications					
No.	Type of Data	Use	Source	Destination	Justification	Approach	Comments
1.	Load Controlled assets as a notification, with reference to Asset Master only, or Asset Master and Equipment Master, or without reference to either Asset Master or Equipment Master		Protégé	SAP		Standard LSMW structures: <u>IBIP_NOTI_CREATE</u> Single record, simple notification <u>IBIP_PART</u> Partners for notification <u>IBIP_NOTI_TASK</u> Tasks for notification header <u>IBIP_NOTI_ITEM</u> Items for notification <u>IBIPFEAT</u> Characteristics for item class	No ABAP programming should be required.  Field mapping and conversion rules to be determined during the realization phase.  The Plant/Fleet Maintenance Functional Team will manage all relevant data conversions, using standard SAP tools and techniques. Conversion functional/technical specs are not required. Mapping documentation and record counts will be available.



# LaGov ERP Project

## Business Blueprint



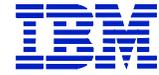
E – Enhancements		Master List of Future State Enhancements: Controlled Asset Notifications			
No.	Type of Enhancement	Details	Target of Enhancement (Gap)	Justification	Comments
1.	A report / extract of Notification Record data for items being sent to LPAA surplus, in a format that could be used for upload by Protégé.	'Flat file' of items transferred to LPAA	Protégé: extract file for use by Protégé system	This would reduce the manual data entry required for Protégé record input.	Similar item on the AA side – this will need to be coordinated with the AA data.
2	User Exit or similar to select from RE Object list	From Notification Record: user exit to be able to select from the RE Object listing in RE (likely based on Building object, but may include Land or Site object)		Single file source for identifying 'building' that a Notification Record asset is located.	
3	a) Table to hold Sub classification values b) User Exit or similar to select from Sub classification List	Create table that will hold valid values for sub-classification values – ability to create, maintain and delete records. From Notification Record: user exit to be able to select from the sub classification listing table		Single file source for identifying 'sub classifications' that are relevant for reporting purposes re: Notification Record	Similar to existing Protégé classes (however, the existing values will be cross walked to a new list of values based on commodity codes)
4	a) Table to hold Location values b) User Exit or similar to select from Location List	Create table that will hold valid values for location values – ability to create, maintain and delete records. From Notification Record: user exit to be able to select from the location listing table		Single file source for identifying 'locations' that are relevant for reporting purposes re: Notification Record	Similar to existing Protégé location field (however, the existing table will be cleansed). Provides more specific information about a physical location for Notification Record asset.

W – Workflow		Master List of Future State Workflow Events: Controlled Asset Notifications		
No.	Description	Justification	Comments	
1.	None identified			



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### Gaps

Gaps		Master List of Future Gaps: Controlled Asset Notifications	
No.	Description of Gap	Why Gap Exists?	Impact / Comments
1.	Not applicable		

### Security & Enterprise Role Definitions

Authorizations		Master List of Future State Roles/Authorizations: <Supported Process>		
No.	Role	Description	Strategy	Special Considerations
1.	Notification Record Create and Maintain	The role owner is responsible for creating and changing Notification Records: o Create and change Notification Records.	Property Managers and designates	o Authorization restriction by Agency (i.e. cost center) o Additional restrictions may be required for Moveable assets used in Covert situations. o Moveable asset will need authorization object for Personnel Number, Asset Master Record and Equipment Master Number (i.e. linkage). o During realization, may identify requirement to have roles split for Create and Maintain.
2.	Notification Record - Display	The role owner displays Notification Record data for analysis purposes. o Display Notification Record	Broader audience including those that can create and maintain Notification Records and those that need to access this data for analysis and reporting purposes.	o Authorization restriction by Agency (i.e. cost center). o Additional restrictions may be required for Moveable assets used in Covert situations.
3.	Support Team	IMG update		The existing OIS SAP support policies, procedures and change request process will be followed.  Post go-live: no users should have configuration access, support standards to be determined, limited access to configuration display
4.	Support Team	IMG view		The existing OIS SAP support policies, procedures and change request process will be followed.  Post go-live: no users should have configuration access, support standards to be determined, limited access to configuration display
5	AMR: Display AMR	The role owner will be able to display the AMR object for linkage and drill down from the		To be determined during realization.



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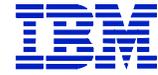


Authorizations		Master List of Future State Roles/Authorizations: <Supported Process>		
No.	Role	Description	Strategy	Special Considerations
		Notification Record		
6	CO: Display Cost Center	The role owner will be able to display the Cost Center object for linkage and drill down from the Notification Record.		o To be determined during realization.
7	FM: Display Fund and Fund Center	The role owner will be able to display the Fund and Fund Center object for linkage and drill down from the Notification Record.		o To be determined during realization..
8	GM: Display Grant	The role owner will be able to display the Grant object for linkage and drill down from the Notification Record.		o To be determined during realization.
9	FI: Display Business Area	The role owner will be able to display the Business Area objects for linkage and drill down from the Notification Record		o To be determined during realization
10	PM: Display Notification Record	The role owner will be able to display the Notification Record in order to be able to determine the Notification Record number / obtain location and custodianship about the capital asset.		o To be determined during realization
11	PM: Display Equipment Master Record	The role owner will be able to display the Equipment Master Record for linkage and drill down from the Notification Record		o To be determined during realization
12	RE: Display RE Object (Site, Building, Land)	The role owner will be able to display the RE object for linkage and drill down from the Notification Record.		o Authorization may be restricted based on agency
13	HR: Display Personnel Number	The role owner will be able to display the Personnel Number for linkage and drill down from the Notification Record		o Limited infotype containing only the name and personnel number for matchcode searches required for Personnel Assignment on the Notification Record.



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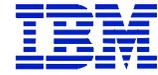
### Organizational Impact

No.	Activity/Task	Key Change from As-Is State	Organizational Work Force Impact
1.	Notification Record creation and maintenance.	<p>Currently, users may have limited responsibility for maintenance of data.</p> <p>In Protégé, moveable property records required additional layers of authorization for some field changes – going forward there will be more empowerment for data updates.</p> <p>In Protégé, the master record contained detail for multiple areas. In SAP, this detail will be stored in the module most appropriate for the detail. Thus Notification Records will have corresponding master records for capital asset financial data (i.e. Asset Master Record in AA) and maintenance data (i.e. Equipment Master Record in PM).</p>	<p>Responsibility for creation and maintenance of Notification Record will have additional or different personnel.</p> <p>End users will need to have an understanding of what fields are maintained within the Notification Record and corresponding master records in AA and PM.</p> <p>They will also need to understand which data is maintained in other integration point master records or in transactional data.</p> <p>End users will need to understand what processing steps are required to ensure that corresponding master records are created/updated/deactivated so that they are all in sync.</p> <p>End users will need to understand what manual updates are required for parallel fields on the various corresponding master records.</p>
2.	Notification Record display and reporting.	<p>A larger audience will be able to display and report on assets.</p>	<p>End users will need to have an understanding of what fields are maintained within the Notification Record and corresponding master records in AA and PM.</p> <p>They will also need to understand which data is maintained in other integration point master records or in transactional data.</p> <p>End users will need to understand what processing steps are required to ensure that corresponding master records are created/updated/deactivated so that they are all in sync.</p> <p>End users will need to understand what manual updates are required for parallel fields on the various corresponding master records.</p>
3.	<p>SAP will be the system of record for trackable moveable property for the State of Louisiana organizational entities participating in the LaGov Project, replacing the Moveable Assets records maintained in Protégé.</p> <p>Thus, Notification Records will have corresponding master records for capital asset financial data (i.e. Asset Master Record in AA) and maintenance data (i.e. Equipment Master Record in PM).</p>	<p>Multiple SAP modules will contain data currently stored in a single system (e.g. Protégé records detail will also be stored in AA for Capital Assets, PM for all trackable assets and PM for fleet / maintenance detail).</p>	<p>Training to understand where existing data will be stored in SAP, how SAP will be used to maintain and report on data.</p> <p>Training on the concept of multiple modules used to store data most applicable to that module (e.g. Asset Accounting, Plant Maintenance, Real Estate, General Ledger, etc.)</p>
4.	Asset tagging numbers for Moveable Assets will change to reflect the Notification Record.	<p>Existing numbers are the same as the Protégé record number and have a 'smart numbering' schema. Asset tag labels are preprinted and Protégé records are created based on the tag number.</p>	<p>Legacy tag numbers will be brought over in a searchable notification field for reference and reporting.</p> <p>Existing tag numbers will not be required to change – however, users will need to do a 'search' to find the applicable SAP Notification Record.</p> <p>May require additional tag printers.</p>



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### Training Impact

The creation, maintenance and valuation of Notification Records will have significant changes from the existing practices and potentially, have a significantly larger end user base for various business processes associated with these records. The following key areas regarding design of the Notification Record structure and organizational elements will need to be addressed during training:

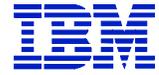
- Terminology change for use of SAP terms
- New Notification Record numbering scheme
  - Notification Record numbering differs from legacy record numbers
- Integration:
  - Manual creation of Notification Record from integrated processes (e.g. procurement via PO, Projects, non-cash acquisitions such as donations)
    - Acquisition of moveable property will most frequently be via PO (MM module)
    - Donation, seizure or legal settlement
    - 'Found' (i.e. during physical inventory and item not updated to notification database at time of acquisition).
    - Construction (e.g. building project is off a 'turn-key' nature which includes some moveable assets as part of the project completion criteria)
    - Procured via P-card (although this is a limited occurrence).
  - Validation with HR – personnel number (mini-master).
  - Integration between corresponding PM Notification Record and AMR will be maintained for each Capital Asset – including fields that must be maintain in parallel on both records. Training will be needed on how to identify/locate the corresponding parallel records. Also, the same for PM Notification Record and Equipment Master Record.
  - Integration with multiple modules in one system (e.g. PS, MM, RE, etc.) – may need to use information from more than one module for data analysis
- New processes to create/update Notification Records.
- Data monitoring via report required to ensure proper data entry. Recommendation that this be done frequently after initial implementation when data entry problems are most likely.
- Notification tagging changes
  - Legacy tag numbers will be brought over in a searchable notification field for reference and reporting.
  - Recommendation that future moveable property tags (and bar codes) be created based on Notification Record number to minimize future retagging and to provide ease of record access in SAP
  - Existing tag numbers will not be required to change – however, users will need to do a 'search' to find the applicable SAP Notification Record.
- Security Considerations:
  - Property Managers will not be tied to individual Notification Records for access purposes
  - Security would determine who can edit which Notification Record
  - History reports will show who edited which pieces of information
- Data Conversion:
  - Reconciliation with AA (Asset Master Record) and PM (Equipment Master Record) before go-live
  - Reporting by financial owning "Business Area" and "Cost Center" replaces LPAA defined department / agency.
  - Legacy location fields are used inconsistently.
  - Fund & Fund-type need to match those defined funds and fund-types in new system
- Personnel change for management of Notification Records – including creation, field update, blocking and review of general and asset values:



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- Management of Notification Records – including creation, field update, status change and review of general data.

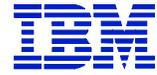
### **Appendix**

Not applicable



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## Business Blueprint



<b>Team:</b>	Finance - Asset Accounting
<b>PDD Name:</b>	Acquisitions
<b>PDD Number:</b>	FIN-AA-PDD030-AA Acquisitions
<b>Business Process Owner:</b>	Afranie Adomako
<b>Functional Lead:</b>	Rhoma Speights
<b>Functional Consultant:</b>	Christine Wieczorek

### **Executive Summary**

Capital Assets can be acquired via multiple paths:

- Purchase
- Construction
- Donation
- Seizure or legal settlement
- 'Found' or 'Corrections' (e.g. moveable property capital asset 'found' during physical inventory and item not updated to asset database at time of acquisition)
- Capital Lease

Capital Asset Master Records are defined prior to any transactional processing for the assets – generally, at the start of the acquisition process.

In most cases, the acquisition of the Capital Asset will be initiated outside of the Asset module either through a Purchase Order and subsequent Goods Receipt/Invoice Receipt in Materials Management (MM) or from costs accumulated in Project Systems (PS). Other types of non-cash acquisitions such as Donations, Seizures or Legal Settlements will be posted via the Asset Accounting module; however, there may be additional costs that initiate from other areas such as MM or PS. Corrections, such as when a moveable property capital asset is 'found' during physical inventory (i.e. where it was not entered into capital asset database at time of acquisition) are also initiated via the Asset Accounting module.

This document describes the design of the SAP Capital Asset acquisition transaction processing, including flowcharts for Moveable Property, Real Property and Infrastructure.

The State has a very limited number of Capital Leases - SAP handling of these types of acquisitions will be finalized during realization.

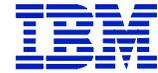
Items which do not meet Capital Asset criteria but require tracking will be managed via Notification Records, and for maintenance purposes, via Equipment Master Records in the Plant Maintenance Module. Additionally, for tracking and physical inventory purposes, Notification Records will be created and cross referenced for each corresponding capital asset (i.e. Asset Master Record).

Information on the physical tracking and inventory of assets can be found in [PDD: FIN-AA-PDD060-AA Physical Inventory](#).



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## Business Blueprint



### To-Be Process Description

#	Process Terminology	Description
1	Asset Class	Main criterion for classifying fixed assets according to legal, financial and management requirements.
2	Asset Master Record (AMR)	Contains general information and valuation/depreciation rules for a specific item in the Asset Accounting (AA) module. In SAP, it also stores all the values and transaction data for the item.
3	Main Asset Number	Unique number, in combination with company code and asset sub number, that identifies a fixed asset
4	Sub Asset Number	Asset record for an individual part of an asset, or subsequent acquisitions, can be represented by a sub-number to a main asset number. For public sector sub-numbers are used for each funding source of an asset.
5	Capital Asset	Tangible property which cannot easily be converted into cash and which is usually held for a long period, including real estate, equipment, etc
6	Asset under Construction (AuC)	An asset that you produce or manufacture yourself which must be managed as a separate asset master record, generally without depreciation, during the construction phase.
7	Low Value Asset (LVA) / Controlled Assets	Items that do not meet the capital asset criteria and are recorded for tracking purposes. These will be tracked in Plant Maintenance via Notification Records.
8	Capital Lease	A lease that meets one or more financial criteria as defined by FASB. This type of lease is considered to have the economic characteristic of asset ownership, thus it is recognized both as an asset and as a liability (for the lease payments) on the balance sheet.
9	Operating Lease	In an operating lease, the lessor (or owner) transfers only the right to use the property to the lessee with the property being returned to the lessor at the end of the lease. This type of lease is treated as an operating expense in the income statement and the lease does not affect the balance sheet. These are not relevant to Capital Assets.
10	Depreciation	Reduction of the asset book value because of decline in economic usefulness or because of legal requirements for taxes.
11	Depreciation Area	A structure that contains and maintains the valuation of a fixed asset for a particular purpose (for example, legal financial statements, balance sheets for tax purposes, or management accounting values). It can be thought of as an asset ledger or asset book. For public sector accounting, it typically reflects asset values two areas: modified accrual and full accrual purposes.
12	Screen Layout	Settings that specify the fields that are displayed during master data maintenance and the field entry characteristics (e.g. required optional, display only). Field entry characteristics are also referred to as 'Field Status'.
13	Account Assignment or Account Determination	Settings which defines which general ledger accounts to post to from a business transaction. These are the general ledger accounts that are used by the system for transactions that have automated general ledger postings (e.g. depreciation) or that are proposed by the system for transactions which allow an end user to override the proposed account (e.g. post capitalization).
14	Amortization	Writing off of loans or intangible assets in equated annual/monthly installments over a scheduled period.
15	Post Capitalization	Correction of asset value, which was either set too low because



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#	Process Terminology	Description
		capitalization was not performed in the past or which was treated entirely as expense
16	Goods Receipt (GR)	A term from inventory management denoting a physical inward movement of goods or materials. It is usually triggered by a document that denotes the delivery of goods from a vendor to a company. For assets, the AMR valuation occurs at either time of GR or IR.
17	Invoice Receipt (IR)	A term from Invoice Verification describing the receipt of an invoice issued by a vendor (creditor). For assets, the AMR valuation occurs at either time of GR or IR.
18	Unplanned depreciation	Financial valuation adjustment which decreases the asset net book value via adjustment to depreciation posted. Reasons for adjustment include unexpected permanent reduction in the worth of the asset due to damage, technical obsolescent, etc.
19	Transfer	A transfer is a partial or complete movement of an asset from a physical, financial or responsibility / ownership perspective. This can include a change in tracking location, responsibility/ownership, splitting of an asset/moving part of an asset to another asset
20	Retirement	Asset retirement is the removal of an asset or part of an asset from the asset portfolio. When an asset is 100% retired, the deactivation date for the asset should be defined.
21	Physical Inventory	Methodical review and recording of the quantities and amounts relating to the asset portfolio.
22	Data Conversion	The transfer of data from one/many existing system(s) into a new computer system. For assets, this transfer process uses existing or 'new' data elements to be 'copied' into the new system, for example general information (e.g. master records) and values (e.g. financial balances and/or transactions).
23	Data Takeover (DTO)	Another term for Data Conversion.
24	Data Mapping	Process of matching data element between the legacy and new system. This includes identifying where 'exact' matches in terms of field length and characteristic do not exist and determining how to manage the data to fit the new system (e.g. data transformation).
25	Data Transformation	Legacy system(s) may have different characteristics for a data element that must be standardized and transformed into the new system format (e.g. update of data for loading or using cross reference data-mapping rules).
26	Project System	Module that allows the user to plan, execute and account for a project.
27	WBS Element	Work Breakdown Structure – Forms the basis for the coordination and organization of a project. It is the Hierarchical outline of a task, item, or process as described in the project definition.
28	Settlement	Full or partial allocation of costs from one object to another (e.g. from WBS to AuC, from AuC to final AMR).
29.	Intangible Assets:	<p>GASB "Statement No. 51 identifies an intangible asset as having the following three required characteristics:</p> <ul style="list-style-type: none"> <li>• It lacks physical substance—in other words, you cannot touch it, except in cases where the intangible is carried on a tangible item (for example, software on a DVD).</li> <li>• It is nonfinancial in nature—that is, it has value, but is not in a monetary</li> </ul>



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#	Process Terminology	Description
		form like cash or securities, nor is it a claim or right to assets in a monetary form like receivables, nor a prepayment for goods or services. <ul style="list-style-type: none"> <li>• Its initial useful life extends beyond a single reporting period.</li> </ul> Examples of intangible assets in the governmental arena include easements (which are the right to use land for a specific purpose, such as building a highway), land use rights (such as the right to use a water source or to remove minerals or other resources from land), computer software, patents, and trademarks.”

### Overview

Capital Assets can be acquired via multiple paths:

- Purchase
- Construction
- Donation
- Seizure or legal settlement
- ‘Found’ or ‘Corrections’ (e.g. moveable property capital asset ‘found’ during physical inventory and item not updated to asset database at time of acquisition)
- Capital Lease.

Upgrades or additions to an existing asset will only be capitalized if they independently meet the capitalization threshold.

Capital Asset Master Records are defined prior to any transactional processing for the assets – generally, at the start of the acquisition process.

In most cases there will be multiple costs and transaction postings for the acquisition value of an asset, including those that are donated or obtained via seizure or legal settlement. Generally, the value of a capital asset includes the cost of procuring the asset as well as ancillary costs such as installation, freight for goods, professional fees for surveying, legal, appraisal, and other costs as defined by the Office of Statewide Reporting and Accounting Policy (OSRAP).

As part of the transactional updates, in addition to the asset valuation updates, there may be system generated updates to the general data of the asset master record. In some instances, there will be a requirement for manual update to the asset master record.

The process of acquiring a capital asset is generally initiated outside of the Asset Accounting Module:

- Moveable property generally has a short time frame for the acquisition process (i.e. from the time an item need is identified until the time the item is purchased and received by the State), thus it will be managed via the acquisition process in MM by the agency acquiring the item. Generally, these types of assets are acquired via one or more Purchase Orders (PO) (e.g. if multiple vendors are involved, an asset may have a Purchase Order for the asset acquisition and another for setup/installation). Current policy disallows the direct purchase of moveable Capital Asset (i.e. purchase of items over \$5000 in value without a Purchase Order or use of PCards) for Capital Asset purchases.
- The timeframe for real property and infrastructure asset acquisition is generally lengthier and may involve multiple State parties. These categories of assets, whether purchased, constructed or donated, require additional steps such as feasibility, environmental and other assessments, appraisals, etc. Accordingly, these types of acquisitions will normally be managed via projects in Project Systems.
  - o Infrastructure - under the current infrastructure capitalization policy (i.e. \$3M per year per agency), these types of assets are generally limited to DOTD. These types of assets are generally constructed, however, ‘donations’ (typically, from a local government) will



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sometimes occur. Land acquired for Rights of Way (ROW) is part of the infrastructure requirements and is generally procured as part of the infrastructure project.

- o Real Property capital assets, including land (but excluding right of way procured by the Department of Transportation and Development (DOTD) which is part of an Infrastructure project), as well as buildings and related real property improvements are generally processed by Facilities Planning and Control (FP&C) through a project. This includes acquisition via purchase, construction or donation. Upon completion and final acceptance of the project, the asset is turned over to the agency that will 'own' it. There are:
  - Limited number of agencies which have exemption from capital asset real property procurement via FP&C. These exceptions are defined in State of Louisiana, Revised Statute 39:14.
  - Occasions where agencies such as Wildlife and Fisheries receive donated real property.

To have a consistent approach to real property acquisition recommendation is that FP&C process all real property asset acquisitions (excluding Right of Way for infrastructure).

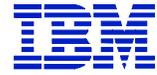
The asset accounting module is also used to enter a capital asset for the following scenarios that do not originate with a standard purchase order or project:

- An item is acquired without a cash transaction (e.g. donated, seized or obtained through legal settlement) which requires that a capital asset record be created and valued.
  - o For infrastructure and real property capital assets, often there are additional costs such as those related to appraisals, environmental assessments, etc. These costs will typically be added to the asset via a Project. Donated assets are most applicable to infrastructure (where there is movement of infrastructure 'ownership' between non-State and State) and, infrequently, for real property.
  - o For moveable property, additional costs for accepting and putting a donated asset into service are infrequent. Where they do occur these additional costs will be generally handled via a Purchase Order. Seized or legal settlement acquisitions are most applicable to moveable property.
- If a capital asset is erroneously not entered into the Asset Accounting database at the time of acquisition, it is possible to subsequently create the asset master record with the correct capitalization date and asset value. This may be the case for moveable capital assets that are 'found' during a physical inventory. However, it is less likely to be relevant for infrastructure and real property capital assets. For each correction instance, the offsetting general ledger account will need to be evaluated to ensure that the financial impact is appropriate (e.g. During a current year acquisition, an agency may choose to offset the expense account that was posted to in error).
  - Capital lease acquisitions are very infrequent. Approximately a dozen such active leases were identified, and these are spread among multiple agencies. During realization, a closer analysis of the existing leases will be done to determine if implementing and providing end-user training for SAP Capital Lease functionality would be more effective than continuing with manual capital lease maintenance.
  - o At this time, the recommendation is to continue to manage these capital leases, including amortization and interest postings, manually, similar to the existing process. However, for tracking purposes these should be setup as 'shells' on the Asset Accounting module with sufficient details to be able to identify the lease and lease terms.
  - o As a reference, the usual process for managing Capital Lease valuation includes:
    - The initial setup of the lease would be developed with a journal entry with the following debits and credits:  
DR *Capital Assets*  
CR *Capital Lease Obligation (liability)*
    - Determine the asset value using present value table.



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- Calculate the amortization schedule to determine how much of the monthly payments represents principal repayments and how much represents interest expense.
- Create a recurring accounting entry for payment with the following debits and credits:
  - DR *Capital lease obligations*
  - DR *Interest*
  - CR *Vendor.*
- Although a capital asset transfer can be considered an acquisition for the receiving agency, this business process is discussed in the document for Asset Transfers (see PDD: FIN-AA-PDD040-AA Transfers).
- Intangible Assets: Processes cannot be defined until OSRAP provides guidance on how GASB 51: *Accounting and Financial Reporting for Intangible Assets* will be handled by the State of Louisiana. The action item is currently under review by OSRAP.
- It has been determined that a Notification Record in PM will be created for each Capital Asset (i.e. for tracking purposes and to enable utilization of a common barcode scanning solution for all track-able items). Accordingly, some of the location and custodian type fields will need to be revisited during realization and probably removed from the Asset Master Record and maintained only in the Notification Record (PM). Additionally, some data fields such as Inventory and Serial Number may not be needed to be maintained in parallel. The fields that will be maintained in parallel on Notification Record and AMR and the process to maintain these fields will be finalized during realization (action item logged for this).

Related PDDs for capital asset acquisitions include:

- Project Systems, see PDD: FIN-PS-PDD070-Capital Projects Periodic Processing
- Material Management, see PDD: LOG-PUR-PDD005 PO Processing
- Plant Maintenance, see PDD : LOG-PM-PDD001, Maintenance Process.

### **Procurement – Capital Moveable Assets**

Generally, these types of asset acquisitions will be made for new items where there is no existing AMR; however, there will be instances where there are additional costs for a new or donated/seized/other non-cash acquisition item such as installment or setup fees, freight, appraisal fees, etc. Additional care will need to be exercised to insure that all applicable costs are included in a capital asset valuation. At time of Goods Receipt, it will be necessary to create a corresponding Notification Record with physical inventory and location tracking detail in addition to updating the applicable AMR fields.

Property Managers or their designate will be responsible for the creation or update of general data and the integrity of financial values for Capital Asset Master Records including:

- Purchase with a Purchase Requisition and Purchase Order:
  - Upon identification of the need for a Capital Asset, a Purchase Requisition will be initiated by agency personnel; however, it will not be identified as an 'Asset' type procurement until the Purchase Order is created.
  - Items that meet commodity code and value criteria for a capital asset will require the review and approval of a Property Manager during the creation of the Purchase Order. If it is determined that the item meets Capital Asset criteria, the Property Manager will change the type of Purchase Order Account Assignment to 'A' (assets) in order to assign an Asset Master Record to the Purchase Order. This can either be done by creating an Asset shell or by identifying an existing asset master record to update.
  - At the time of goods receipt the system will automatically update the asset values for the asset master record based on the Purchase Order unit value. As part of GR process, the Property managers or designates will be responsible for assessing the asset master record and updating additional details such as serial number, employee assignment, etc.



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- If there is a valuation difference, within the tolerance limits, between the Purchase Order and Invoice Receipt (IR), – the system will automatically update the asset values for the asset master record based on the IR value.
- If there are other general master data changes during the financial life cycle, the Property Manager or designate will be responsible for appropriate updates.
- Details for Capital Asset procurement design can be found in the aforementioned PDD for capital asset acquisitions via Material Management/SRM.
- Purchase without Purchase Order / with PCard:
  - Current policy disallows the direct purchase of moveable Capital Asset (i.e. purchase without a Purchase Order or use of PCards) for Capital Asset purchases.
    - If a Capital Asset is purchased without a Purchase Order it will be necessary to retroactively create a Purchase Order and follow applicable procurement procedures.
    - For items purchased with a PCard, these will need to be independently evaluated to determine appropriate capital asset data recording – this may involve multiple steps to accommodate the out of policy acquisition method.
- Purchase from Surplus:
  - Historically, there have been few acquisitions from Surplus that meet capital asset criteria (e.g. 1 in the past 15 years). If such a situation occurs, there will need to be an evaluation of the processes to accommodate this. As with other moveable asset procurements, the agency acquiring the asset will be responsible for creating the asset master record and processing the valuation transaction.

### ***Procurement or Construction: Real Property***

Initially, FP&C is responsible for managing the acquisition, construction and donation recording of real property capital assets (e.g. land and buildings) using project systems for recording and tracking costs for all but a limited number of agencies. Exceptions are identified in Louisiana Revised Statute 39:14. After final settlement of costs to the asset, the 'owning' agency assumes responsibility for maintaining the asset master record.

For processing and financial consistency, and to streamline training and re-training for seldom-used processes, the recommendation is that LaGov agencies which currently manage their own real property procurement and construction (and generally have low volumes of such acquisitions), should have FP&C manage the process using Project Systems.

This process definition starts from the time that the capital asset construction project has been approved and is with FP&C.

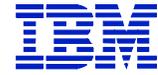
FP&C's designated project administrator will be responsible for the creation and update of general data as well as the integrity of financial values for Capital Asset Master Records while managing projects for real property capital asset acquisitions.

- Asset shells for Assets under Construction (AuC) are created, via an SAP program, as part of the project system process.
- Costs are posted to the appropriate Project/Work Breakdown Structure (WBS), including the purchase of real property (e.g. land or buildings via RE Contract, which is maintained by the Agency Real Estate administrator).
- Settlement rules are created for the WBS and AuC(s).
- Periodically (e.g. at month end) the costs are settled from the WBS to the AuC.
- This cycle continues until construction is deemed complete.
- Construction is deemed complete when the 'Final Acceptance' document is issued by FP&C. FP&C will:
  - Notify the Office of Risk Management (ORM), for insurance purposes, to have the construction inspected.



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## Business Blueprint



- Advise the final asset 'owning' agency finance team so that the final AMR record(s) are created manually. The receiving agency is to be identified by the cost center of the Asset Master Record to eliminate the need for a 'transfer' transaction.
- Define settlement rules from AuC to final AMR.
- Perform settlement to the final AMRs (note: there may be additional settlements as noted below).
- Hand over responsibility for the Asset Master Records to the agency who will 'own' the asset.
- Note: there is typically a delay between the time the 'final acceptance' is completed, which allows the asset to be put into service, and the receipt of final costs. The project is not closed until all the costs have been recorded and the 'final' settlement to AMR's is processed.
- The Real Estate Property Manager at the 'owning' agency will become responsible:
  - For the financial integrity, general master data (including ensuring REKey linkage) or other updates during the financial life cycle of the Asset Master Record(s).

There may be occasions where a constructed asset is partially completed and put in use while the balance of the asset is being completed (e.g. multi-story building, where 1<sup>st</sup> floor is completed and occupied, while balance of building is being completed). In such cases, OSRAP must need to be notified when the '*partial acceptance*' is issued so they can provide instructions on how to handle the asset capitalization and depreciation. OSRAP will take into consideration the amount of completion and the expected completion date for the balance of the asset – thus each scenario must be evaluated independently. To accommodate the financial requirements defined by OSRAP there are multiple processes that may be used – the most appropriate will need to be identified on a case-by-case basis:

- Do not perform settlement to the final AMR (i.e. capitalize and start depreciation) until the asset is fully completed.
- Perform a settlement from the AuC to final AMR based on absolute \$ or % for the value of the asset that should be capitalized and depreciation started. When the AMR is fully completed, then settle the AuC balance to one of:
  - The existing final AMR(s) (Note: if settled to the same AMR as the initial settlement, there may be a temporary 'spike' in the depreciation for a period.)
  - New AMR(s)/AMR sub-numbers if the depreciation rules should be different from that of the initial value. (Note: If settled to a new AMR/sub-number, then the financial life of the actual asset may end at different times).
  - New AMR(s)/AMR sub-numbers with the depreciation useful life adjusted to end concurrently with the initial AMR.

### **Construction: Infrastructure**

Based on the current infrastructure capitalization policy (i.e. \$3 million per year per agency), infrastructure assets are generally limited to DOTD only. The recording of infrastructure assets by other agencies will need to be reviewed when such a circumstance occurs. These types of assets are generally constructed. However, 'donations' (typically, from local government) will sometimes occur. Land acquired for Rights of Way is part of the infrastructure requirements and is generally procured as part of the Infrastructure project.

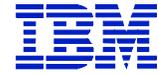
DOTD's designated project administrator / asset coordinator will be responsible for the creation and update of general data as well as the integrity of financial values for Capital Asset Master Records while managing projects for real property capital asset acquisition

- Asset shells for Asset under Construction (AuC) are created, via an SAP program, as part of the project system process.
- Costs are posted to the appropriate Project/WBS, including the purchase of real property such as land for Right of Way, or through a real estate contract, which is maintained by the DOTD Real Estate administrator.



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- Settlement rules are created for the WBS and AuC(s).
- Periodically (e.g. at month end) the costs are settled from the WBS to the AuC.
- This cycle continues until construction is deemed complete.
- Construction is deemed complete when the 'Final Inspection' document is issued by DOTD. The DOTD project administrator / asset coordinator will:
  - Create the final AMR records. Asset Master Records for final settlement in project system processing must be created manually – the receiving agency should be identified in the cost center of the Asset Master Record to eliminate the need for a 'transfer' transaction. This may be done by the DOTD finance team personnel or the finance representative on the project.
  - Define settlement rules from AuC to final AMR.
  - Perform settlement to the final AMRs (note: there may be additional settlements as noted below).
  - Hand over responsibility for the Asset Master Records to the DOTD project administrator / asset coordinator who will become responsible for the financial and data management of the asset master record
  - Note: there is typically a delay between the time the final inspection is completed (which allows the asset to be put into service) and the receipt of final costs. The project is not closed until all the costs have been recorded and the 'final' settlement to the AMR is processed.
- DOTD project administrator / asset coordinator will become responsible:
  - for the financial integrity, general master data or other updates during the financial life cycle of the Asset Master Record(s)

There may be occasions where a constructed asset is partially completed and put in use while the balance of the asset is being completed (e.g. multi-lane highway with turning lane). In such cases, OSRAP should be notified when the 'partial acceptance' is issued so they can provide instructions on how to handle the asset capitalization and depreciation. OSRAP will take into consideration the amount of completion and expected completion date for the balance of the asset – thus each scenario must be evaluated independently. To accommodate the financial requirements defined by OSRAP there are multiple processes that may be used – the most appropriate will need to be identified on a case-by-case basis:

- Do not perform settlement to the final AMR (i.e. capitalize and start depreciation) until the asset is fully completed.
- Perform a settlement from the AuC to final AMR based on absolute \$ or % for the value of the asset that should be capitalized and depreciation started. When the AMR is fully completed, then settle the AuC balance to one of :
  - The existing final AMR(s) (Note: if project costs are settled to the same AMR as the initial settlement, there may be a temporary 'spike' in the depreciation for a period.)
  - New AMR(s) or AMR sub-numbers if the depreciation rules should be different from that of the initial value. (Note: If settled to a new AMR sub-number, then the financial life of the actual asset may end at different times).
  - New AMR(s)/AMR sub-numbers with the depreciation useful life adjusted to end concurrently with the initial AMR.

### ***Donation (including Seizures/Legal Settlements): Moveable Property***

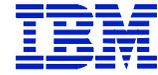
Process for LaGov project entities:

- A movable asset donation is proposed to an agency. If accepted, the receiver of the donation ensures that appropriate documentation (e.g. Act of Donation or equivalent) and valuation is prepared. The capital asset and/or supporting documentation is forwarded to the agency Property Manager.



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- Donation acceptance must follow State of Louisiana policy. The capitalized value must include appraisal or other determination of the asset value and any additional costs (as defined by OSRAP) for the acceptance and placement into service of the asset.
- Property Manager reviews the documentation, including valuation support, and if:
  - The value of the item is less than \$5000 and it is a trackable item, it follows the process for master data setup in Plant Maintenance. No capital asset action is required.
  - The value of the item is equal to or greater than \$5000 and meets capital asset criteria, an Asset Master Record must be created.
- For an accepted capital asset donation, the Property Manager forwards the detail to a designated finance person responsible for capital assets who:
  - Assigns the Asset Master Record (if one already exists) or creates the new Asset Master Record using the transaction for 'Acquisition with Offsetting Entry'. If the acquisition should have a prior year capitalization date, a 'Post Capitalization' transaction is created. Valuation is based on the appraised value (i.e. fair market value). The offsetting entry for the Asset Acquisition must be the applicable donation revenue account.
  - Ensures that all costs incurred to date are posted to the asset, such as appraisal or other costs that must be included in the asset value.
- The Finance Person advises the Property Manager that an AMR has been setup.
- The Property Manager or designate becomes responsible for managing the capital asset updates and:
  - Ensures that additional fields are completed.
  - Ensures that associated PM record has been created, if applicable.
  - Ensures the asset is tagged.
  - If additional costs relevant to the capital asset value are incurred, ensures that these are posted directly to the AMR.

### ***Donation: Real Property***

For LaGov project entities:

- A real property donation proposed to an agency.
- Donation acceptance must follow State of Louisiana policy. The capitalized value must include an appraisal or other determination of the asset value and any additional costs (as defined by OSRAP) for the acceptance and placing into service of the asset.
- The agency reviews the proposed donation and, if not immediately declined, requests that FP&C set up a project to manage costs.
- FP&C advises agency financial personnel and the Real Estate Property Manager of coding for costs (e.g. Project/WBS).
- Agency performs its due diligence for acceptance (e.g. justification, environmental assessment, appraisal, etc.), The Real Estate Property Manager ensures that costs are posted to appropriate project/WBS.
  - Costs (e.g. appraisals, surveys, environmental assessments, legal or other costs related to a potential capital asset) are collected and assigned to the applicable WBS element, but settlement is deferred until the donation is either declined by the agency or until after donation approval decision is made by appropriate authority (e.g. Commissioner of Administration).
- Agency makes the donation status decision:
  - If the donation is declined, the agency real estate Property Manager is advised and follows up with FP&C to settle costs to the agency cost center and close the project.
  - If the donation is accepted, the Real Estate Property Manager forwards supporting documentation to OSRAP.



# LaGov ERP Project

## Business Blueprint



- The agency ensures that all costs incurred to date are posted and advises FP&C so that costs are settled to the AMR and the project is closed. (Note: there is not an AuC for this process).
- The agency forwards appraisal and other supporting documents to SLO.
- The OSRAP finance person responsible for capital assets:
  - Creates the final Asset Master Record(s) using the transaction for 'Acquisition with Offsetting Entry'. If the acquisition should have a prior year capitalization date, a 'Post Capitalization' transaction is entered. Valuation is based on the appraised value (i.e. fair market value). The offsetting entry for the Asset Acquisition must be the applicable donation revenue account.
  - Provides AMR(s) numbers to the FP&C & Property Manager
- FP&C advises the agency Real Estate Property Manager and Finance person that costs have been settled and that the project is closed.
- The Real Estate Property Manager or designate becomes responsible for managing the capital asset updates and:
  - Ensures that Asset Master Record has been linked to the Real Estate Object by the Agency person responsible for Real Estate.
  - Ensures additional fields are completed.
  - If additional costs relevant to the capital asset value are incurred, ensures that these are posted directly to the AMR.

### **Donation Infrastructure**

*NOTE: For the donated item, the account assignment (i.e. DR for Asset Acquisition Accounts will be as defined in account assignments – manual update to these accounts is not possible; however, the offsetting entry for the acquisition will need to be reviewed during 'Acquisition with Offsetting Entry or Post-capitalization' transaction processing and updated to be the appropriated 'donation revenue' account).*

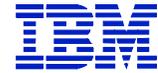
For LaGov project entities, generally only DOTD has received Infrastructure donations. Should there be infrastructure donations to non-DOTD agencies in the future, business processes for non-DOTD infrastructure donations will need to be reviewed. The following business process is based on DOTD infrastructure:

- Donation proposed to DOTD.
- Donation acceptance must follow State of Louisiana policy. Capitalized value must include an appraisal or other determination of the asset value and any additional costs (as defined by OSRAP) for the acceptance and placing into service of the asset.
- DOTD Planning Section reviews the proposed donation and does its due diligence for acceptance.
  - If the donation is declined, then no further action required for capital assets
  - If the donation is accepted, then the DOTD Planning Section forwards the documentation and advises the DOTD finance team (e.g. DOTD Planning Section notifies DOTD Finance Section upon filing of legal documents – '1104' at Clerk-of-Court).
    - Generally, there are no additional costs related to an infrastructure donation. If there are, these costs would need to be posted directly to the Asset Master Record
- For an accepted donation, the DOTD Finance person responsible for Capital Assets:
  - Assigns an existing Asset Master Record (where applicable) or creates the Asset Master Record(s) using the transaction for 'Acquisition with Offsetting Entry'. If the acquisition should have a prior year capitalization date, a 'Post Capitalization' transaction is entered. Valuation is based on the appraised value (i.e. fair market value). The offsetting entry for the Asset Acquisition must be made to the applicable donation revenue account. The super-number must have the applicable Control Section/Recall number assigned.



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- Advises OSRAP and, if Real Property is included in donation (e.g. ROW), DOTD Real Estate personnel.
- Ensures that all costs incurred to date are posted.
- After final settlement, the DOTD finance person responsible for capital assets becomes responsible for managing the capital asset:
  - If there is Right of Way, the DOTD finance person ensures that Asset Master Record has been linked to the Real Estate Object by the DOTD Agency person responsible for Real Estate.
  - Ensures additional fields are completed.
  - If additional costs relevant to the capital asset value are incurred, these are posted directly to the AMR.

### **Corrections: Item Acquired but not on Capital Asset Database**

**Note:** For the donated item, the account assignment (i.e. DR for Asset Acquisition Accounts will be as defined in account assignments – manual update to these accounts is not possible; however, the offsetting entry for the acquisition will need to be reviewed during ‘Acquisition with Offsetting Entry or Post-capitalization’ transaction processing and updated accordingly. It may be necessary to obtain OSRAP guidance on the offsetting account.)

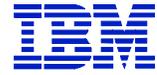
The following process applies to Movable Property, Real Property and Infrastructure for LaGov project entities. It is a process that should only happen rarely, if at all, for Real Property and Infrastructure.

- A capital asset is identified as not being on SAP Asset Accounting database (e.g. it is found during physical inventory, the item was not identified for initial data load/conversion, or a coding error was made on the original acquisition, etc.). Pertinent information is forwarded to the Property Manager or designate for further investigation.
- The Property Manager or designate investigates to ensure that item is not on the SAP Asset Accounting database and determines when/how the asset was acquired to determine how the accounting should be handled.
  - If the item is determined to be on the Capital Asset database, ensures that all the relevant data is correct (e.g. Moveable Asset – inventory/serial number is correct, Real Property – RE Key is correct, Infrastructure – Super-number has the correct Control Section, etc). Advise relevant parties so they can ensure any corresponding records are correct (e.g. Agency Real Estate personnel, DOTD Infrastructure / AGILE personnel, ORM, etc).
  - If the asset is not on the SAP Asset Accounting database, forward the AMR setup detail to the Agency Finance person responsible for capital assets.
- The agency finance person responsible for capital assets shall setup the Asset Master Record:
  - If acquired in the current fiscal year, create a new Asset Master Record using the transaction for ‘Acquisition with Offsetting Entry’. The posting should update the valuation of the existing AMR as it should have been initially posted and thus reverse the erroneous initial posting – value and general ledger account.
  - If acquired in a prior closed fiscal year, create the Asset Master Record using the transaction ‘Post Capitalization’. If the original posting can be found, the valuation should be based on the original value. If the original posting cannot be located, the asset will need to be valued – contact OSRAP for valuation guidance. The offsetting general ledger account should be the new general ledger account for post capitalization.
  - Advise the Property Manager or designate of the updated Asset Master Record.
- The Property Manager or designate should review the Asset Master Record and make general data updates, and ensure that linkages to other modules such as REKey, personnel number, etc. are updated, as applicable.



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- If this is a moveable property asset, ensure that the capital asset gets tagged.

### ***Process Improvement Opportunities:***

- A single source of data for Capital Assets. Centralize and standardize the fixed asset organizational structure and repository of fixed asset data for State of Louisiana organizational entities participating in the LaGov Project.
- State Assets become part of the accounting system, meaning complete financial integration for recording and reporting. Accurate financial reporting on capital assets. Eliminate the need for duplicate recording of data (e.g. financial). Reduce manual gathering of asset data for financial reporting (e.g. CAFR)
- Capital Asset financial data becomes transaction based to ensure that general ledger and sub-ledger balance are updated appropriately. Provide a consistent approach to asset master record creation and update processes for financial transactions within the AA modules (such as transfers, retirements, depreciation postings, value adjustments, corrections and non-cash acquisitions) and integrated transactions such as asset acquisition via procurement (MM module), direct purchase without Purchase Order (AP module) and 'construction' projects (PS module).
  - Acquisition costs of capitalized assets coming directly from purchase orders (GR/IR), projects or contracts provide more accurate data and more detailed reporting.
  - Ability to 'drill-down' to source data for transaction analysis (with appropriate approvals)
- Reduce re-tagging of moveable assets upon transfer.
- Ability for easier and more accurate reporting of asset acquisition data by funding source.

### **To-Be Process Flows**

The following provide process flows for the capital asset acquisition methods:

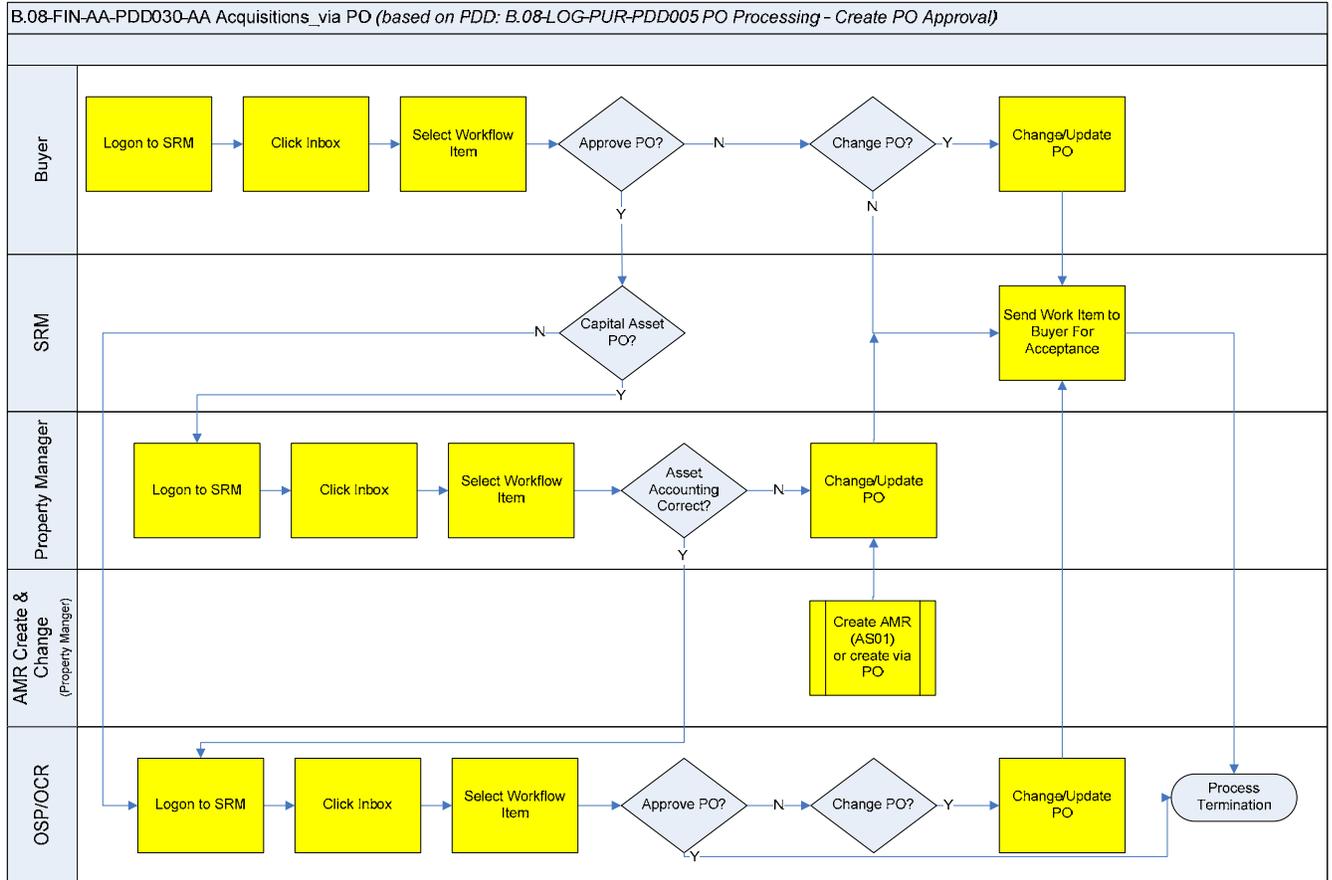
- Moveable assets are most often procured via the MM module (i.e. Purchase Orders).
- Due to the time line and multiple step requirements, Real Property and Infrastructure are most often acquired via the PS module (i.e. Projects).
- 'Donations' of Real Property, which require acceptance analysis and have additional costs, will also be managed via Projects.
- 'Donations' of Infrastructure and Moveable Assets will be managed via the Asset Accounting module as there are limited additional costs involved with these capital assets.
- via Material Management: PDD: LOG-PUR-PDD005 PO Processing:



# LaGov ERP Project Business Blueprint



- o FIN-AA-PDD030-AA Acquisitions\_via PO (one user role in addition to process flow from MM)



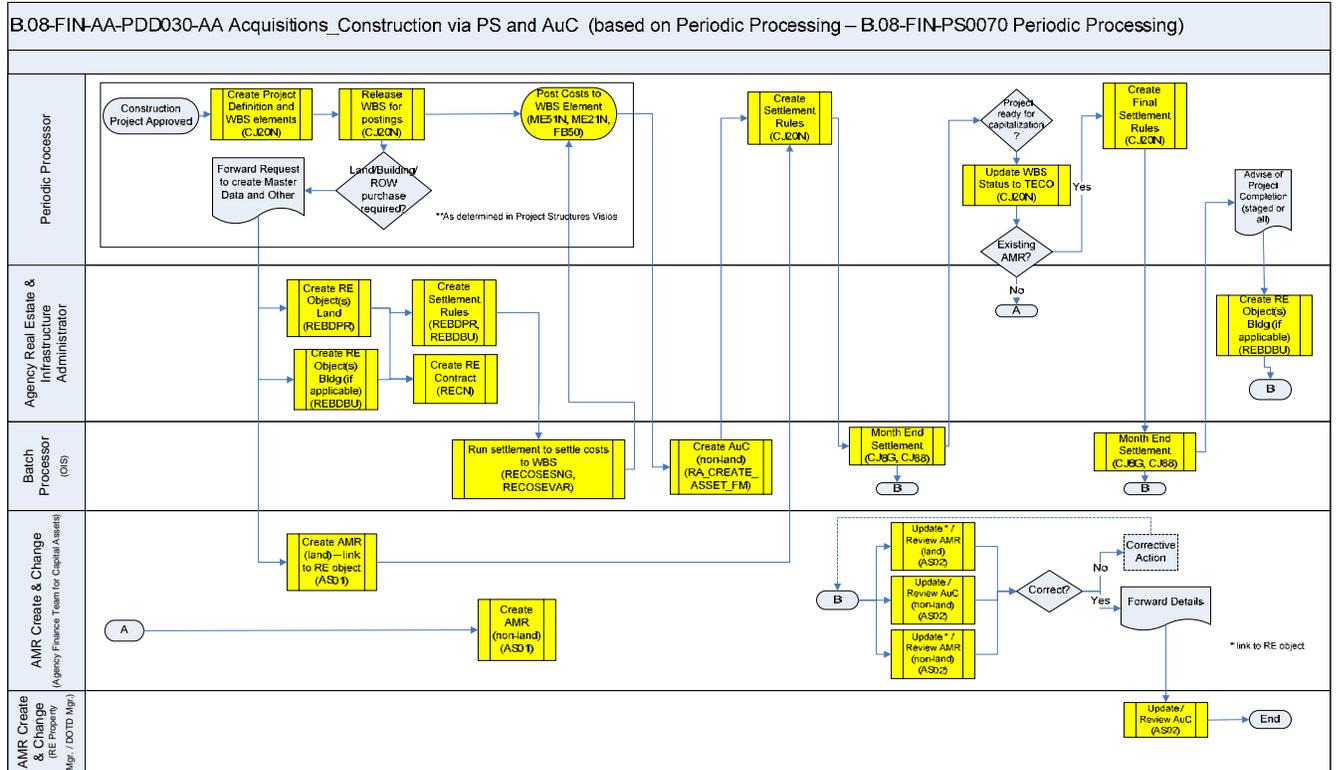
- via Project System, see PDD: FIN-PS-PDD070-Capital Projects Periodic Processing:



# LaGov ERP Project Business Blueprint

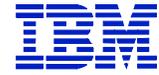


- o FIN-AA-PDD030-AA Acquisitions\_Construction via PS and AuC\_ DRAFT.vsd (one user role in addition to process flow from PS)

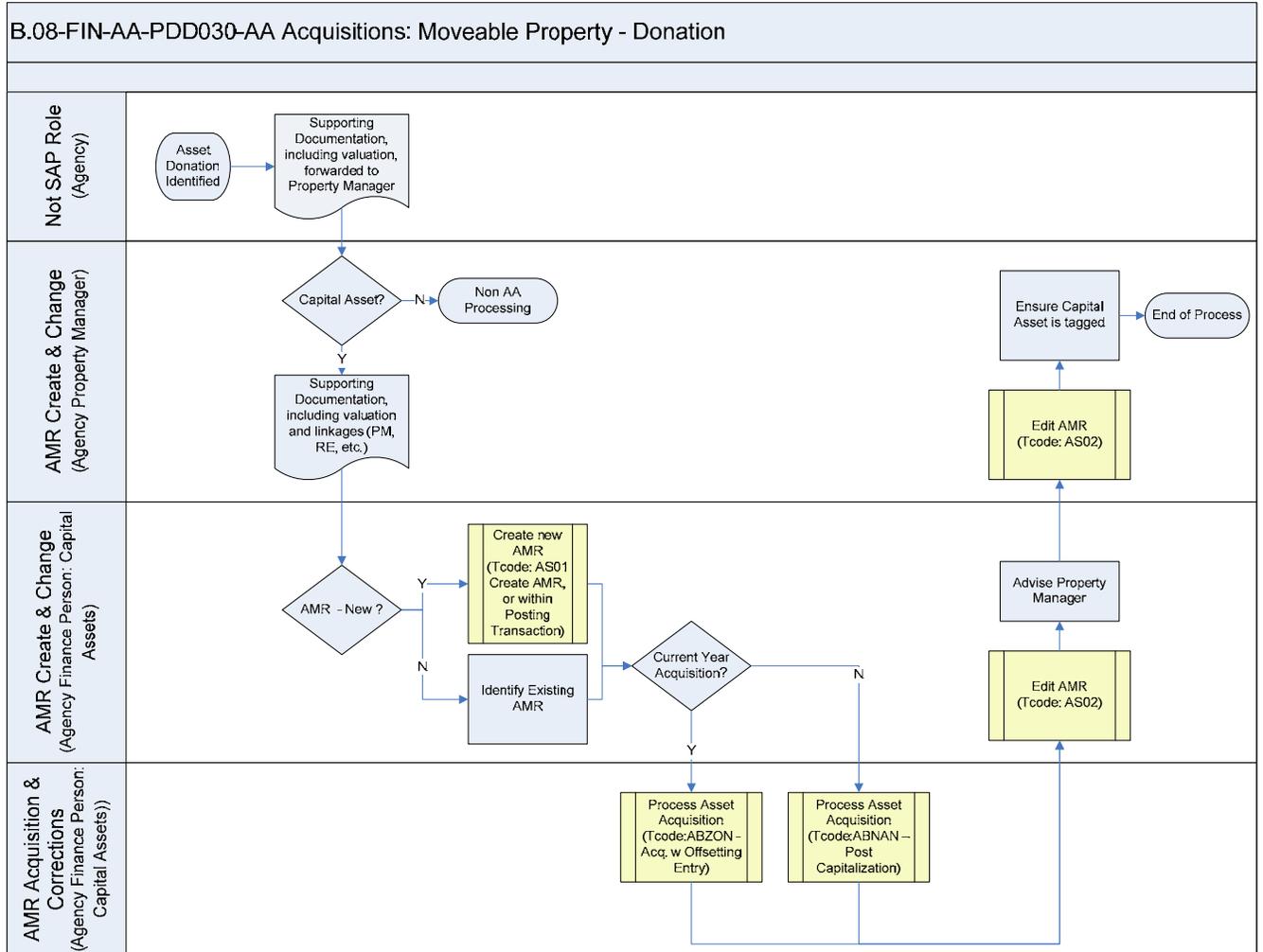




# LaGov ERP Project Business Blueprint



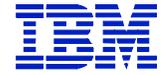
- FIN-AA-PDD030-AA Acquisitions\_Moveable Property - Donation.vsd



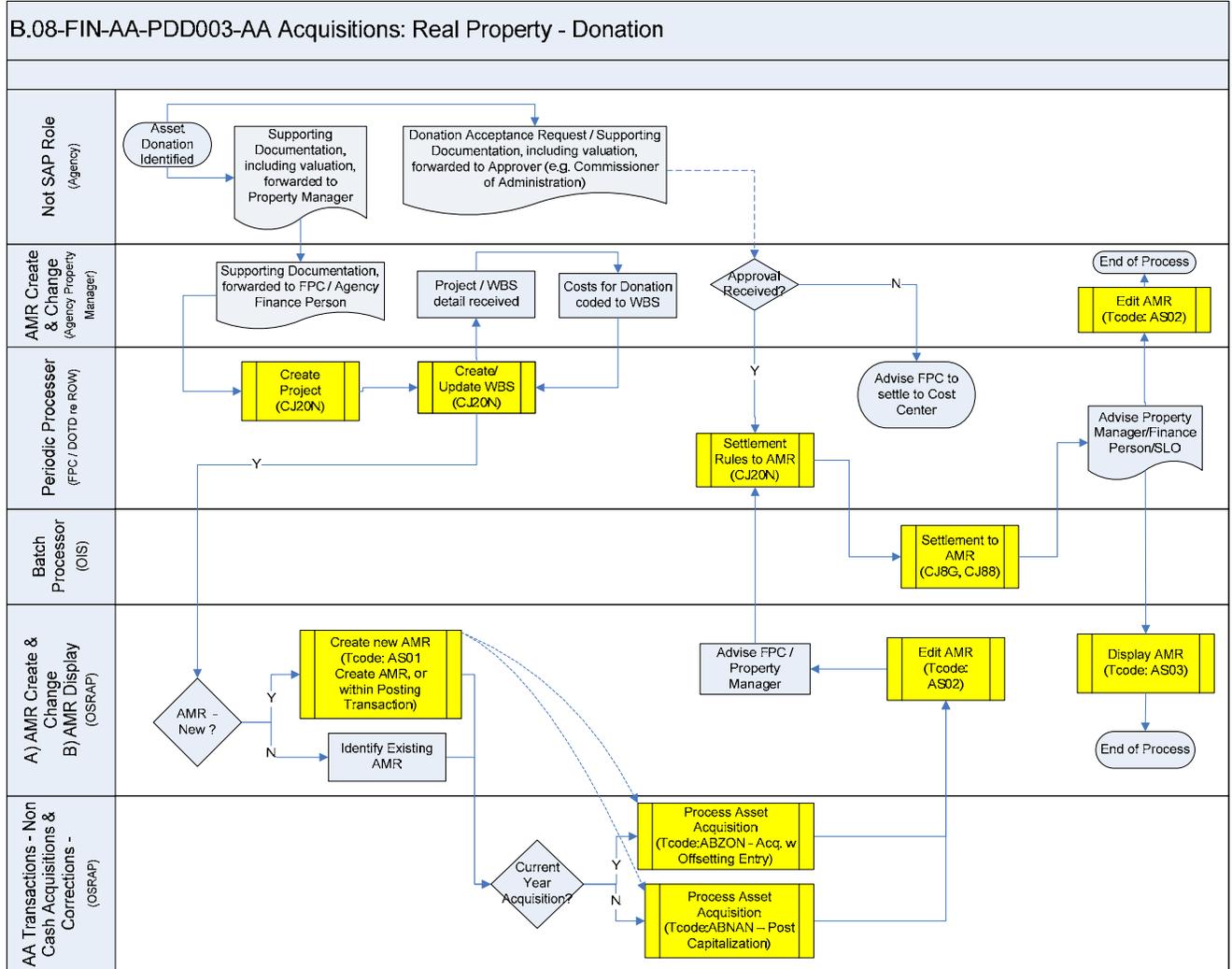


# LaGov ERP Project

## Business Blueprint

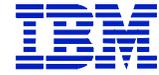


- FIN-AA-PDD030-AA Acquisitions\_Real Property - Donation.vsd (does not include RE Object creation or roles – these will be managed via the RE module).

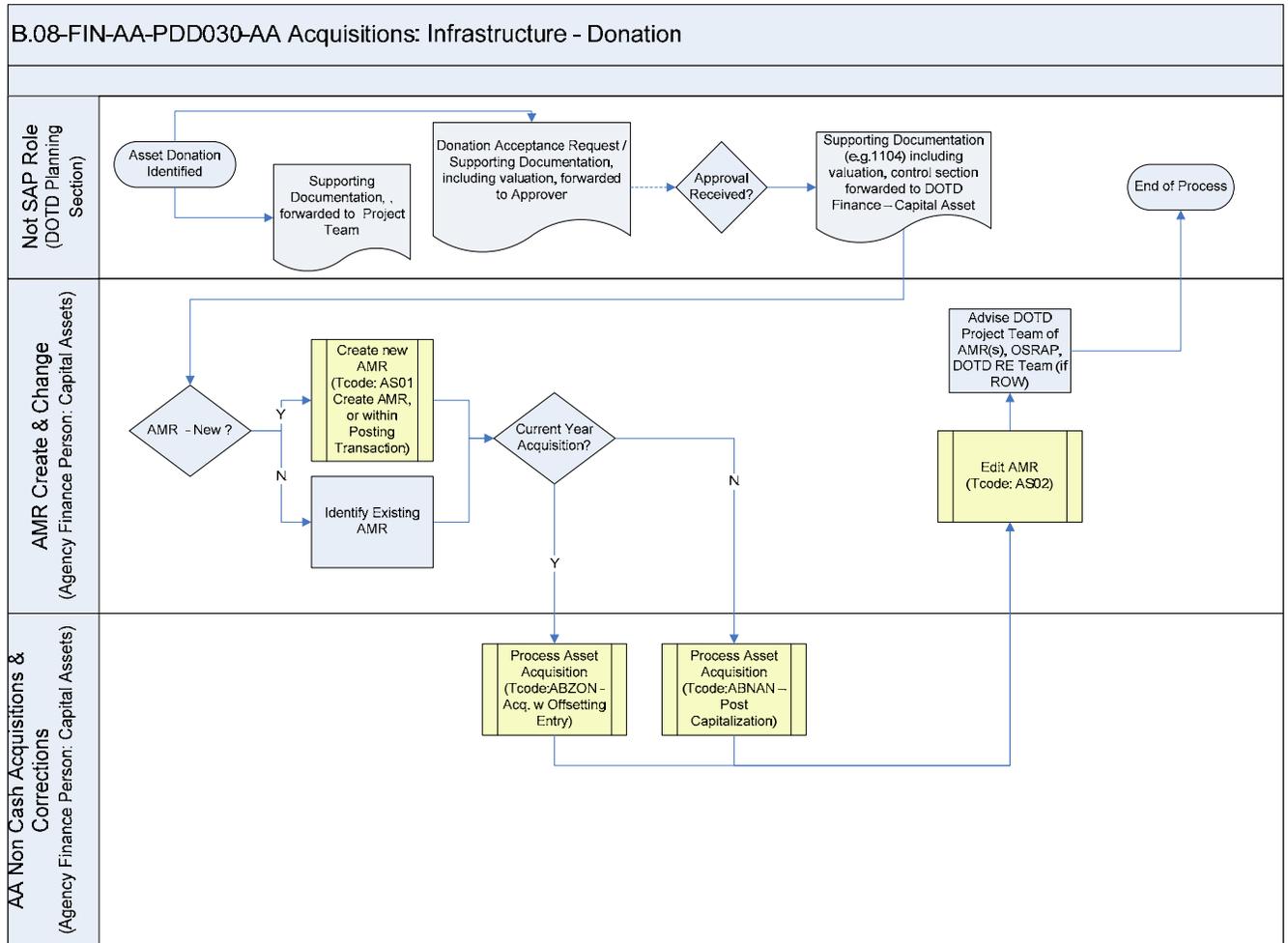




# LaGov ERP Project Business Blueprint

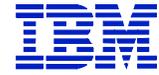


- FIN-AA-PDD030-AA Acquisitions\_Infrastructure - Donation.vsd

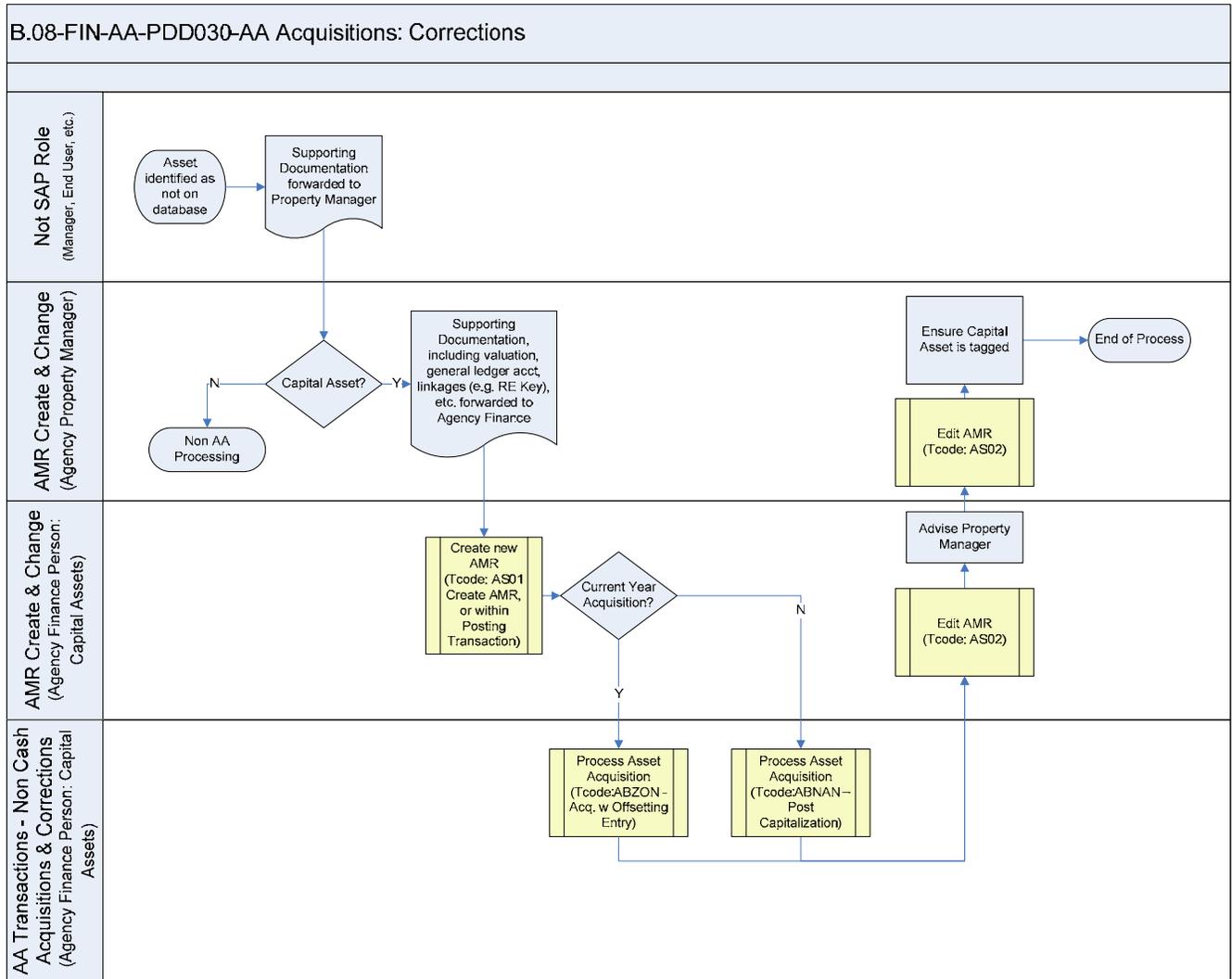




# LaGov ERP Project Business Blueprint



- FIN-AA-PDD030-AA Acquisitions\_Corrections.vsd



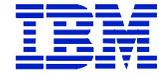
## Key Business Process Decisions

#	Decision	Process Impact	Organizational Impact
1	Existing donation processes to accept donations must be followed. This includes insuring that all applicable capitalized costs for accepting donation are included in asset valuation.	Existing practices do not always have the applicable additional costs incurred in accepting the capital asset donation included in the capitalized cost.	Training requirements to have State personnel become knowledgeable as to what additional costs for donation acceptance are applicable to the capitalized value of the asset. OSRAP needs to provide a clear direction on the costs to be included in donation capitalized values.
2	OSRAP will create Asset Master Records for donated Real Property (excluding Right of Ways); otherwise it	OSRAP will become more active in the ongoing record maintenance for certain types of asset master records.	OSRAP personnel will need to be trained on asset master data record and transaction maintenance.



# LaGov ERP Project

## Business Blueprint



#	Decision	Process Impact	Organizational Impact
	will be the agency finance person responsible for capital assets or the project finance person/administrator if acquired via a project.		

### Statute, Regulation, Policy, and Procedural Impacts

#	Statue, Regulation, Policy or Procedure	Revision Identified	Business Owner
1	State of Louisiana: Title 34 & RS 39:200.C, RS 39:321-328, RS 39:330-332 (Moveable Property)	Title 34 section VII: requires significant revisions. Revisions to governing revised statutes may also be required.	Commissioner of DOA
2	State of Louisiana: RS 39:11-14; RS 41 (Real Property)		Commissioner of DOA
3	Title 23, United States Code, Section 4029c (Infrastructure)		DOTD
4	State of Louisiana: RS 39:122 (Infrastructure)		Commissioner of DOA, Secretary of DOTD
5	GASB Statement No. 42 Accounting and Financial Reporting for Impairment of Capital Assets and for Insurance Recoveries		OSRAP
6	GASB Statement No. 34 Basic Financial Statements—and Management's Discussion and Analysis—for State and Local Governments		OSRAP
7	GASB 51 Accounting and Financial Reporting for Intangible Assets		OSRAP
8	State Purchasing Commodity Based Procurement Policy - Policy re Capital Asset Procurement via Purchase Order		DOA/OSP
9	DIVISION OF ADMINISTRATION LOUISIANA "LACARTE" PURCHASING CARD POLICY – limits purchases to \$1,000 with exceptions granted by OSP		DOA/OSP

### Identified Development Objects (FRICE-W)

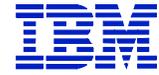
F – Forms		Master List of Current and Future State Forms: <Supported Process>					
No.	Form Name	Purpose	As-Is	To-Be	Justification	Contact Person	Comments
1.	None identified		X	X			

R – Reports		Master List of Current and Future State Reports: <Supported Process>					
No.	Report Name	Purpose	As-Is	To-Be	Justification	Contact Person	Comments



# LaGov ERP Project

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1.	None identified		X	X			
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I – Interfaces		Master List of Current and Future State Interfaces: <Supported Process>					
No.	Interface Name	Purpose	As-Is	To-Be	Justification	Contact Person	Comments
1.	None identified		X	X			

C - Conversions		Master List of Future State Data Conversions: <Supported Process>					
No.	Type of Data	Use	Source	Destination	Justification	Approach	Comments
1.	None identified						

**Note:** Conversions – a mid-year conversion will require that transactional data for partial year be converted. Conversion information is detailed in PDD: FIN-AA-PDD010-AA Organizational Structure and PDD: FIN-AA-PDD080-AMR Data Conversion\_all systems.

E – Enhancements		Master List of Future State Enhancements: <Supported Process>				
No.	Type of Enhancement	Details	Target of Enhancement (Gap)	Justification	Comments	
1.	None identified					

W – Workflow		Master List of Future State Workflow Events: <Supported Process>		
No.	Description	Justification	Comments	
1.	None identified			

### Gaps

Gaps		Master List of Future Gaps: <Supported Process>		
No.	Description of Gap	Why Gap Exists?	Impact / Comments	
1.	Not applicable			

### Security & Enterprise Role Definitions

Authorizations		Master List of Future State Roles/Authorizations: <Supported Process>		
No.	Role	Description	Strategy	Special Considerations
1.	Asset Master Data Maintenance – Create and Change	The role owner is responsible for creating and changing asset master records: o Create, change and display asset master records o Create asset sub-	Moveable Asset Classes: Property Managers, Agency Finance personnel assigned to capital assets, OSRAP personnel assigned to capital assets Real Property Asset Classes: Real Estate Property Managers, Agency Finance personnel, FP&C project	o Authorization restriction by Agency (i.e. cost center) o Additional restrictions may be required for Moveable assets used in Covert situations. o Moveable assets will need authorization object for



# LaGov ERP Project

## Business Blueprint

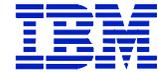


Authorizations		Master List of Future State Roles/Authorizations: <Supported Process>		
No.	Role	Description	Strategy	Special Considerations
		numbers	administrator personnel assigned to capital assets, OSRAP personnel assigned to capital assets Infrastructure Asset Classes: DOTD facility manager, Agency Finance personnel, project administrator personnel assigned to capital assets projects, OSRAP personnel assigned to capital assets.	Personnel Number and Equipment Master Number (i.e. linkage).  During realization, may identify requirement to have roles split for Create and Maintain.
2.	Asset Master Data – Display AMR and Values	The role owner monitors and checks asset balance sheet values, as well as planned and posted depreciation, on individual fixed assets. o Display Asset Master Record o Asset Explorer o <i>Display Document (Asset related)</i>	Broader audience including those that can create and maintain asset master records and process asset transactions and those that need to access asset data for analysis and reporting purposes.	o Authorization restriction by Agency (i.e. cost center). o Additional restrictions may be required for Moveable assets used in Covert situations. o OSRAP will have access to all asset classes. This role also allows the user to jump to asset master record display and the display of asset documents. The user is not able to jump to the display of Financial Accounting documents unless the role owner has that authorization, which is contained in the <i>Asset Accounting Information System</i> role.
3.	Asset Transactions – AA Non Cash Acquisitions & Corrections (AMR not in database)	The role owner makes non integrated acquisition postings in Asset Accounting or updates for assets not in database. Note: via AA transactions, not via integrated MM and PS. o Acquisition with offsetting entry o Post-capitalization	Limited to individuals who should be able to process financial asset transactions AMR (e.g. Agency or OSRAP finance team personnel responsible for capital assets or their designees).	Limitations will be required for business area, cost center, <i>(other such as functional area, fund, fund center or grant to be determined during realization phase)</i> . In asset posting transactions it is sometimes possible to directly create asset master records. To be able to use this function, you need the role for <i>Asset Master Data Maintenance – Create and Change</i> . Limit TTypes to those valid for State.
4.	Asset Transactions – Asset Document Edit / Reverse	The role owner makes corrections to posted asset documents (limited fields available) or corrects postings made previously via the asset module – acquisitions, transfers, and retirements. o Reverse asset transaction (i.e. via the AA module only), acquisition, retirements, transfers.	Limited to individuals who should be able to process financial asset transactions AMR (e.g. Agency or OSRAP finance team personnel responsible for capital assets or their designees). This may be refined during realization to a smaller subset of this group.	Limitations will be required for business area, cost center, transaction type, <i>(other such as functional area, fund, fund center or grant to be determined during realization phase)</i> . Limit reversals to transaction types for Acquisitions. Limit TTypes to those valid for State.



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Authorizations		Master List of Future State Roles/Authorizations: <Supported Process>		
No.	Role	Description	Strategy	Special Considerations
		o <i>Edit asset documents (limited fields e.g. text not values)</i>		
5.	Asset Accounting Information System	The role owner oversees and monitors fixed assets using Asset Accounting reports. The role contains the complete Information System of Asset Accounting. o Execute reports (list to be determined during realization.)	Broader audience including those that can create and maintain asset master records and process asset transactions and those that need to access asset data for analysis and reporting purposes. Generally, this would be the same group as those that have access to 'Asset Master Data – Display AMR and Values'	Limitations will be required for business area, cost center, (other such as functional area, fund, fund center or grant to be determined during realization phase). The role owner needs authorization for executing reports and inquiries. These authorizations are provided by the SAP_BC_ENDUSER single role.
6.	Periodic Processor (PS module – see PDD: FIN-PS-PDD070-Capital Projects Periodic Processing)	Role will be responsible for creating the AuC, creating settlement rules and overseeing the settlement process		
7.	Real Estate and Infrastructure Administrator (RE module integrated with PS – see PDD: see PDD: FIN-PS-PDD070-Capital Projects Periodic Processing)	This role will be responsible for creating the real estate objects and maintaining the settlement rules from the real estate object to the appropriate WBS element		
8.	Batch Processor	This role will be responsible for running the batch job for periodic settlement		

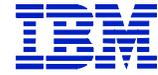
### Organizational Impact

No.	Activity/Task	Key Change from As-Is State	Organizational Work Force Impact
1.	Asset Master record creation and maintenance as part of acquisition transaction.	Asset master records and financial records are not integrated thus end users do not see the 'whole picture' for capital assets. Currently, users may have limited responsibility for maintenance of data. Moveable assets require additional layers of authorization for some field changes.	Responsibility for creation and maintenance of asset master records will have additional or different personnel. End users will have access to more financial data about a capital asset. End users will need to have an understanding of what fields are maintained within the Asset Master Record, their characteristics and whether the field has a financial / other update impact or is informative data. They will also need to understand which data is maintained in other integration point master records or in transactional data.
2.	Asset Master record display and reporting.	Asset master records and financial records are not integrated thus end	Responsibility for creation and maintenance of asset master records will have additional or



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No.	Activity/Task	Key Change from As-Is State	Organizational Work Force Impact
		<p>users do not see the 'whole picture' for capital assets. A larger audience will be able to display and report on assets.</p>	<p>different personnel. End users will have access to more financial data about a capital asset. End users will need to have an understanding of what fields are maintained within the Asset Master Record, their characteristics and whether the field has a financial / other update impact or is informative data. They will also need to understand which data is maintained in other integration point master records or in transactional data.</p>
3.	<p>SAP will be the system of record for capital assets and their valuation for the State of Louisiana organizational entities participating in the LaGov Project, replacing the records maintained Moveable Assets (Protégé), Real Property Assets (SLABS and worksheets/spreadsheets used by OSRAP for calculating depreciation) and Infrastructure Assets (worksheets/spreadsheets used by DOTD and OSRAP for calculating valuation and depreciation). Data will be maintained in asset master records which are classified for financial and other reporting purposes via Asset Classes. Other integration modules will be used to maintain non-capital asset detail (e.g. Real Estate, Plant Maintenance/Fleet for non-capital assets and other recording such as maintenance tracking).</p>	<p>Single source for all Capital Asset records. Multiple SAP modules will contain data currently stored in a single system (e.g. Protégé records will be stored in AA for Capital Assets, PM for non-capital assets and PM for fleet / maintenance detail; SLABS records will be stored in AA and RE modules)</p>	<p>Training to understand where existing data will be stored in SAP, how SAP will be used to maintain and report on data. Training on the concept of SAP asset classes and their purpose. Training on the concept of multiple modules used to store data most applicable to that module (e.g. Asset Accounting, Plant Maintenance, Real Estate, General Ledger, etc.)</p>
5.	<p>Each capital asset will be recorded in the SAP Asset Accounting during the entire asset financial life cycle (e.g. acquisition, depreciation, transfers, sale/disposal) and will be integrated with other SAP modules for master record and financial updates. Two parallel depreciation areas will facilitate simultaneous accounting on Modified and GASB-34/Full Accrual basis, which would have significant benefits for OSRAP reporting.</p>	<p>Transactional updates with SAP capital assets will be integrated and thus financial records will be in balance for the Capital Asset database and Financial records (e.g. G/L). Asset Accounting system will accommodate both Modified and Full Accrual reporting requirements. Financial updates to the general ledger will be based on account determination rules that are either automatically applied or proposed for user update.</p>	<p>Training requirements for the concept of Asset Accounting integration and financial / master data updates. Training requirements for the concept of dual depreciation areas and the financial / master data updates. Training requirements for financial postings and use of general ledger accounts for financial updates. OSRAP to become more involved in certain decisions (e.g. Capitalized Projects vs. Maintenance, halting asset depreciation, unplanned depreciation).</p>
6.	Acquisition Transactions	<p>In SAP, multiple paths will be used for processing asset acquisitions and these will all be integrated with applicable SAP financial and other module updates. Personnel responsible for the transaction processing will differ, depending on</p>	<p>Training required for personnel that will be using the various methods of asset acquisitions. This includes the significance of the transaction fields and how they impact master data and financial valuations, as well as integration points, such as GL, FM, CO, etc.</p>



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No.	Activity/Task	Key Change from As-Is State	Organizational Work Force Impact
		<p>the method used (e.g. Procurement via Purchase Order will involve Property Managers and receiving staff, while constructed assets will involve personnel using SAP Project Systems). Additionally, the asset record creation is at the beginning of the acquisition process. Currently, the acquisition process uses multiple paths and personnel; however, the asset record is generally created at the end of the acquisition process and is not integrated with financial and other systems. This also results in additional effort to update the general ledger with asset values.</p>	

### Training Impact

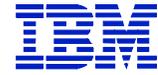
The creation, maintenance and valuation of asset records will have significant changes from the existing practices and potentially have a significantly larger end user base for various business processes associated with asset master records. The following key areas regarding design of the asset structure and organizational elements will need to be addressed during training:

- Terminology change for use of SAP terms
- Concept of asset class structure and classifications (e.g. Capital – owned, Capital Lease, Assets under Construction, Intangible Assets).
  - Separating infrastructure asset classes into bridges and highways impacts DOTD invoices, projects, coding, finance sources, funding type, bidding process, and contracts and some changes to chart of accounts.
- New capital asset numbering scheme
  - Asset Numbering differs from legacy record numbers
  - Use of sub-number asset records for multiple funding sources of a capital asset
- Concept of each asset master record recording valuation for two depreciation areas
  - Concept and financial implications of simultaneous and parallel accounting methods using multiple depreciation for each asset master record (i.e. DA 01: Modified Accrual Accounting and DA 20 GASB - Full Accrual Accounting)
  - New asset depreciation calculation processes
- Concept of capturing all relevant costs that need to be included in the capitalized value of a capital asset:
  - This includes the cost of the actual asset purchased or built, fair market or equivalent value for donated assets and other costs as defined by OSRAP for the various types of assets (e.g. freight, installation)
- End users who work with capital asset records (including property managers and financial personnel) will need to:
  - Understand the postings required for capital asset acquisitions, including the nuances for multiple depreciation area posting requirements and impacts
  - Understand the automated financial postings and asset master record updates during an acquisition transaction
  - Understand the consequences of changes to the financial attributes of asset master records which have had values posted
- Integration:



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## Business Blueprint



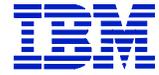
- Creation of AMR and financial value update from integrated processes (e.g. procurement via PO, Projects – including sourcing from RE Contract, non-cash acquisitions such as donations)
  - Acquisition of land, buildings, or infrastructure would go through a PS project to accumulate associated costs. Only DOTD, FP&C, and a small sub-set of DNR will have access to this module (PS module)
  - Acquisition of moveable property will most frequently be via Purchase Order (MM module)
- Integration with financials – many transactions will have automated postings (e.g. depreciation).
  - Transaction postings update GL, Cost objects (e.g. cost element, cost center, RE object), Fund/Grant values
- Validation with HR – personnel number
- Automated posting GL (e.g. depreciation run)
- Integration with multiple modules in one system (e.g. PS, MM, RE, etc.) – may need to use information from more than module for data analysis
- Capital Asset information would reside in multiple modules of SAP
  - Financial data for capital assets would reside in AA
  - Inventory, location, and tracking data would reside:
    - PM for moveable property
    - RE for buildings and land (including ROW)
    - Agile Assets for infrastructure
- New processes to create/update asset master records and valuations
- Asset Master Record and Financial Updates will change:
  - Asset changes will now have financial impact.
  - AMR creation at beginning of process: e.g. time of Purchase Order rather than goods receipt, when Project is started
  - Some transactions will require more steps than legacy transactions.
  - Transaction posting will require understanding of Transaction Types (transfers use transfer variant) and their financial and AMR impacts TTypes and Transfer Variants
  - Use of document types to identify type of transactions and provide posting controls
- Data monitoring via report required to ensure proper data entry. Recommendation that this be done frequently after initial implementation when data entry problems are most likely.
- Asset Master Record Field Data:
  - Visible and, generally immediate, financial impact on asset master record transaction postings, including the nuances for multiple depreciation areas
  - Capital asset records need to be created at the 'front-end' of acquisition process (not 'back-end' as is done currently)
  - Control Section changes require configuration and manual synchronization in AA, PS, and Agile
  - Linkage with AGILE Assets will be non-integrated; however, the Super number on the AMR will use the Control Section mapping. Control Section changes require configuration and manual synchronization in AA, PS, and Agile
  - More discrete data being maintained for Infrastructure assets
- Security Considerations:
  - Property Managers will not be tied to individual assets in AA
  - Security would determine who can edit which assets
  - History transaction reports will show who edited which pieces of information
  - SAP match code options cannot be filtered by user security or business area.
  - Non-financial data remains editable on deactivated asset records – Can be managed by reporting (e.g. change history audit).
- Personnel change for management of capital asset master records – including creation, field



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update, blocking and review of general and asset values:

- Management of fixed asset master records – including creation, field update, blocking and review of general and asset values.
- OSRAP to become more involved in certain decisions (e.g. Capitalized Projects vs. Maintenance, halting asset depreciation, unplanned depreciation)

### **Appendix**

Not applicable



# LaGov ERP Project

## Business Blueprint



<b>Team:</b>	Finance - Asset Accounting
<b>PDD Name:</b>	Valuation Adjustment
<b>PDD Number:</b>	FIN-AA-PDD090-Valuation Adjustment
<b>Business Process Owner:</b>	Afranie Adomako
<b>Functional Lead:</b>	Rhoama Speights
<b>Functional Consultant:</b>	Christine Wieczorek

### Executive Summary

During the financial life cycle of an asset master record, special circumstances may require an asset valuation increase or decrease:

- Decreases in value can result from an unexpected permanent reduction in the value of an asset due to damage or technical obsolescence. Such adjustments can result from impairment due to natural disasters such as hurricanes, which require financial adjustments as per *GASB Statement No. 42: Accounting and Financial Reporting for Impairment of Capital Assets and for Insurance Recoveries*.
- Increases in value can result from the depreciation being excessively high in prior years. It has been determined that this type of correction is not a requirement for State of Louisiana.

The transactions that enable valuation adjustments are very powerful as they can adversely affect financial reporting (i.e. statements) if used improperly. Accordingly, financial guidance from OSRAP is required and OSRAP will process all valuation adjustment transactions.

This document describes the design of the SAP Capital Asset Unplanned Depreciation transaction processing (i.e. valuation decrease adjustments), including flowcharts for Moveable Property, Real Property and Infrastructure.

### To-Be Process Description

#	Process Terminology	Description
1	Asset Class	Main criterion for classifying fixed assets according to legal, financial and management requirements.
2	Asset Master Record (AMR)	Contains general information and valuation/depreciation rules for a specific item in the Asset Accounting (AA) module. In SAP, it also stores all the values and transaction data for the item.
3	Main Asset Number	Unique number, in combination with company code and asset sub number, that identifies a fixed asset
4	Sub Asset Number	Asset record for an individual part of an asset, or subsequent acquisitions, can be represented by a sub-number to a main asset number. For public sector sub-numbers are used for each funding source of an asset.
5	Capital Asset	Tangible property which cannot easily be converted into cash and which is usually held for a long period, including real estate, equipment, etc
6	Asset under Construction (AuC)	An asset that you produce or manufacture yourself which must be managed as a separate asset master record, generally without



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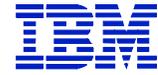
## Business Blueprint



#	Process Terminology	Description
		depreciation, during the construction phase.
7	Low Value Asset (LVA) / Controlled Assets	Items that do not meet the capital asset criteria and are recorded for tracking purposes. These will be tracked in Plant Maintenance via Notification Records.
8	Capital Lease	A lease that meets one or more financial criteria as defined by FASB. This type of lease considered to have the economic characteristic of asset ownership, thus it is recognized both as an asset and as a liability (for the lease payments) on the balance sheet.
9	Operating Lease	In an operating lease, the lessor (or owner) transfers only the right to use the property to the lessee with the property being returned to the lessor at the end of the lease. This type of lease is treated as an operating expense in the income statement and the lease does not affect the balance sheet. These are not relevant to Capital Assets.
10	Depreciation	Reduction of the asset book value because of decline in economic usefulness or because of legal requirements for taxes.
11	Depreciation Area	A structure that contains and maintains the valuation of a fixed asset for a particular purpose (for example, legal financial statements, balance sheets for tax purposes, or management accounting values). It can be thought of as an asset ledger or asset book. For public sector accounting, it typically reflects asset values two areas: modified accrual and full accrual purposes.
12	Screen Layout	Settings that specify the fields that are displayed during master data maintenance and the field entry characteristics (e.g. required optional, display only). Field entry characteristics are also referred to as 'Field Status'.
13	Account Assignment or Account Determination	Settings which define which general ledger accounts to post to from a business transaction. These are the general ledger accounts that are used by the system for transactions that have automated general ledger postings (e.g. depreciation) or that are proposed by the system for transactions which allow an end user to override the proposed account (e.g. post capitalization).
14	Amortization	Writing off of loans or intangible assets in equated annual/monthly installments over a scheduled period.
15	Unplanned depreciation	Financial valuation adjustment that decreases the asset net book value via adjustment to depreciation posted. Reasons for adjustment include unexpected permanent reduction in the worth of the asset due to damage, technical obsolescent, etc.
16	Write-up	Financial valuation adjustment that increases the asset net book value via adjustment to depreciation posted. Reasons for adjustment include excessive past depreciation or reversal of unplanned depreciation.
17	Transfer	A transfer is a partial or complete movement of an asset from a physical, financial or responsibility / ownership perspective. This can include a change in tracking location, responsibility/ownership, splitting of an asset/moving part of an asset to another asset
18.	Retirement	Asset retirement is the removal of an asset or part of an asset from the asset portfolio. When an asset is 100% retired, the deactivation date for the asset should be defined.
19	Impairment	GASB statement number 42 defines and impairment as a significant, unexpected decline in the service utility of a capital asset. The events and changes in circumstances that lead to impairments are not considered normal and ordinary.



# LaGov ERP Project Business Blueprint



#	Process Terminology	Description
20	Service Utility	The usable capacity that a capital asset was expected to provide at its acquisition.

During the financial life cycle of an asset master record, special circumstances may require an asset valuation increase or decrease:

- Decreases in value can result from an unexpected permanent reduction in the value of an asset due to damage or technical obsolescence. Such adjustments can result from impairment due to natural disasters such as hurricanes, which require financial adjustments as per GASB Statement No. 42: Accounting and Financial Reporting for Impairment of Capital Assets and for Insurance Recoveries.

This type of adjustment uses the 'Unplanned Depreciation' transaction in the Asset Accounting module.

If the asset is damaged beyond repair (i.e. 100% impairment), then the asset will be retired using the 'Retirement by Scrapping' transaction (see PDD: FIN-AA-PDD050-AA Retirements).

- Increases in value can result from the depreciation being excessively high in prior years.

This type of adjustment uses the 'Write-up' transaction in the Asset Accounting module.

The transactions that enable valuation adjustments are very powerful as they can adversely affect the financial reporting (i.e. statements) if used improperly. Accordingly, financial guidance from OSRAP is required and OSRAP will process all valuation adjustment transactions.

For more informative tracking of asset valuation decreases, the following data elements will be used:

- Transaction processing (i.e. transaction type and text fields)
- Asset Master record (i.e. disposition type – only if total impairment occurs and the asset is scrapped).

### Valuation Adjustment Transactions

**Asset Valuation Decreases:** Unplanned depreciation will be included in the asset accounting design. This will accommodate valuation adjustment and reporting requirements for impaired assets (e.g. GASB 42).

**Asset Valuation Increases:** Write-up transactions are not a current requirement for the asset accounting design. Should these be required post go-live, it is relatively simple to have this functionality enabled.

### Transaction Types

For asset transactions, a transaction type (TType) is used for rules regarding the transaction valuation (i.e. TType defines how the depreciation and valuation of the asset will be handled).

Transaction types (TTypes) for Unplanned Depreciation will be copied from existing SAP delivered TTypes using a 'Z' prefix for the type and a name that represents the purpose. At a minimum, there will be three TTypes available: Technical Obsolescence, Natural Disaster, and Damage. Additional TTypes may be defined during realization. It was determined that creating multiple TTypes for each natural disaster was not effective – if a user chose the wrong TType, it would require additional steps to make corrections.

To provide more detail on the type or reason for impairments, the text field must be completed for Unplanned Depreciation postings.

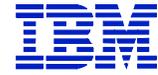
### Depreciation Shutdown

For impairments that result in a capital asset being taken out of service for a period of time, the option to temporarily discontinue depreciation (i.e. shutdown indicator on asset master record) is being included. This functionality is not currently used in legacy systems. For impairment situations, OSRAP will



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evaluate whether the out-of-service timeframe warrants a temporary stoppage of depreciation and, if so, update the asset master record accordingly. This functionality will require further review by OSRAP during realization.

### ***Asset Valuation and Transaction Posting***

Unplanned depreciation is a sensitive and powerful transaction. If used incorrectly the financial reporting of capital asset values could be significantly affected.

Accordingly, it was decided that OSRAP finance personal shall be responsible for the valuation adjustments:

- Impairment value calculations to be posted to a capital asset will be based on documentation provided to OSRAP supporting a valuation adjustment request. Valuation adjustments will follow OSRAP's GASB 42 policies.
- Only OSRAP financial personnel shall post valuation decrease adjustments for Real and Moveable Property using the transaction for 'Unplanned Depreciation'.

### **Processes**

#### **Moveable Property**

- An asset value decrease is identified by agency personnel (e.g. damage, impairment, technically obsolete, etc.) and supporting documentation is forward to the agency Property Manager.
- The agency Property Manager receives request and forwards it to the agency financial personnel.
- Agency financial personnel assess the request and if a valuation decrease is applicable forward it to OSRAP financial personnel.
- OSRAP reviews the documentation and determines if impairment processing is required:
  - o If completely impaired, the documentation is returned to the Property Manager for Retirement processing.
  - o If partially impaired, OSRAP processes the valuation adjustment and advises the agency finance personnel and Property Manager.
- If additional asset master data updates are required (e.g. general data), the Property Manager updates the Asset Master Record.
- OSRAP reviews the month-end depreciation run to ensure that financial postings for unplanned depreciation are processed correctly.

#### **Real Property**

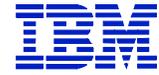
- An asset value decrease is identified by agency personnel (e.g. damage, impairment, technically obsolete, etc.) and supporting documentation is forward to the OSRAP finance personnel.
- OSRAP reviews the documentation and determines if impairment processing is required:
  - o If completely impaired, the documentation is returned to the Property Manager for Retirement processing.
  - o If partially impaired, OSRAP processes the valuation adjustment and advises the agency finance personnel and Property Manager.
- If additional asset master data updates are required (e.g. general data), the Property Manager updates the Asset Master Record.
- OSRAP reviews the month end depreciation run to ensure that financial postings for unplanned depreciation are processed correctly.

#### **Infrastructure**



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- An asset value decrease is identified by DOTD personnel (e.g. damage, impairment, technically obsolete, etc.) and supporting documentation is forward to the DOTD financial personnel.
- DOTD financial personnel assess the request and if a valuation decrease is applicable, forwards the request to OSRAP financial personnel.
- OSRAP reviews the documentation and determines if impairment processing is required:
  - If completely impaired, the documentation is returned to the DOTD finance personnel for Retirement processing.
  - If partially impaired, OSRAP processes the valuation adjustment and advises the agency finance personnel and DOTD personnel reporting the impairment.
- If additional asset master data updates are required (e.g. general data), the DOTD personnel responsible for infrastructure capital assets update the Asset Master Record.
- OSRAP reviews the month-end depreciation run to ensure that financial postings for unplanned depreciation are processed correctly.

**Note:** *If an impairment is identified for non-DOTD infrastructure, the process should be the same as for Real Property.*

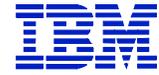
### **Process Improvement Opportunities**

- State Assets become part of the accounting system. There is financial integration for recording and reporting. Accurate financial reporting on capital assets. Eliminate the need for duplicate recording of data (e.g. financial). Reduce manual gathering of asset data for financial reporting (e.g. CAFR)
- Capital Asset financial data becomes transaction based to ensure that the general ledger and sub-ledger balance are updated appropriately. Provide a consistent approach to asset master record creation and update processes for financial transactions within the AA modules (such as transfers, retirements, depreciation postings, value adjustments, corrections and non-cash acquisitions) and integrated transactions such as asset acquisition via procurement <MM module>, direct purchase without PO <AP module> and 'construction' projects <PS module>.
- Impairment valuation adjustments use a consistent approach for financial updates. This enables easier identification of such transactions for analysis and reporting purposes (including GASB42 reporting).
- Ability to 'drill-down' to source data for transaction analysis (with appropriate approvals).
- Infrastructure assets being moved away from the 'Wooster' depreciation method will allow more discrete asset tracking and thus will allow impairment values to be more easily calculated.



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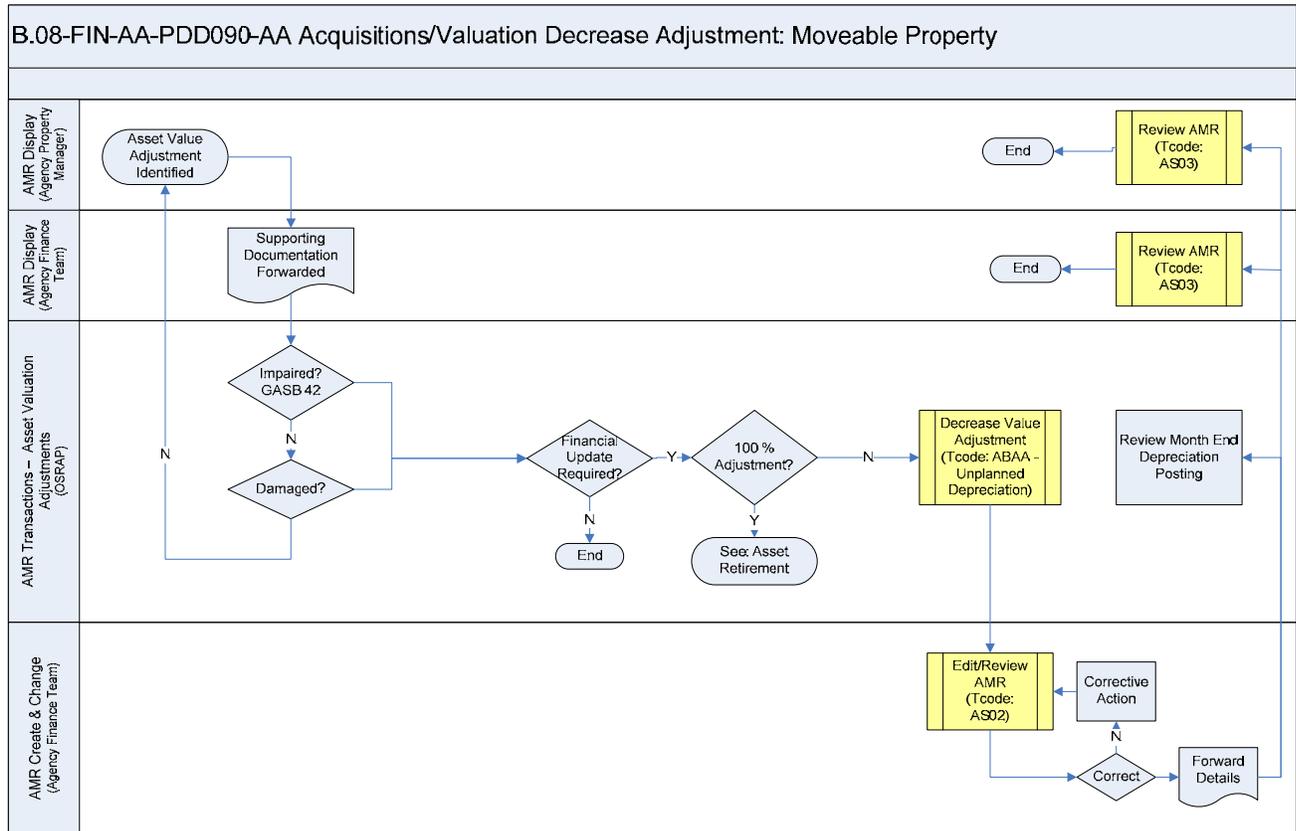
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### To-Be Process Flows

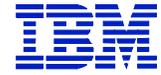
The following provide process flowcharts for the capital asset valuation decrease adjustments. Although the processes are essentially the same for moveable property, real property and infrastructure, for some tasks, the end users performing the tasks differ.

- FIN-AA-PDD090-AA Acquisitions\_Valuation Decrease Adjustment\_Moveable Property

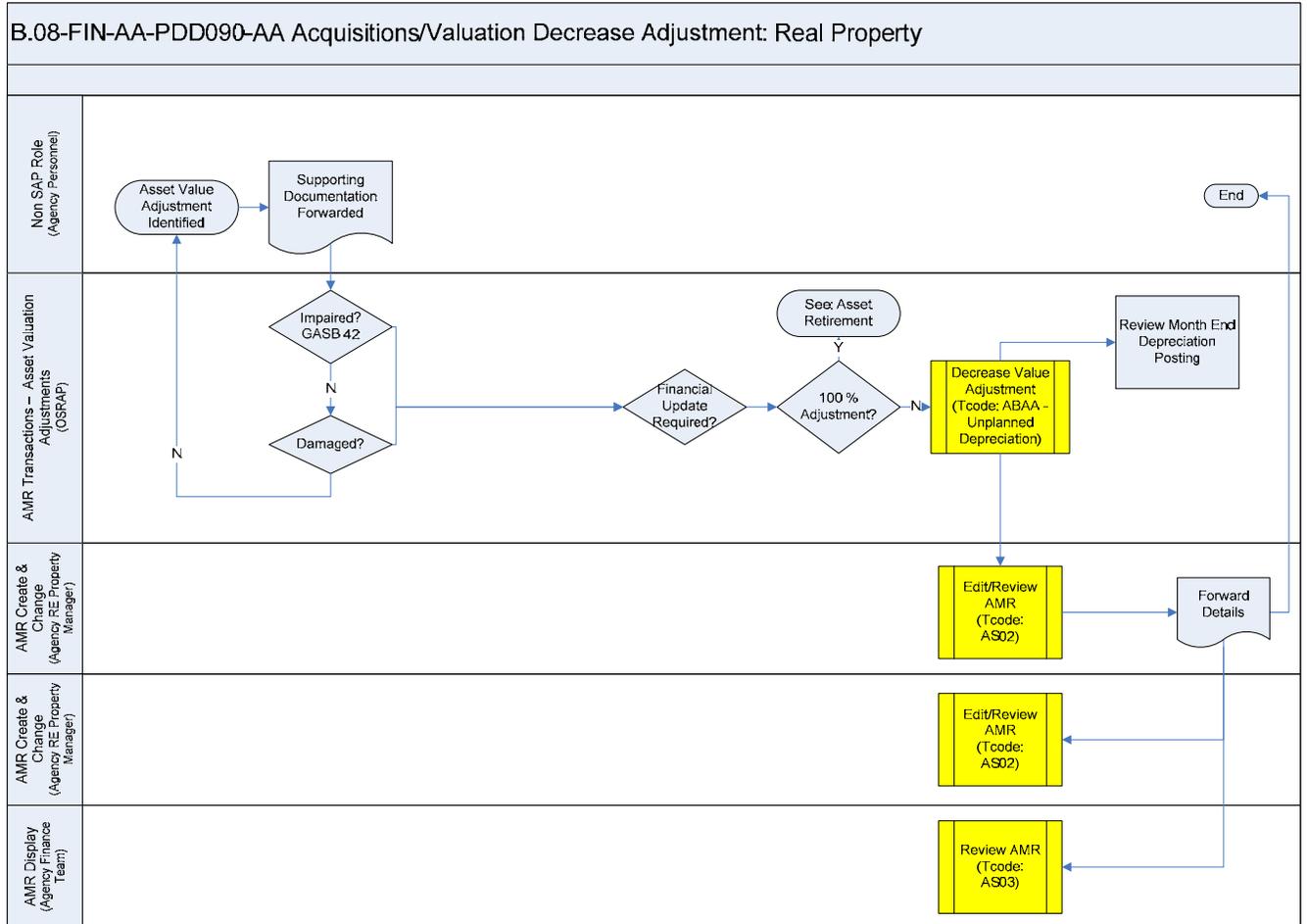




# LaGov ERP Project Business Blueprint

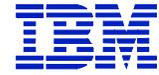


- FIN-AA-PDD090-AA Acquisitions\_Valuation Decrease Adjustment\_Real Property

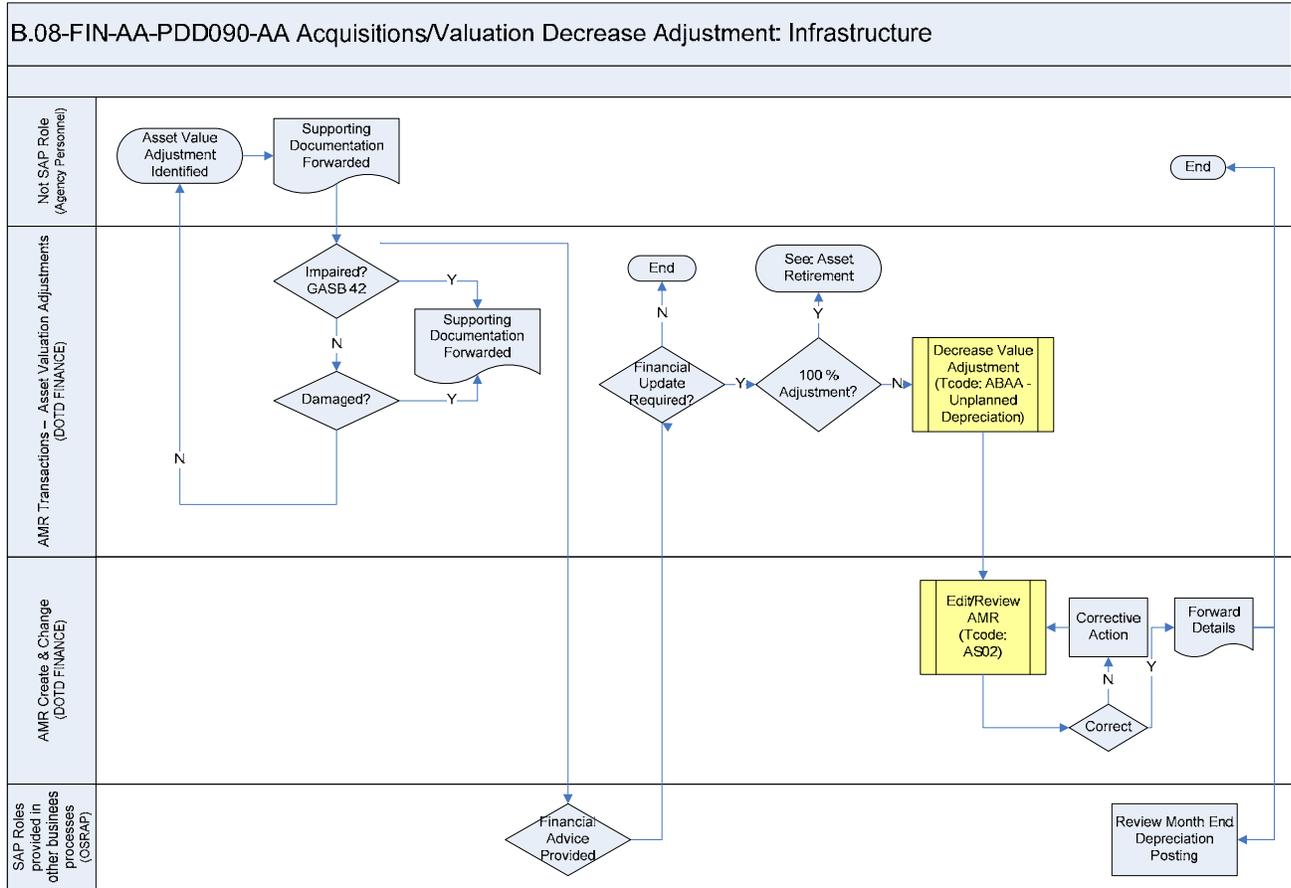




# LaGov ERP Project Business Blueprint



- FIN-AA-PDD090-AA Acquisitions\_Valuation Decrease Adjustment\_Infrastructure



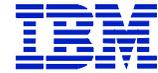
## Key Business Process Decisions

#	Decision	Process Impact	Organizational Impact
1	All valuation decrease adjustments shall be processed by OSRAP financial personnel responsible for capital assets.	New transaction/processing method for recording impairments.	Procedures or policies regarding impairment processing and reporting need to be reviewed and, if necessary, updated. These must be communicated to personnel who would be reporting such occurrences. Training needs to be provided to OSRAP personnel for transaction processing and to end users for impact on asset master valuation reporting.
2	All valuation decrease amounts will be determined by OSRAP using supporting documentation provided to them.	No process impact – confirmation that existing process will continue.	No organizational impact
3	Impairment valuation shall follow OSRAP's GASB 42 policies.	No processing impact.	No organizational impact



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#	Decision	Process Impact	Organizational Impact
4	Asset Valuation Increases: Write-up transactions are not a current requirement for the asset accounting design.	No processing impact. Should these be required post go-live, it is relatively simple to have this functionality enabled.	No organizational impact
5	For impairment situations, OSRAP will evaluate whether the out-of-service timeframe warrants a temporary stoppage of depreciation and, if so, update the asset master record accordingly. This functionality will require further review by OSRAP during realization.	Limited processing impact – asset master record updates and monitoring of time frames for shutdown, by OSRAP.	No organizational impact

### Statute, Regulation, Policy, and Procedural Impacts

#	Statute, Regulation, Policy or Procedure	Revision Identified	Business Owner
1	State of Louisiana: Title 34 & RS 39:200.C, RS 39:321-328, RS 39:330-332 (Moveable Property)	Title 34 section VII: requires significant revisions. Revisions to governing revised statutes may also be required.	Commissioner of DOA
2	State of Louisiana: RS 39:11-14; RS 41 (Real Property)		Commissioner of DOA
3	Title 23, United States Code, Section 4029c (Infrastructure)		DOTD
4	State of Louisiana: RS 39:122 (Infrastructure)		Commissioner of DOA, Secretary of DOTD
5	GASB Statement No. 42 Accounting and Financial Reporting for Impairment of Capital Assets and for Insurance Recoveries	OSRAP business processes related to GASB 42 will need to be updated to reflect requirement that agencies forward potential impairment information to OSRAP at time of impairment identification rather than after fiscal year close.	OSRAP
6	GASB Statement No. 34 Basic Financial Statements—and Management’s Discussion and Analysis—for State and Local Governments		OSRAP
7	GASB 51 Accounting and Financial Reporting for Intangible Assets		OSRAP

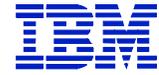
### Identified Development Objects (FRICE-W)

F – Forms		Master List of Current and Future State Forms: <Supported Process>					
No.	Form Name	Purpose	As-Is	To-Be	Justification	Contact Person	Comments
1.	None identified		X	X			



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R – Reports		Master List of Current and Future State Reports: <Supported Process>					
No.	Report Name	Purpose	As-Is	To-Be	Justification	Contact Person	Comments
1.	None identified		X	X			

I – Interfaces		Master List of Current and Future State Interfaces: <Supported Process>					
No.	Interface Name	Purpose	As-Is	To-Be	Justification	Contact Person	Comments
1.	None identified		X	X			

C - Conversions		Master List of Future State Data Conversions: <Supported Process>					
No.	Type of Data	Use	Source	Destination	Justification	Approach	Comments
1.	See below						

**Note:** Conversions – a mid year conversion will require that transactional data for partial year be converted. Conversion detailed in PDD: FIN-AA-PDD010-AA Organizational Structure and PDD: FIN-AA-PDD080-AMR Data Conversion\_all systems

E – Enhancements		Master List of Future State Enhancements: <Supported Process>			
No.	Type of Enhancement	Details	Target of Enhancement (Gap)	Justification	Comments
1.	None identified				

W – Workflow		Master List of Future State Workflow Events: <Supported Process>		
No.	Description	Justification	Comments	
1.	None identified			

### Gaps

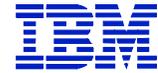
Gaps		Master List of Future Gaps: <Supported Process>		
No.	Description of Gap	Why Gap Exists?	Impact / Comments	
1.	Not Applicable			

### Security & Enterprise Role Definitions

Authorizations		Master List of Future State Roles/Authorizations: <Supported Process>			
No.	Role	Description	Strategy	Special Considerations	
1.	Asset Master Data Maintenance – Create and	The role owner is responsible for creating and changing	Moveable Asset Classes: Property Managers, Agency Finance personnel assigned to capital assets, OSRAP	<ul style="list-style-type: none"> <li>o Authorization restriction by Agency (i.e. cost center)</li> <li>o Additional restrictions may</li> </ul>	



# LaGov ERP Project Business Blueprint



Authorizations		Master List of Future State Roles/Authorizations: <Supported Process>		
No.	Role	Description	Strategy	Special Considerations
	Change	asset master records: o Create, change and display asset master records o Create asset sub-numbers	personnel assigned to capital assets Real Property Asset Classes: Real Estate Property Managers, Agency Finance personnel, FCP project administrator personnel assigned to capital assets, OSRAP personnel assigned to capital assets Infrastructure Asset Classes: DOTD Project Managers, Agency Finance personnel, project administrator personnel assigned to capital assets projects, OSRAP personnel assigned to capital assets.	be required for Moveable assets used in Covert situations. o Moveable asset will need authorization object for Personnel Number and Equipment Master Number (i.e. linkage).  During realization, may identify requirement to have roles split for Create and Maintain.
2.	Asset Master Data – Display AMR and Values	The role owner monitors and checks asset balance sheet values, as well as planned and posted depreciation, on individual fixed assets. o Display Asset Master Record o Asset Explorer o <i>Display Document (Asset related)</i>	Broader audience including those that can create and maintain asset master records and process asset transactions and those that need to access asset data for analysis and reporting purposes.	o Authorization restriction by Agency (i.e. cost center). o Additional restrictions may be required for Moveable assets used in Covert situations. o OSRAP will have access to all asset classes. This role also allows the user to jump to asset master record display and the display of asset documents. The user is not able to jump to the display of Financial Accounting documents unless the role owner has that authorization, which is contained in the <i>Asset Accounting Information System</i> role.
3.	Asset Transactions – Asset Valuation Adjustments	The role owner makes asset financial adjustment postings in Asset Accounting and corrects postings made previously. Depreciation Adjustments: Unplanned Depreciation	Limited to individuals who should be able to process financial asset transactions AMR (i.e. OSRAP finance team personnel responsible for capital assets or their designee).	Limitations will be required for business area, cost center, <i>(other such as functional area, fund, fund center or grant to be determined during realization phase)</i> . In asset posting transactions it is sometimes possible to directly create asset master records. To be able to use this function, you need the role for <i>Asset Master Data Maintenance – Create and Change</i> . Limit TTypes to those valid for State.
4.	Asset Transactions – Asset Document Edit / Reverse	The role owner makes corrections to posted asset documents (limited fields available) or corrects postings made previously via the asset module – acquisitions, transfers, and retirements.	Limited to individuals who should be able to process financial asset transactions AMR (e.g. Agency or OSRAP finance team personnel responsible for capital assets or their designee). This may be refined during realization to a smaller subset of this group.	Limitations will be required for business area, cost center, transaction type <i>(other such as functional area, fund, fund center or grant to be determined during realization phase)</i> . Limit reversals to transaction types for Acquisitions. Limit TTypes to those valid for



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## Business Blueprint



Authorizations		Master List of Future State Roles/Authorizations: <Supported Process>		
No.	Role	Description	Strategy	Special Considerations
		<ul style="list-style-type: none"> <li>o Reverse asset transaction (i.e. via the AA module only), acquisition, retirements, transfers.</li> <li>o <i>Edit asset documents (limited fields e.g. text not values)</i></li> </ul>		State.
5.	Asset Accounting Information System	<p>The role owner oversees and monitors fixed assets using Asset Accounting reports. The role contains the complete Information System of Asset Accounting.</p> <ul style="list-style-type: none"> <li>o Execute reports (list to be determined during realization.)</li> </ul>	<p>Broader audience including those that can create and maintain asset master records and process asset transactions and those that need to access asset data for analysis and reporting purposes. Generally, this would be the same group as those that have access to 'Asset Master Data – Display AMR and Values'</p>	<p>Limitations will be required for business area, cost center, <i>(other such as functional area, fund, fund center or grant to be determined during realization phase)</i>. The role owner needs authorization for executing reports and inquiries. These authorizations are provided by the SAP_BC_ENDUSER single role.</p>

### Organizational Impact

No.	Activity/Task	Key Change from As-Is State	Organizational Work Force Impact
1.	Asset Master record maintenance as part of value adjustment transaction.	<p>Asset master records and financial records are not integrated thus end users do not see the 'whole picture' for capital assets. Currently, users may have limited responsibility for maintenance of data. Moveable assets require additional layers of authorization for some field changes.</p>	<p>Responsibility for creation and maintenance of asset master records will have additional or different personnel. End users will have access to more financial data about a capital asset. End users will need to have an understanding of what fields are maintained within the Asset Master Record, their characteristics and whether the field has a financial / other update impact or is informative data. They will also need to understand which data is maintained in other integration point master records or in transactional data.</p>
2.	Asset Master record display and reporting.	<p>Asset master records and financial records are not integrated thus end users do not see the 'whole picture' for capital assets. A larger audience will be able to display and report on assets.</p>	<p>Responsibility for creation and maintenance of asset master records will have additional or different personnel. End users will have access to more financial data about a capital asset. End users will need to have an understanding of what fields are maintained within the Asset Master Record, their characteristics and whether the field has a financial / other update impact or is informative data. They will also need to understand which data is maintained in other integration point master records or in transactional data.</p>
3.	SAP will be the system of record for capital assets and their valuation for the State of Louisiana	<p>There will be a single source for all Capital Asset records. Multiple SAP modules will contain data currently stored in a single</p>	<p>Training to understand where existing data will be stored in SAP, how SAP will be used to maintain and report on data. Training on the concept of SAP asset classes and</p>



# LaGov ERP Project

## Business Blueprint



No.	Activity/Task	Key Change from As-Is State	Organizational Work Force Impact
	<p>organizational entities participating in the LaGov Project, replacing the records maintained Moveable Assets (Protégé), Real Property Assets (SLABS and worksheets/spreadsheets used by OSRAP for calculating depreciation) and Infrastructure Assets (worksheets/spreadsheets used by DOTD and OSRAP for calculating valuation and depreciation). Data will be maintained in asset master records which are classified for financial and other reporting purposes via Asset Classes. Other integration modules will be used to maintain non-capital asset detail (e.g. Real Estate, Plant Maintenance/Fleet for non-capital assets and other recording such as maintenance tracking).</p>	<p>system (e.g. Protégé records will be stored in AA for Capital Assets, PM for non-capital assets and PM for fleet / maintenance detail; SLABS records will be stored in AA and RE modules)</p>	<p>their purpose. Training on the concept of multiple modules used to store data most applicable to that module (e.g. Asset Accounting, Plant Maintenance, Real Estate, General Ledger, etc.)</p>
5.	<p>Each capital asset will be recorded in the SAP Asset Accounting during the entire asset financial life cycle (e.g. acquisition, depreciation, transfers, sale/disposal) and will be integrated with other SAP modules for master record and financial updates. Two parallel depreciation areas will facilitate simultaneous accounting on Modified and GASB-34/Full Accrual basis, which would have significant benefits for OSRAP reporting.</p>	<p>Transactional updates with SAP capital assets will be integrated and thus financial records will be in balance for the Capital Asset database and Financial records (e.g. G/L). The Asset Accounting system will accommodate both Modified and Full Accrual reporting requirements. Financial updates to the general ledger will be based on account determination rules that are either automatically applied or proposed for user update.</p>	<p>Training requirements for the concept of Asset Accounting integration and financial / master data updates. Training requirements for the concept of dual depreciation areas and the financial / master data updates. Training requirements for financial postings and use of general ledger accounts for financial updates. OSRAP to become more involved in certain decisions (e.g. Capitalized Projects vs. Maintenance, halting asset depreciation, unplanned depreciation).</p>
6.	<p>Unplanned Depreciation Transactions (i.e. capital asset valuation decrease)</p>	<p>The process to identify and assess the capital asset valuation decrease resulting from damage, impairment or other reasons remains basically unchanged from the current process. GASB 42 policies defined by OSRAP will continue to be used to determine the valuation decrease. OSRAP will need to receive the supporting documentation so a financial assessment can be made. However, the personnel and method for recording the valuation decreases</p>	<p>Training required for personnel that will be processing the transactions. This includes the significance of the transaction fields and how they impact master data and financial valuations, as well as integration points, such as GL, FM, CO, etc. Additionally, other asset accounting users will need training on the purpose of this transaction and how it impacts financial values and financial reporting (i.e. AMR updated at time of transaction posting, General Ledger (GL) updated during next depreciation run).</p>



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No.	Activity/Task	Key Change from As-Is State	Organizational Work Force Impact
		will change. Only OSRAP financial personnel (or their designee) will process this type of postings. Transactions to record the valuation adjustment will need to be processed for each capital asset master record that has a valuation adjustment determined. Additionally, asset master record detail may need to be updated, for informational purposes, separately from the transaction posting.	
7.	Financial postings for Unplanned Depreciation are done in the following Depreciation Run	OSRAP personnel will need to review Depreciation Posting logs to confirm that all the Unplanned Depreciation postings have processed as expected. This is different from both the existing processes which are, essentially, paper based for valuation purposes, with some updates to legacy systems such as Protégé or SLABS AND from other types of asset transactions (i.e. AMR updated at time of transaction posting, however, GL updated during next depreciation run).	Training required for personnel that will be processing the transactions. This includes the significance of the transaction fields and how they impact master data and financial valuations, as well as integration points, such as GL, FM, CO, etc. Additionally, other asset accounting users will need training on the purpose of this transaction and how it impacts financial values and financial reporting (i.e. AMR updated at time of transaction posting, GL updated during next depreciation run).

### Training Impact

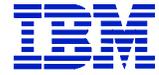
The creation, maintenance and valuation of asset records will have significant changes from the existing practices and will have the potential to significantly increase the end-user base for various business processes associated with asset master records. The following key areas regarding design of the asset structure and organizational elements will need to be addressed during training:

- Terminology change for use of SAP terms
- Concept of each asset master record recording valuation for two depreciation areas
  - Concept and financial implications of simultaneous and parallel accounting methods using multiple depreciation rules for each asset master record (i.e. DA 01: Modified Accrual Accounting and DA 20 GASB - Full Accrual Accounting)
  - New asset depreciation calculation processes
- Integration with financials – many transactions will have automated postings (e.g. depreciation).
  - Transaction postings update GL, Cost objects (e.g. cost element, cost center, RE object), Fund/Grant values
  - Automated posting to the GL (e.g. depreciation run)
- New processes to update asset master valuations
- Asset Master Record and Financial Updates will change:
  - Asset changes will now have financial impact.
  - Some transactions will require more steps than legacy transactions.
  - Transaction posting will require understanding of Transaction Types (transfers use transfer variant) and their financial and AMR impacts TTypes and Transfer Variants
  - Use of document types to identify type of transactions and provide posting controls
- Data monitoring via reports will be required to ensure proper data entry. Recommendation that this be done frequently after initial implementation when data entry problems are most likely.
  - Asset Master Record Field Data:
    - Visible and, generally immediate, financial impact on asset master record transaction postings including the nuances for multiple depreciation areas



# LaGov ERP Project

## Business Blueprint



- Capital asset records need to be created at the 'front-end' of the acquisition process (not 'back-end' as is done currently)
- Control Section changes require configuration and manual synchronization in AA, PS, and Agile
- Linkage with AGILE Assets will be non-integrated; however, the Super-number on the AMR will use the Control Section mapping. Control Section changes require configuration and manual synchronization in AA, PS, and Agile
- More discrete data being maintained for Infrastructure assets
- End users who work with capital asset records (including property managers and financial personnel) will need to:
  - understand the postings required for capital asset valuation decrease adjustments (i.e. unplanned depreciation) including the nuances for multiple depreciation area posting requirements and impacts
  - understand the automated financial postings and asset master record updates during a unplanned depreciation transaction
  - consequences of changes to the financial attributes of asset master records which have had values posted
- Security Considerations:
  - Security would determine who can edit which assets
  - History transaction reports will show who edited which pieces of information
  - SAP match code options cannot be filtered by user security or business area.
  - Non-financial data remains editable on deactivated asset records – Can be managed by reporting (e.g. change history audit).
- Personnel change for management of capital asset master records – including creation, field update, blocking and review of general and asset values:
  - Management of fixed asset master records – including creation, field update, blocking and review of general and asset values.
  - OSRAP to become more involved in certain decisions (e.g. Capitalized Projects vs. Maintenance, halting asset depreciation, unplanned depreciation)
  - OSRAP to have sole responsibility for processing of asset valuation decreases via Unplanned Depreciation.

### **Appendix**

Not applicable



# LaGov ERP Project

## Business Blueprint



<b>Team:</b>	Finance - Asset Accounting
<b>PDD Name:</b>	AA Transfers
<b>PDD Number:</b>	FIN-AA-PDD040-AA Transfers
<b>Business Process Owner:</b>	Afranie Adomako
<b>Functional Lead:</b>	Rhoma Speights
<b>Functional Consultant:</b>	Christine Wieczorek

### **Executive Summary**

Actual transfers of capital assets can be:

- Within an agency (e.g. from one cost center to another)
- From one agency to another in the same department
- From one department to another department.

Additionally, transfer transactions will be used for:

- Correction of a posting error (e.g. initially used wrong class or financial detail, such as BA, cost center, fund, grant, etc.) with a need to transfer cost from an existing asset to a new asset record with the correct financial parameters.

If there is not a financial impact, it may be sufficient to simply update the Asset Master Record (see PDD FIN-AA-PDD020-AMR Create and Change).

If there is a financial impact (i.e. asset has values posted and there is a change to Business Area, cost center, fund, grant or functional area) then an asset transfer transaction must be processed – this is consistent with Public Sector best business processes for transfers. This will ‘retire’ the asset master record in the sending agency / department (i.e. deactivation date based on the ‘Asset Value Date’ of the transaction) and provide the functionality to update values for a new or existing asset master record in the receiving agency / department (i.e. also update the capitalization date on a newly created receiving asset).

The processing and management of capital asset transfers will have significant changes from current processes. Moveable Property will be managed by the agencies (i.e. without LPAA approval or fee processing on transfer transactions). The transaction processing for Moveable and Infrastructure transfers will be managed by agency finance personnel, while OSRAP will process the Real Property transfer transactions.

Depreciation processing changes are recommended for consistency across the portfolio and to conform to GAAP principles. Action items for the handling of depreciation are logged and with OSRAP:

- Currently, most moveable assets are fully depreciated upon transfer. The recommendation is that depreciation will continue with the receiving asset when an asset is transferred. Exceptions to this will need to be evaluated and handled independently.
- Currently, for Real Property, when an asset is not fully depreciated upon transfer (i.e. has some remaining net book value), the receiving asset has the full year of depreciation posted to it, regardless of when the transfer occurred. This does not reflect the true usage of the asset and recommendation is to have the depreciation posted to the ‘owning’ asset during the owned term).

This document describes the design of the SAP Capital Asset Transfer transaction processing, including flowcharts for Moveable Property, Real Property and Infrastructure.



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## Business Blueprint



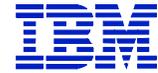
### To-Be Process Description

#	Process Terminology	Description
1	Asset Class	Main criterion for classifying fixed assets according to legal, financial and management requirements.
2	Asset Master Record (AMR)	Contains general information and valuation/depreciation rules for a specific item in the Asset Accounting (AA) module. In SAP, it also stores all the values and transaction data for the item.
3	Main Asset Number	Unique number, in combination with company code and asset sub number, that identifies a fixed asset
4	Sub Asset Number	Asset record for an individual part of an asset, or subsequent acquisitions, can be represented by a sub-number to a main asset number. For public sector sub-numbers are used for each funding source of an asset.
5	Capital Asset	Tangible property which cannot easily be converted into cash and which is usually held for a long period, including real estate, equipment, etc
6	Asset under Construction (AuC)	An asset that you produce or manufacture yourself which must be managed as a separate asset master record, generally without depreciation, during the construction phase.
7	Low Value Asset (LVA) / Controlled Assets	Items that do not meet the capital asset criteria and are recorded for tracking purposes. These will be tracked in Plant Maintenance via Notification Records.
8	Capital Lease	A lease that meets one or more financial criteria as defined by FASB. This type of lease considered to have the economic characteristic of asset ownership, thus it is recognized both as an asset and as a liability (for the lease payments) on the balance sheet.
9	Operating Lease	In an operating lease, the lessor (or owner) transfers only the right to use the property to the lessee with the property being returned to the lessor at the end of the lease. This type of lease is treated as an operating expense in the income statement and the lease does not affect the balance sheet. These are not relevant to Capital Assets.
10	Depreciation	Reduction of the asset book value because of decline in economic usefulness or because of legal requirements for taxes.
11	Depreciation Area	A structure that contains and maintains the valuation of a fixed asset for a particular purpose (for example, legal financial statements, balance sheets for tax purposes, or management accounting values). It can be thought of as an asset ledger or asset book. For public sector accounting, it typically reflects asset values two areas: modified accrual and full accrual purposes.
12	Screen Layout	Settings that specify the fields that are displayed during master data maintenance and the field entry characteristics (e.g. required optional, display only). Field entry characteristics are also referred to as 'Field Status'.
13	Account Assignment or Account Determination	Settings which defines which general ledger accounts to post to from a business transaction. These are the general ledger accounts that are used by the system for transactions that have automated general ledger postings (e.g. depreciation) or that are proposed by the system for transactions which allow an end user to override the proposed account (e.g. post capitalization).
14	Amortization	Writing off of loans or intangible assets in equated annual/monthly installments over a scheduled period.
15	Post Capitalization	Correction of asset value, which was either set too low because



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#	Process Terminology	Description
		capitalization was not performed in the past, or which was treated entirely as expense
16	Transfer	A transfer is a partial or complete movement of an asset from a physical, financial or responsibility / ownership perspective. This can include a change in tracking location, responsibility/ownership, splitting of an asset/moving part of an asset to another asset
17	Retirement	Asset retirement is the removal of an asset or part of an asset from the asset portfolio. When an asset is 100% retired, the deactivation date for the asset should be defined.
18	Transaction Type	<p>Each asset accounting transaction posting requires a Transaction Types to be assigned in order for the posting to:</p> <ul style="list-style-type: none"> <li>- be classified by the type of business transaction (acquire, retire with revenue, retire without revenue, transfer, etc.)</li> <li>- define AMR and posting parameters (e.g. update capitalization or deactivation date, column for value reporting, default document type, etc.)</li> <li>- identify the grouping of the transaction value for some asset accounting reports</li> </ul> <p>The transfer posting is a 'one-step' posting which updates the retirement from the sending asset and the addition to the receiving asset – accordingly two transaction types are required. Transfer variants define the method for valuation of the receiving asset and the transaction types (retirement and acquisition) that are used for the transfer posting.</p>
19	Transfer Variant	The transfer posting is a 'one-step' posting which updates the retirement from the sending asset and addition to the receiving asset – accordingly two transaction types are required. Transfer variants define the method for valuation of the receiving asset and the transaction types (retirement and acquisition) that are used for the transfer posting.

Actual transfers of capital assets can be:

- Within an agency (e.g. From one cost center to another)
- From one agency to another in the same department
- From one department to another department.

Additionally, transfer transactions will be used for:

- Correction of a posting error (e.g. initially used wrong class or financial detail, such as BA, cost center, fund, grant, etc.) with a need to transfer cost from existing asset to new asset record with the correct financial parameters.

If there is not a financial impact, it may be sufficient to simply update the Asset Master Record (see PDD FIN-AA-PDD020-AMR Create and Change).

If there is a financial impact (i.e. asset has values posted and there is a change to Business Area, cost center, fund, grant or functional area) then an asset transfer transaction must be processed – this is as per Public Sector best business processes for transfers. This will 'retire' the asset master record in the sending agency / department (i.e. deactivation date based on the 'Asset Value Date' of the transaction) and provide the functionality to update values for a new or existing asset master record in the receiving agency / department (i.e. also update the capitalization date on a newly created receiving asset).

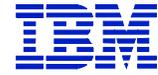
Transfers can be:

- For the entire asset (which will generally be the case for movable assets)
- For only part of an asset (for example, the 'not required portion' of ROW parcel of land)
  - For a partial transfer, the value of the transfer can be defined as a dollar amount or a percentage



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The transfer transaction can be:

- For a single asset or multiple assets. However, header detail must be the same for all the assets (e.g. Document, posting, asset value dates and text data).
- Via mass transfers (e.g. agency restructuring which results in change from one agency number to another agency number).
  - This will require coordination with the post go-live support team due to the power of this transaction and expertise required, which is outside of the normal day-to-day operations.
  - The handling of sub-numbers in mass transfers requires additional caution to ensure that they are transferred appropriately (e.g. sub-number to new sub-number, not a main number).
  - Similar to the regular transaction, the number of mass processing cycles will be dependent on the number of unique header details.

### ***Transaction Types / Transfer Variant***

For asset transactions, a transaction type (TType) is used for rules regarding the transaction valuation (i.e. defines how the depreciation and valuation of the asset will be handled). The transfer transaction is essentially two transactions (i.e. retirement and acquisition) performed in one step. SAP has accommodated this via 'transfer variants' which allows the user to make one selection that contains both the sending and receiving transaction types.

Depending on the reason for transfer and the timing, there will be different requirements for how the sending and receiving asset should be treated. Accordingly, each transfer will need to be evaluated independently to ensure correct financial postings are made. For example: the 'transaction type' selected for the valuation posting defines how depreciation and valuation of the asset will be transferred from the sending to receiving asset (i.e. asset detail is pulled from the "sending" asset master record to the "receiving" asset master record so that no depreciation or valuation information is lost).

The most frequently applicable 'transfer variant' will be defined as the default for the transaction – prior to posting evaluation will need to be done to determine if this value must be edited.

- Transfer variants will use the limited number of transaction types (to be determined during realization) defined for State of Louisiana.
- It was determined that the fields used on the AMR for 'acquisition method' (i.e. Investment Reason) and 'disposition method' field (i.e. Evaluation Group) would be more useful for analysis purposes than having multiple transaction types. This would also eliminate the possibility of choosing the transaction type/variants incorrectly and having to do corrective postings for accurate reporting purposes.
- For transaction types, a copy will be made from SAP delivered TTypes and renamed with a 'Z' coding convention. Role & authorizations would restrict the TTypes valid for State use (i.e. System will continue to display full range of TTypes; however, at time of transaction saving system would only allow those that are valid for State).
- For the transfer variant, a copy of SAP delivered transfer variants will be made and tailored to State requirements. The transfer variant will use a 'Z' coding convention and be renamed to describe its purpose. Role & authorizations would restrict the TTypes valid for State use as this is what is actually used for posting purposes (i.e. system will continue to display full range of Transfer Variants; however, at time of transaction saving, the system would only allow those that are valid for the State).
- Transaction types and transfer variants will be more specifically defined as part of the realization phase.

### ***Asset Master Record Update***



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When a transfer transaction is posted, it may also be necessary to update general data fields on the Asset Master Records (see PDD FIN-AA-PDD020-AMR Create and Change). If the entire asset is being transferred, the system treats this as a retirement and will automatically define the deactivation date based on the 'Asset Value Date' of the transaction. Depending on the transaction type assigned to the receiving asset posting, a capitalization date will be assigned to the receiver if it is a new asset master record. The receiving asset will also have the sending asset master record defined on the Origins screen for cross-referencing and visual audit purposes. Both the sending and receiving asset master records will have the transfer transaction listed in the Asset Values screen for analysis and audit history.

For ease of processing and to reduce input errors, functionality to 'copy' asset master record data from the sending to receiving asset will be used for data fields that are of a static nature. This does not negate the requirement for asset master record review and field edit where applicable. Fields identified for transfer are listed below – these will be evaluated and refined during the realization phase:

- Description line 1
- Description line 2
- Serial number
- Real Estate Key (land and buildings)
- Inventory Number
- Last inventory on
- Inventory note
- Evaluation Group (i.e. Asset Classification)
- Super-number
- Vendor
- Manufacturer
- Type Name
- Equipment Master Record(s).

To keep the asset history linked in a more visual fashion, the new asset master record for the receiving asset can be a sub-number (or multiple sub-numbers if there are multiple funding sources) of the initial asset master record. The only exception to this would be postings used to remedy incorrect use of asset class on initial asset. In this case the receiving asset would need to be a new main asset number.

### ***Asset Valuation***

As a general rule:

- Real Property assets should continue depreciation in the receiving asset master record. Currently, the procedure is to have the 'owner' of the asset at year end receive depreciation for the entire year, regardless of when the transfer occurred. An action item is logged and with OSRAP to confirm that depreciation will be posted to 'owning' asset during the owned term.
- Moveable Property assets currently have a non-standard depreciation process, whereby, for most transfers, the sending asset is fully depreciated and the receiving asset has no depreciation. An action item is logged and with OSRAP to confirm that depreciation will be posted to 'owning' asset during the owned term.
- Infrastructure assets are not currently transferred and no further development is required for this scenario. The exception is for correction of posting errors that have a financial impact (e.g. business area, cost center, fund, grant, functional area). In such a scenario, the agency (i.e. DOTD finance person responsible for capital assets) will process the correcting transaction.

### ***Transfer Transactions***

Transfers will be managed by the agency personnel (e.g. LPAA will no longer need to approve moveable asset transfers). Generally, the sending agency finance personnel will be responsible for processing transfers. It will be the responsibility of both the sending and receiving agency to ensure that the transfer is processed correctly and asset master records are updated appropriately.



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Moveable property capital assets can sometimes be utilized by other agencies. To provide an opportunity for agencies to search the database to determine if there is internal availability of an item (i.e. reduce need to purchase new items or from Surplus) the owning agency will be able to update the field used for disposition method to indicate 'Available for transfer'.

Transfers from non-state, non-LaGov project entities or LPAA State Surplus will be treated as acquisitions. See PDD: FIN-AA-PDD030-AA Acquisitions.

Transfers to non-state, non-LaGov project entities or LPAA State Surplus will be treated as retirements. See PDD: FIN-AA-PDD050-AA Retirements.

Transfers to non-LaGov project state agencies will require additional GL entries to remove the 'loss' accounting entry prior to retirement.

### ***Title 34, Statutes, Etc.***

Existing Title 34 sections for moveable property and relevant statutes will need to be updated to enable process changes for this design of the LaGov Project SAP implementation.

### **Processes**

#### **Moveable Property**

- An asset transfer is arranged between two business entities. Supporting documentation is consolidated by the sending agency Property Manager, who forwards it to the sending agency financial personnel responsible for capital asset.
- Finance personnel review the documentation to determine if the transfer has a financial impact:
  - If there is no financial impact, the asset master record is updated.
  - If there is a financial impact, a transfer transaction is processed to remove the asset from the sending agency inventory and place it into the receiving agency inventory. If an existing receiving asset is not available, the sending agency will create a new asset master record with the appropriate financial detail. Upon completion of the transfer posting, detail will be forwarded to the sending agency property manager and receiving agency financial personnel responsible for capital assets.
- Sending property manager shall review their asset master record (note: if a field update is required, they will be able to do so).
- Receiving agency finance personnel responsible for capital assets will review, update their asset master data if necessary, and advise the receiving agency property manager. Additionally, the property manager will need to ensure that the corresponding Notification Record is updated with the new AMR number.
- Receiving property manager shall review their asset master record (note: if a field update is required, they will be able to do so).

#### **Real Property**

- An asset transfer is arranged between two business entities. Supporting documentation is consolidated by the sending agency Real Estate Property Manager and notification sent to sending agency financial personnel responsible for capital assets, receiving agency Real Estate Property Manager, SLO, and FPC. Approval request is initiated.
- When an authorized approval is obtained (e.g. from Commissioner or designee), the sending Real Estate Property Manager forwards documentation to OSRAP personnel responsible for Capital Assets.
- OSRAP personnel responsible for Capital Assets review the documentation to determine if the transfer has a financial impact:
  - If there is no financial impact, the asset master record is updated



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- If there is a financial impact, a transfer transaction is processed to remove the asset from the sending agency inventory and place it into the receiving agency inventory. If an existing receiving asset is not available, the sending agency will create a new asset master record with the appropriate financial detail. Upon completion of the transfer posting, detail will be forwarded to the sending agency Property Manager and financial personnel responsible for capital asset, receiving agency real estate Property Manager, SLO, ORM and FPC.
- Sending Property Managers and finance personnel responsible for Capital Assets shall review their asset master record (note: if field update is required, they will be able to do so).
- Receiving agency Property Managers will review and update their asset master data if required and advise the receiving agency finance personnel responsible for Capital Assets.
- Receiving agency finance personnel responsible for Capital Assets shall review their asset master record (note: if field update is required, they will be able to do so).

### **Correction Transaction – Moveable Property, Real Property and Infrastructure**

- An error in the financial objects (e.g. business area, cost center, fund, grant, etc.) for an asset master is identified. Supporting documentation is forwarded to the person responsible for the asset (e.g. Property Manager).
- The person responsible for the asset (e.g. Property Manager) reviews the documentation and if the financial object is incorrect forwards documentation to the OSRAP personnel responsible for Capital Assets (Real Property) or agency finance personnel responsible for Capital Assets (Moveable Property, Infrastructure).
- OSRAP personnel responsible for Real Property Capital Assets or agency finance personnel (Moveable Property, Infrastructure) review the documentation to determine if the transfer has a financial impact:
  - If no financial impact exists, the asset master record is updated as necessary
  - If a financial impact exists, a transfer transaction is processed to correct the financial object on the asset master record. If an existing receiving asset is not available, a new asset master record will be created with the appropriate financial detail. Upon completion of the transfer posting, detail will be forwarded to the person responsible for the capital asset (e.g. Property Manager),
- The person responsible for the capital asset (e.g. Property Manager) shall review the asset master records (note: If field update is required, they will be able to do so).

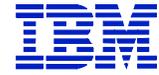
### **Process Improvement Opportunities**

- State Assets become part of the accounting system. There is financial integration for recording and reporting. Accurate financial reporting on capital assets. Eliminate the need for duplicate recording of data (e.g. financial). Reduce manual gathering of asset data for financial reporting (e.g. CAFR)
- Capital Asset financial data becomes transaction based to ensure that general ledger and sub-ledger balance are updated appropriately. Provides a consistent approach to asset master record creation and update processes for financial transactions within the AA modules (such as transfers, retirements, depreciation postings, value adjustments, corrections and non-cash acquisitions) and integrated transactions such as asset acquisition via procurement <MM module>, direct purchase without PO <AP module> and 'construction' projects <PS module>.
- Ability to 'drill-down' to source data for transaction analysis (with appropriate approvals).
- Financial processing (i.e. depreciation rules) for transfers shall be handled consistently for all capital assets in compliance with GAAP and GASB rules.
- Although there may be limited exceptions, there should be a single inventory tag number for a moveable property capital asset throughout its financial and physical life cycle.



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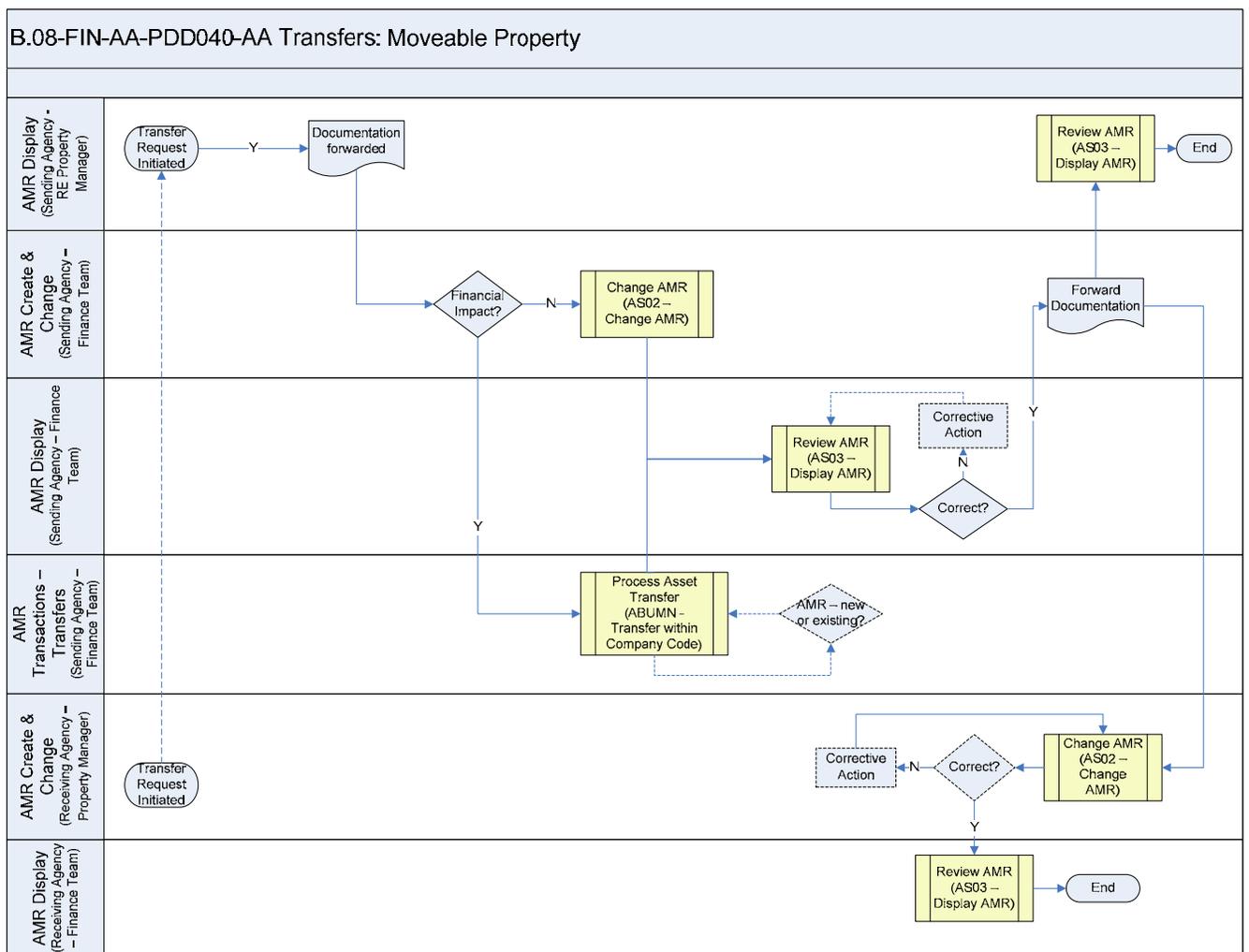


### To-Be Process Flows

The following provide process flows for capital asset transfers (i.e. where there are financial implications such as change in cost center, functional area, fund, grant) which require that a transaction be posted to correctly update the financial records. Changes in personnel assignment or physical location such as room or building are considered to be changes in Asset Master Data and do not require a transfer transaction.

Transfer transactions are applicable to Moveable and Real Property (i.e. Infrastructure is not transferred among the State agencies). Corrections can be applicable to Moveable and Real Property, as well as Infrastructure.

- FIN-AA-PDD040-AA Transfers\_Moveable Property



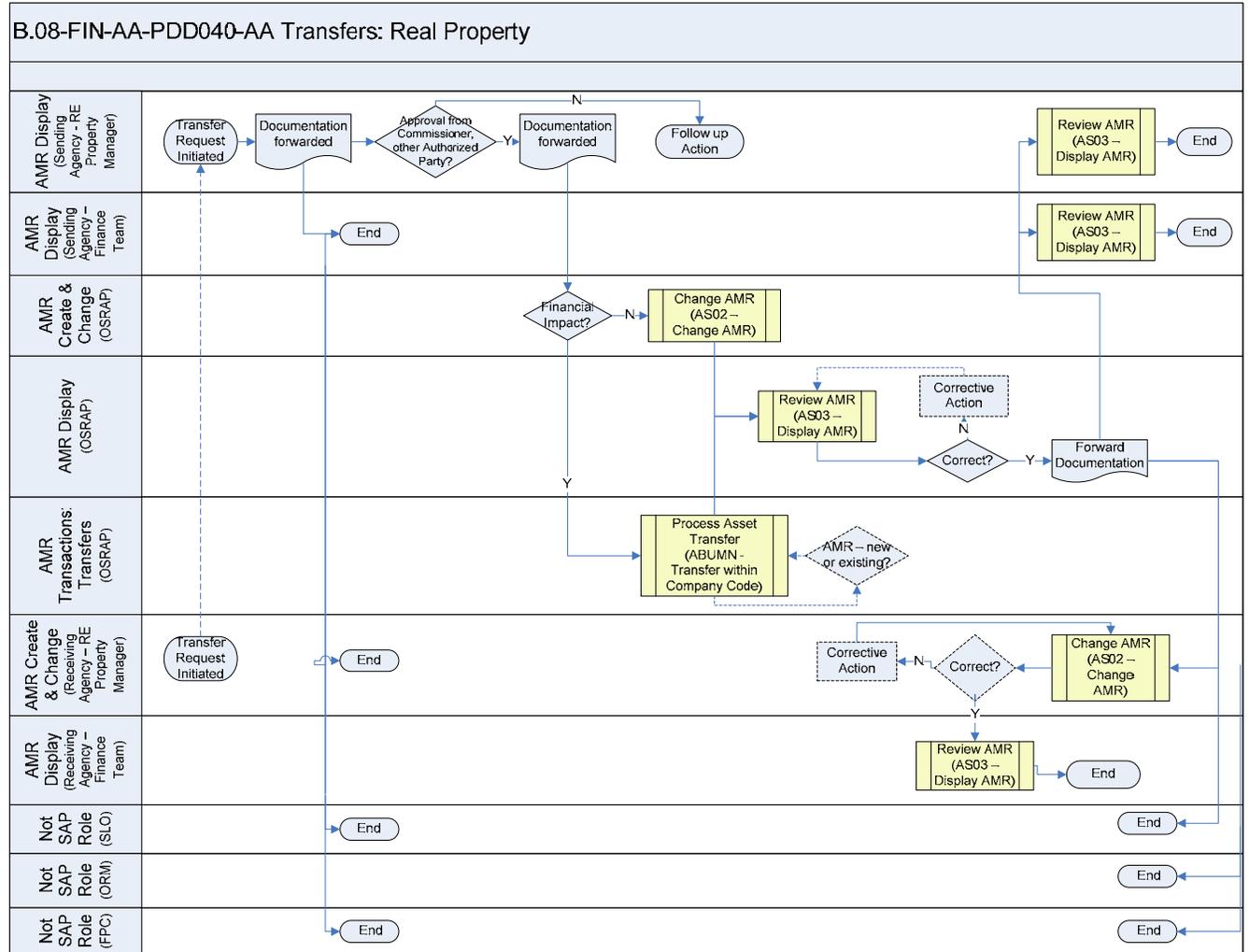


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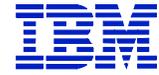


- FIN-AA-PDD040-AA Transfers\_Real Property

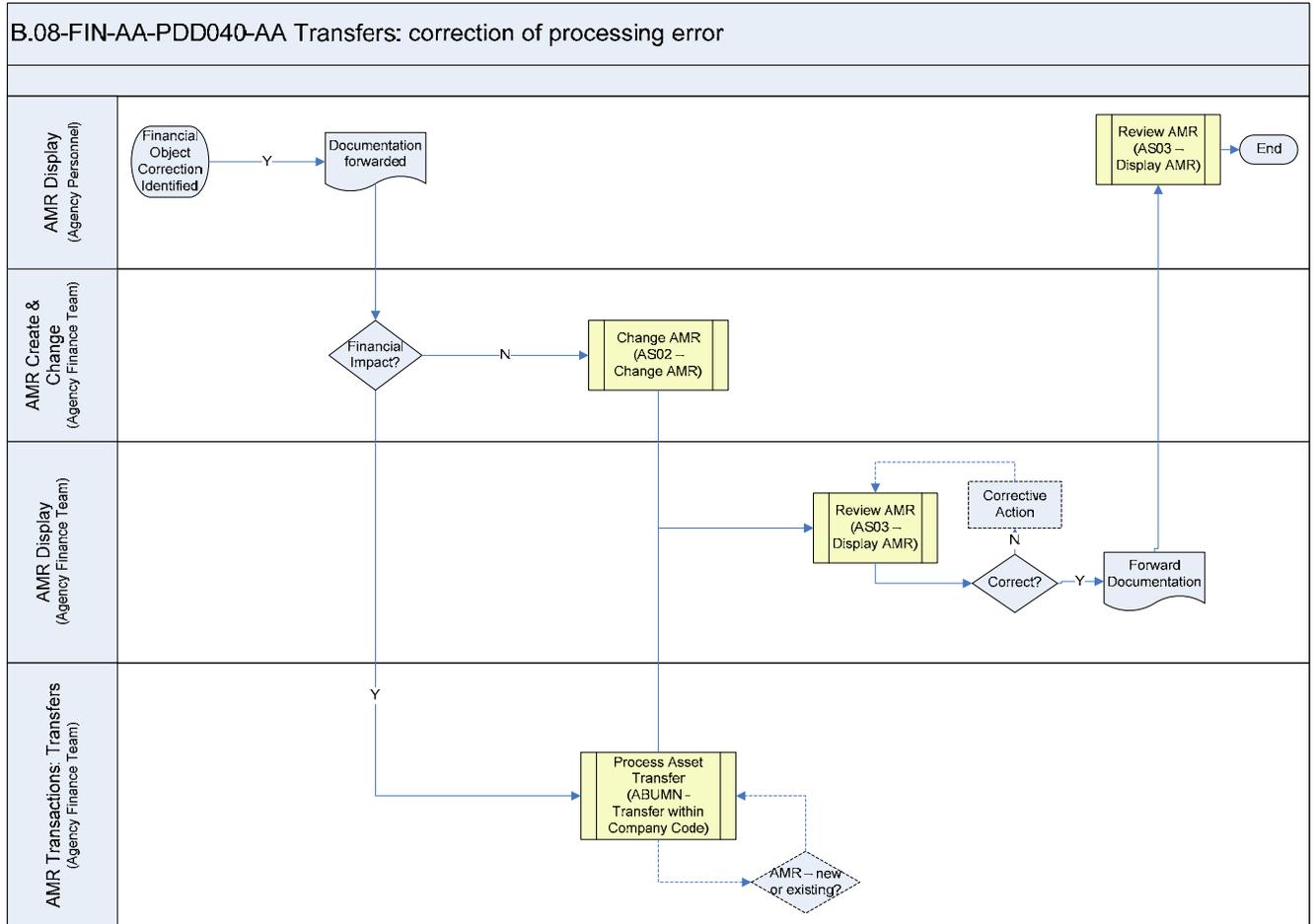




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- FIN-AA-PDD040-AA Transfers\_Correction Transaction



- Infrastructure: not applicable

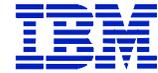
## Key Business Process Decisions

#	Decision	Process Impact	Organizational Impact
1	Transfers to non-state, non-LaGov, or LPAA State Surplus will be handled as retirements	Non-state – no impact. Non LaGov will require GL entries to remove loss. Non LaGov and State surplus will require a processing method different from transfers that happen between agencies/departments.	Training required for personnel that will be using the various asset transactions. This includes the significance of the transaction fields and how they impact master data and financial valuations, as well as integration points, such as GL, FM, CO, etc.
2	Transfers from non-state, non-LaGov, or LPAA Surplus will be handled as acquisitions	Non-state – no impact. Non LaGov and State surplus will require a processing method different from transfers that happen between agencies/departments.	Training required for personnel that will be using the various asset transactions. This includes the significance of the transaction fields and how they impact master data and financial valuations, as well as integration points, such as GL, FM, CO, etc.



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#	Decision	Process Impact	Organizational Impact
3	OSRAP and agency finance personnel will be responsible for transfer transaction posting.	The method of processing transfers will change.	Training required for personnel that will be using the various asset transactions. This includes the significance of the transaction fields and how they impact master data and financial valuations, as well as integration points, such as GL, FM, CO, etc. Personnel changes for the processing and review of transactions.
4	Moveable Asset - Agencies will be responsible for managing asset transfers among themselves.	The method of processing transfers will change.	Title 34 and corresponding statutes will require changes to accommodate the LaGov Project SAP design. Agencies will have more responsibility for managing their assets.
5	Moveable Asset transfers will no longer require approval of LPAA. The current transfer fee charged by LPAA to agencies will be eliminated.	The method of processing transfers will change and will need to include the update of the corresponding Notification Record (i.e. receiving AMR number field updated).	Title 34 and corresponding statutes will require changes to accommodate the LaGov Project SAP design. Agencies will have more responsibility for managing their assets. LPAA responsibility change as they will no longer monitor and approve transfers. Transfer Fee revenue source for LPAA will no exist.
6	Financial processing (i.e. depreciation rules) for transfers shall be handled consistently for all capital assets in compliance with GAAP and GASB rules. Action Item logged with OSRAP.	Financial reporting impact (should be minor as non-standard depreciation postings applied mainly to moveable property).	No organizational impact.
7	Moveable Property: Title 34 and relevant statutes to be reviewed and updated.	Significant changes in the approval processes for retirements – specifically, agencies will become responsible for determining disposition of their assets. Note: sales will continue to be managed via LPAA. The scrapping process will require refinement during realization, i.e. scrapping may continue to be handled via LPAA	

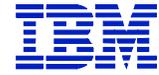
### Statute, Regulation, Policy, and Procedural Impacts

#	Statute, Regulation, Policy or Procedure	Revision Identified	Business Owner
1	State of Louisiana: Title 34 & RS 39:200.C, RS 39:321-328, RS 39:330-332 (Moveable Property)	Title 34 section VII: requires significant revisions. Revisions to governing revised statutes may also be required.	Commissioner of DOA
2	State of Louisiana: RS 39:11-14; RS 41 (Real Property)		Commissioner of DOA
3	Title 23, United States Code, Section 4029c (Infrastructure)		DOTD
4	State of Louisiana: RS 39:122 (Infrastructure)		Commissioner of DOA, Secretary of DOTD



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#	Statue, Regulation, Policy or Procedure	Revision Identified	Business Owner
5	GASB Statement No. 42 Accounting and Financial Reporting for Impairment of Capital Assets and for Insurance Recoveries		OSRAP
6	GASB Statement No. 34 Basic Financial Statements—and Management’s Discussion and Analysis—for State and Local Governments		OSRAP
7	GASB 51 Accounting and Financial Reporting for Intangible Assets		OSRAP

### Identified Development Objects (FRICE-W)

F – Forms		Master List of Current and Future State Forms: <Supported Process>					
No.	Form Name	Purpose	As-Is	To-Be	Justification	Contact Person	Comments
1.	None identified		X	X			

R – Reports		Master List of Current and Future State Reports: <Supported Process>					
No.	Report Name	Purpose	As-Is	To-Be	Justification	Contact Person	Comments
1.	None identified		X	X			

I – Interfaces		Master List of Current and Future State Interfaces: <Supported Process>					
No.	Interface Name	Purpose	As-Is	To-Be	Justification	Contact Person	Comments
1.	None identified		X	X			

C - Conversions		Master List of Future State Data Conversions: <Supported Process>					
No.	Type of Data	Use	Source	Destination	Justification	Approach	Comments
1.	See below						

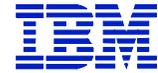
**Note:** Conversions – mid year conversion will require that transactional data for partial year be converted. Conversion detailed in PDD: FIN-AA-PDD010-AA Organizational Structure and PDD: FIN-AA-PDD080-AMR Data Conversion\_all systems

E – Enhancements		Master List of Future State Enhancements: <Supported Process>				
No.	Type of Enhancement	Details	Target of Enhancement (Gap)	Justification	Comments	
1.	None identified					

W – Workflow		Master List of Future State Workflow Events: <Supported Process>				
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# LaGov ERP Project Business Blueprint



No.	Description	Justification	Comments
1.	None identified		

## Gaps

Gaps		Master List of Future Gaps: <Supported Process>	
No.	Description of Gap	Why Gap Exists?	Impact / Comments
1.	Not applicable		

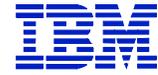
## Security & Enterprise Role Definitions

Authorizations		Master List of Future State Roles/Authorizations: <Supported Process>		
No.	Role	Description	Strategy	Special Considerations
1.	Asset Master Data Maintenance – Create and Change	The role owner is responsible for creating and changing asset master records: <ul style="list-style-type: none"> <li>o Create, change and display asset master records</li> <li>o Create asset sub-numbers</li> </ul>	Moveable Asset Classes: Property Managers, Agency Finance personnel assigned to capital assets, OSRAP personnel assigned to capital assets Real Property Asset Classes: Real Estate Property Managers, Agency Finance personnel, FCP project administrator personnel assigned to capital assets, OSRAP personnel assigned to capital assets Infrastructure Asset Classes: DOTD facility manager, Agency Finance personnel, project administrator personnel assigned to capital assets projects, OSRAP personnel assigned to capital assets.	<ul style="list-style-type: none"> <li>o Authorization restriction by Agency (i.e. cost center)</li> <li>o Additional restrictions may be required for Moveable assets used in Covert situations.</li> <li>o Moveable asset will need authorization object for Personnel Number and Equipment Master Number (i.e. linkage).</li> </ul> <p>During realization, may identify requirement to have roles split for Create and Maintain.</p>
2.	Asset Master Data – Display AMR and Values	The role owner monitors and checks asset balance sheet values, as well as planned and posted depreciation on individual fixed assets. <ul style="list-style-type: none"> <li>o Display Asset Master Record</li> <li>o Asset Explorer</li> <li>o <i>Display Document (Asset related)</i></li> </ul>	Broader audience including those that can create and maintain asset master records and process asset transactions and those that need to access asset data for analysis and reporting purposes.	<ul style="list-style-type: none"> <li>o Authorization restriction by Agency (i.e. cost center).</li> <li>o Additional restrictions may be required for Moveable assets used in Covert situations. (To be refined during realization)</li> <li>o OSRAP will have access to all asset classes.</li> </ul> <p>This role also allows the user to jump to asset master record display and the display of asset documents. The user is not able to jump to the display of Financial Accounting documents unless the role owner has that authorization, which is contained in the <i>Asset Accounting Information System</i> role.</p>
3.	Asset Transactions – Transfers	The role owner processes asset transfer postings in Asset Accounting - with financial impact.	Limited to individuals who should be able to process financial asset transactions AMR (i.e. moveable property: agency finance personnel responsible for capital assets, real	Limitations will be required for business area, cost center, <i>(other such as functional area, fund, fund center or grant to be determined during</i>



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Authorizations		Master List of Future State Roles/Authorizations: <Supported Process>		
No.	Role	Description	Strategy	Special Considerations
		Posts transfers within company	property: OSRAP finance team personnel responsible for capital assets).	<i>realization phase</i> ). In asset posting transactions it is sometimes possible to directly create asset master records. To be able to use this function, you need the role for <i>Asset Master Data Maintenance – Create and Change</i> . Limit T-Types to those valid for State.
4.	Asset Transactions – Asset Document Edit / Reverse	The role owner makes corrections to posted asset documents (limited fields available) or corrects postings made previously via the asset module – acquisitions, transfers, and retirements. <ul style="list-style-type: none"> <li>o Reverse asset transaction (i.e. via the AA module only), acquisition, retirements, and transfers.</li> <li>o <i>Edit asset documents (limited fields e.g. text not values)</i></li> </ul>	Limited to individuals who should be able to process financial asset transactions AMR (e.g. Agency or OSRAP finance team personnel responsible for capital assets or their designees). This may be refined during realization to a smaller subset of this group.	Limitations will be required for business area, cost center, transaction type? ( <i>Other such as functional area, fund, fund center or grant to be determined during realization phase</i> ). Limit reversals to transaction types for Acquisitions. Limit T-Types to those valid for State.
5.	Asset Accounting Information System	The role owner oversees and monitors fixed assets using Asset Accounting reports. The role contains the complete Information System of Asset Accounting. <ul style="list-style-type: none"> <li>o Execute reports (list to be determined during realization.)</li> </ul>	Broader audience including those that can create and maintain asset master records and process asset transactions and those that need to access asset data for analysis and reporting purposes. Generally, this would be the same group as those that have access to 'Asset Master Data – Display AMR and Values'	Limitations will be required for business area, cost center, ( <i>other such as functional area, fund, fund center or grant to be determined during realization phase</i> ). The role owner needs authorization for executing reports and displays. These authorizations are provided by the SAP_BC_ENDUSER single role.

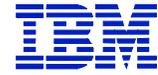
### Organizational Impact

No.	Activity/Task	Key Change from As-Is State	Organizational Work Force Impact
1.	Transfers without financial impact (e.g. room, location, personnel number) are AMR updates and will not require a transfer transaction in SAP. Additionally, for moveable property assets, the		Training required for personnel that will be using the various asset transactions. This includes the significance of the transaction fields and how they impact master data and financial valuations, as well as integration points, such as GL, FM, CO, etc.



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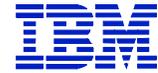


No.	Activity/Task	Key Change from As-Is State	Organizational Work Force Impact
	Notification Record will need to be updated.		
2.	Transfer Processing for Moveable Assets will change.	LPAA will not be involved in Moveable Asset transfer monitoring and approval. Transfer Fee revenue source for LPAA will no exist. Agencies will be responsible for managing transfers among themselves.	Title 34 and corresponding statutes will require changes to accommodate the LaGov Project SAP design. Agencies will have more responsibility for managing their assets. LPAA responsibility change as they will no longer monitor and approve transfers.
3.	Asset Master record creation and maintenance as part of transfer transaction.	Asset master records and financial records are not integrated thus end users do not see the 'whole picture' for capital assets. Currently, users may have limited responsibility for maintenance of data. Moveable assets require additional layers of authorization for some field changes.	Responsibility for creation and maintenance of asset master records will have additional or different personnel. End users will have access to more financial data about a capital asset/ End users will need to have an understanding of what fields are maintained within the Asset Master Record, their characteristics and whether the field has a financial / other update impact or is informative data). They will also need to understand which data is maintained in other integration point master records or in transactional data.
4.	Asset Master record display and reporting.	Asset master records and financial records are not integrated thus end users do not see the 'whole picture' for capital assets. A larger audience will be able to display and report on assets.	Responsibility for creation and maintenance of asset master records will have additional or different personnel. End users will have access to more financial data about a capital asset. End users will need to have an understanding of what fields are maintained within the Asset Master Record, their characteristics and whether the field has a financial / other update impact or is informative data. They will also need to understand which data is maintained in other integration point master records or in transactional data.
5.	SAP will be the system of record for capital assets and their valuation for the State of Louisiana organizational entities participating in the LaGov Project, replacing the records maintained Moveable Assets (Protégé), Real Property Assets (SLABS and worksheets/spreadsheets used by OSRAP for calculating depreciation) and Infrastructure Assets (worksheets/spreadsheets used by DOTD and OSRAP for calculating valuation and depreciation). Data will be maintained in asset master records which are classified for	Single source for all Capital Asset records. Multiple SAP modules will contain data currently stored in a single system (e.g. Protégé records will be stored in AA for Capital Assets, PM for non-capital assets and PM for fleet / maintenance detail; SLABS records will be stored in AA and RE modules)	Training to understand where existing data will be stored in SAP, how SAP will be used to maintain and report on data. Training on the concept of SAP asset classes and their purpose. Training on the concept of multiple modules used to store data most applicable to that module (e.g. Asset Accounting, Plant Maintenance, Real Estate, General Ledger, etc.)



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No.	Activity/Task	Key Change from As-Is State	Organizational Work Force Impact
	financial and other reporting purposes via Asset Classes. Other integration modules will be used to maintain non-capital asset detail (e.g. Real Estate, Plant Maintenance/Fleet for non-capital assets and other recording such as maintenance tracking).		
6.	Each capital asset will be recorded in the SAP Asset Accounting during the entire asset financial life cycle (e.g. acquisition, depreciation, transfers, sale/disposal) and will be integrated with other SAP modules for master record and financial updates. Two parallel depreciation areas will facilitate simultaneous accounting on Modified and GASB-34/Full Accrual basis, which would have significant benefits for OSRAP reporting.	Transactional updates with SAP capital assets will be integrated and thus financial records will be in balance for the Capital Asset database and Financial records (e.g. G/L). Asset Accounting system will accommodate both Modified and Full Accrual reporting requirements. Financial updates to the general ledger will be based on account determination rules that are either automatically applied or proposed for user update.	Training requirements for the concept of Asset Accounting integration and financial / master data updates. Training requirements for the concept of dual depreciation areas and the financial / master data updates. Training requirements for financial postings and use of general ledger accounts for financial updates. OSRAP to become more involved in certain decisions (e.g. Capitalized Projects vs. Maintenance, halting asset depreciation, unplanned depreciation).
7.	Transfer Transactions	The transfer transaction provides automated and integrated general ledger and asset master record updates – significant change from the existing systems for real property (and infrastructure, should this need arise). For movable equipment, the transfer transaction will now be fully integrated with the general ledger. PM Notification Records will require that the AMR cross reference be updated to reflect the new AMR number (i.e. receiving asset).	Training required for personnel that will be using the various asset transactions. This includes the significance of the transaction fields and how they impact master data and financial valuations, as well as integration points, such as GL, FM, CO, etc.

### Training Impact

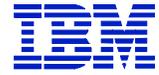
The creation, maintenance and valuation of asset records will have significant changes from the existing practices and potentially have a significantly larger end user base for various business processes associated with asset master records. The following key areas regarding design of the asset structure and organizational elements will need to be addressed during training:

- Terminology change for use of SAP terms
- Concept of each asset master record recording valuation for two depreciation areas
  - Concept and financial implications of simultaneous and parallel accounting methods using multiple depreciation for each asset master record (i.e. DA 01: Modified Accrual Accounting and DA 20 GASB - Full Accrual Accounting)
  - New asset depreciation calculation processes
- Integration with financials – many transactions will have automated postings (e.g. depreciation).



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- Transaction postings update GL, Cost objects (e.g. cost element, cost center, RE object), Fund/Grant values
- Automated posting GL (e.g. depreciation run)
- New processes to update asset master valuations
- End users who work with capital asset records (including property managers and financial personnel) will need to:
  - Understand the postings required for capital asset retirements including the nuances for multiple depreciation area posting requirements and impacts
  - Understand the automated financial postings and asset master record updates during a retirement transaction
  - Understand the consequences of changes to the financial attributes of asset master records which have had values posted
- Asset Master Record and Financial Updates will change:
  - Asset changes will now have financial impact.
  - Some transactions will require more steps than legacy transactions.
  - Transaction posting will require understanding of Transaction Types (transfers use transfer variant) and their financial and AMR impacts TTypes and Transfer Variants
  - Use of document types to identify type of transactions and provide posting controls
  - Notification Records in Plant Maintenance will be used to track location and physical inventory data. The AMR on the Notification Record will need to be updated when an asset is transferred to a new AMR number.
- Data monitoring via report required to ensure proper data entry. Recommendation that this be done frequently after initial implementation when data entry problems are most likely.
- Asset Master Record Field Data:
  - Visible and generally immediate financial impact on asset master record transaction postings, including the nuances for multiple depreciation areas
  - Capital asset records need to be created at the 'front-end' of acquisition process (not 'back-end' as is done currently)
  - Control Section changes require configuration and manual synchronization in AA, PS, and Agile
  - Linkage with AGILE Assets will be non-integrated. However, the Super-number on the AMR will use the Control Section mapping. Control Section changes require configuration and manual synchronization in AA, PS, and Agile
  - More discrete data being maintained for Infrastructure assets
- Security Considerations:
  - Security would determine who can edit which assets
  - History transaction reports will show who edited which pieces of information
  - SAP match code options cannot be filtered by user security or business area.
  - Non-financial data remains editable on deactivated asset records – Can be managed by reporting (e.g. change history audit).
- Personnel change for management of capital asset master records – including creation, field update, blocking and review of general and asset values:
  - Management of fixed asset master records – including creation, field update, blocking and review of general and asset values.
  - OSRAP to become more involved in certain decisions (e.g. Capitalized Projects vs. Maintenance, halting asset depreciation, unplanned depreciation).

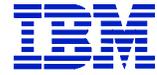
## Appendix

Not Applicable



# LaGov ERP Project

## Business Blueprint



<b>Team:</b>	Finance - Asset Accounting
<b>PDD Name:</b>	AA Retirements
<b>PDD Number:</b>	FIN-AA-PDD050-AA Retirements
<b>Business Process Owner:</b>	Afranie Adomako
<b>Functional Lead:</b>	Rhoama Speights
<b>Functional Consultant:</b>	Christine Wieczorek

### Executive Summary

Retirements of capital assets can be made for multiple reasons, such as an asset being:

- Damaged beyond use
- No longer required and not saleable thus will be scrapped
- Dismantled
- Moveable Property: no longer required and declared surplus (i.e. sent to the Louisiana Property Assistance Agency [LPAA])
- Moveable Property: lost or stolen
- Real Property (including Rights of Way [ROW]): sold or “trade-in-kind”
- Infrastructure (including ROW): ‘donated’ or traded with local government
- Depending on the outcome of the handling of non-LaGov project entities, a retirement may be necessary to accommodate sending ‘transfers’ from LaGov project entities to a State entity that is not using SAP.

A significant change will be made in the process for handling moveable asset retirements – agencies will determine the need for surplus or scrapping of capital assets without the need for LPAA approval required. However, LPAA will continue to manage surplus sales and fund reimbursement and will continue to use Protégé to manage the surplus sales and auction preparation, as well as fund reimbursements. The changes to handling of retirements for moveable assets will require Title 34 – Section 7 updates.

With the implementation of asset accounting for SAP, it will be significantly easier to handle gain and loss postings resulting from the retirement of capital assets. The system will automatically calculate and post gain and loss values. Currently, this is not the State practice. A project action item is currently with OSRAP regarding a policy change for gain/loss postings upon capital asset disposition. This change is considered necessary to be in compliance with GASB and GAAP standards.

It should be noted that for moveable capital assets, retirements will always be recorded with a loss because surplus sales amounts will not be tracked back to individual capital assets in the SAP asset accounting database. These surplus sales amounts will be treated as revenue by LPAA. If there are individual sales that are of a material nature, they can be handled on a case by case basis since the necessary detail will be available in Protégé. Analysis of historical surplus sales values has indicated that the sales amounts are generally not of a material nature, and the time and effort to maintain gain/loss postings on each surplus capital asset sale in SAP asset accounting would not provide added value for financial reporting.



# LaGov ERP Project

## Business Blueprint



This document describes the design of the SAP Capital Asset Retirement transaction processing for sale or non-cash disposal (e.g. scrap, destroyed, etc.), including flowcharts for Moveable Property, Real Property and Infrastructure.

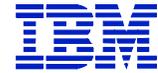
### To-Be Process Description

#	Process Terminology	Description
1	Asset Class	Main criterion for classifying fixed assets according to legal, financial and management requirements.
2	Asset Master Record (AMR)	Contains general information and valuation/depreciation rules for a specific item in the Asset Accounting (AA) module. In SAP, it also stores all the values and transaction data for the item.
3	Main Asset Number	Unique number, in combination with company code and asset sub number, that identifies a fixed asset
4	Sub Asset Number	Asset record for an individual part of an asset, or subsequent acquisitions, can be represented by a sub-number to a main asset number. For public sector sub-numbers are used for each funding source of an asset.
5	Capital Asset	Tangible property which cannot easily be converted into cash and which is usually held for a long period, including real estate, equipment, etc
6	Asset under Construction (AuC)	An asset that you produce or manufacture yourself which must be managed as a separate asset master record, generally without depreciation, during the construction phase.
7	Low Value Asset (LVA) / Controlled Assets	Items that do not meet the capital asset criteria and are recorded for tracking purposes. These will be tracked in Plant Maintenance via Notification Records.
8	Capital Lease	A lease that meets one or more financial criteria as defined by FASB. This type of lease is considered to have the economic characteristic of asset ownership, thus it is recognized both as an asset and as a liability (for the lease payments) on the balance sheet.
9	Operating Lease	In an operating lease, the lessor (or owner) transfers only the right to use the property to the lessee with the property being returned to the lessor at the end of the lease. This type of lease is treated as an operating expense in the income statement and the lease does not affect the balance sheet. These are not relevant to Capital Assets.
10	Depreciation	Reduction of the asset book value because of decline in economic usefulness or because of legal requirements for taxes.
11	Depreciation Area	A structure that contains and maintains the valuation of a fixed asset for a particular purpose (for example, legal financial statements, balance sheets for tax purposes, or management accounting values). It can be thought of as an asset ledger or asset book. For public sector accounting, it typically reflects asset values two areas: modified accrual and full accrual purposes.
12	Screen Layout	Settings that specify the fields that are displayed during master data maintenance and the field entry characteristics (e.g. required optional, display only). Field entry characteristics are also referred to as 'Field Status'.
13	Account Assignment or Account Determination	Settings which defines which general ledger accounts to post to from a business transaction. These are the general ledger accounts that are used by the system for transactions that have automated general ledger postings (e.g. depreciation) or that are proposed by the system for transactions which allow an end user to override the proposed account (e.g. post capitalization).



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#	Process Terminology	Description
14	Amortization	Writing off of loans or intangible assets in equated annual/monthly installments over a scheduled period.
15	Transfer	A transfer is a partial or complete movement of an asset from a physical, financial or responsibility / ownership perspective. This can include a change in tracking location, responsibility/ownership, splitting of an asset/moving part of an asset to another asset
16	Retirement	Asset retirement is the removal of an asset or part of an asset from the asset portfolio. When an asset is 100% retired, the deactivation date for the asset should be defined.
17	Transaction Type	<p>Each asset accounting transaction posting requires a Transaction Types to be assigned in order for the posting to:</p> <ul style="list-style-type: none"> <li>- be classified by the type of business transaction (acquire, retire with revenue, retire without revenue, transfer, etc)</li> <li>- define AMR and posting parameters (e.g. update capitalization or deactivation date, column for value reporting, default document type, etc)</li> <li>- identify the grouping of the transaction value for some asset accounting reports</li> </ul> <p>The transfer posting is a 'one-step' posting which updates the retirement from the sending asset and addition to the receiving asset – accordingly two transaction types are required. Transfer variants define the method for valuation of the receiving asset and the transaction types (retirement and acquisition) that are used for the transfer posting.</p>
18	Transfer Variant	The transfer posting is a 'one-step' posting which updates the retirement from the sending asset and addition to the receiving asset – accordingly two transaction types are required. Transfer variants define the method for valuation of the receiving asset and the transaction types (retirement and acquisition) that are used for the transfer posting.

Retirements of capital assets can be made for multiple reasons, such as asset being:

- Damaged beyond use
- No longer required and not saleable thus will be scrapped
- Dismantled
- Moveable Property: no longer required and declared surplus (i.e. sent to LPAA for sale)
- Moveable Property: lost or stolen
- Real Property (including ROW): sold or “trade-in-kind”
- Infrastructure (including ROW): ‘donated’ or traded with local government
- Depending on the outcome of the handling of non-LaGov project entities, a retirement may be necessary to accommodate sending ‘transfers’ from LaGov project entities to a State entity that is not using SAP.

Retirements can be:

- For the entire asset
- Only part of an asset such as when the ‘not required portion’ of ROW parcel of land is sold .The portion retired can be defined as a dollar amount or a percentage.

The retirement transaction can be:

- For a single asset or multiple assets if the header detail is the same (e.g. document, posting, asset value dates and text data)
- Via mass retirements which can be used to dispose of a significant number of assets at one time. However, the use of mass retirements will require coordination with the post go-live



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support team due to the powerfulness of this transaction and user expertise required, which is outside of the normal day-to-day operations. Similar to the regular transaction, the number of mass processing cycles will be dependent on the number of unique header details.

### ***Transaction Types / Transfer Variant***

For asset transactions, a transaction type (TType) is used for rules regarding the transaction valuation which defines how the depreciation and valuation of the asset will be handled. The most frequently used TType will be defined as the default for the transaction. An evaluation will need to be made for each transaction to determine if this value must be edited.

- There will be a very limited number of transaction types defined for the State of Louisiana (to be finalized during realization) as it was determined that the 'disposition method' field (i.e. Evaluation Group) on the AMR would be more useful for analysis purposes and more easily corrected if a value was selected erroneously. If an incorrect transaction type is selected, the easiest way to make the correction requires a reversal and reposting entry. However, this process can become quite complex depending on when the error is recognized.
- The intent is to copy from SAP delivered TTypes that are renamed with a 'Z' coding convention. Additionally, roles and authorizations would restrict the TTypes valid for State use (i.e. the system will continue to display full range of TTypes; however, valid TTypes are only verified upon transaction save).

### ***Retirement Transactions***

Depending on the reason for retirement, multiple transactions are available in SAP to record the valuation change. Similar to the TType decisions, each retirement will need to be evaluated independently to ensure the correct transaction is chosen for the required financial postings and AMR updates:

- Retirement with Revenue: Asset Sale without Customer
  - Applicable to Real Property only
- Asset Retirement by Scrapping (i.e. retirement without revenue)
  - Applicable to Moveable Property, Real Property and Infrastructure.

It was determined that there is not a requirement in Accounts Receivable to track Real Property sales and currently there is no sales tracking requirement for Infrastructure. Moveable Property will be retired without revenue and sent to LPAA for surplus sales handling using Protégé.

It was determined that there is no requirement to record revenues or costs for an asset subsequent to the asset being retired. Accordingly, these transactions (i.e. Subsequent Costs and Subsequent Revenue) will not be included in the asset accounting design.

For moveable capital assets, it will be necessary to ensure that the corresponding Notification Record (Plant Maintenance module) is also maintained.

### ***Transfers to Surplus (Moveable Property)***

Previously, LPAA had been responsible for approval to dispose of moveable property assets – either via scrapping or surplus sale.

On a go-forward basis, with the SAP implementation, the agencies will be responsible for determining if a capital asset is no longer of use. If the asset cannot be transferred to another State entity, then the owning agency will need to determine if the asset should be sent to LPAA for surplus sale or disposal. During realization, the handling of asset scrapping will be refined. Some assets must be destroyed in a controlled manner (e.g. surplus firearms). Accordingly, it may be more effective to have items that are to be scrapped be managed by LPAA for disposal – this is logged as an action item.

Although LPAA will no longer be responsible for transfer and retirement approvals of movable property, they will continue to manage Surplus disposal activities. In some circumstances, such as equipment changeovers or accumulation of items for a surplus 'load', there can be a significant volume of items in a



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surplus transfer. To facilitate the LPAA processing of items sent to the Surplus warehouse the following will be developed (Note: Format and function should match that of similar forms developed for non-capitalized assets housed in <Plant Maintenance> notification records):

- A form to identify the surplus capital assets being sent to LPAA. The data on this form will be used by LPAA as a 'Pickup' and 'Warehouse receiving' document as well as data necessary for fund reimbursement processing. Furthermore, a request has been made to be able to include the limited text data for additional information such as the location of the item and the reason for surplus.
- A report / extract of asset master record data for items being sent to LPAA surplus, in a format that could be used for upload by Protégé. This would reduce the manual data entry required for Protégé record input.

### ***Funding Reimbursement***

Funding reimbursement will continue to be managed by LPAA as part of the Surplus sales. Generally, funding reimbursement will not be applicable to capital assets that are fully depreciated, unless the funding source specifies this.

Although the funding reimbursement process will be managed outside of SAP, the fund reimbursement requirements will need to be identified on the Asset Master Record.

### ***Title 34, Statutes, Etc.***

Existing Title 34 sections for moveable property and relevant statutes will need to be updated to enable the process changes for this design of the LaGov Project SAP implementation. This includes reviewing the requirements for retirement approvals for computer and telecommunications equipment.

### ***Asset Master Record Update***

When a retirement transaction is posted, it may also be necessary to update the general data fields on the Asset Master Record (see PDD FIN-AA-PDD020-AMR Create and Change). If the entire asset is being retired, the system will automatically define the deactivation date based on the 'Asset Value Date' of the transaction. Additionally, the retirement transaction will automatically be listed in the Asset Values screen for analysis and audit history.

SAP follows best business practice and country specific financial principles (e.g. USA: GAAP and/or GASB for public sector) which results in retirement transactions including loss (or gain) postings. This is not the current State practice and an action item/decision request is with OSRAP to change existing practices so that gains and losses are recognized upon retirement.

### ***Processes***

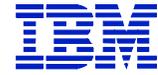
#### **Moveable Property**

- Supporting document for an asset retirement is received by the Property Manager.
- If the capital asset is Computer or Telecom relevant, approval for retirement must be obtained from:
  - Computer: Director of the Office of State Purchasing (OSP)
  - Telecom: Director of the Office of Telecommunications Management (OTM)
- If approval is received for Computer or Telecom equipment, when applicable, and the Property Manager approves the requested retirement, then the Property Manager:
  - forwards documentation to the agency finance person responsible for capital assets
  - ensures that the appropriate action is taken for disposal of the asset (e.g. sent to LPAA surplus)
- The agency finance person responsible for capital assets identifies the transaction process applicable for retirement:



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- If the item has been completely destroyed, has remained unlocated for the 3<sup>rd</sup> year, is to be scrapped, sent to LPAA surplus disposal, or is transferred to non LaGov project entity, then the asset master record is updated via “Retire without Revenue” transaction.
  - For capital assets transferred to non LaGov project entities, there may be additional processing (e.g. journal entries) for accurate financial reporting. Requirement for additional processing will be refined during the realization phase.
- Asset master record fields (non-financial) are updated if required.
- Upon completion of the transaction posting and relevant asset master record field updates, documentation is forwarded to the Property Manager.
- Property Manager reviews the Asset Master Record for completeness and accuracy. (Note: For moveable capital assets, it will also be necessary to ensure that the corresponding Notification Record in the Plant Maintenance module is also maintained. See also PDD: LOG-PM-PDD001, Maintenance Process.)

### Real Property

- Supporting documentation for an asset retirement, after all appropriate approvals obtained, is received by the agency Finance person responsible for capital assets.
- The agency finance person responsible for capital assets identifies the transaction process applicable for retirement:
  - If the item has been completely destroyed, is to be demolished, or is transferred to non LaGov project entity, then the asset master record is updated via “Retire without Revenue” transaction.
    - For capital assets transferred to non-LaGov project entities, there may be additional processing steps (e.g. journal entries) for accurate financial reporting. The requirements for additional processing steps will be refined during the realization phase.
  - If the item has been sold, then the asset master record is updated via the “Asset Sale without Customer” (i.e. Retire with Revenue) transaction.
    - Note: retirement with sales include follow-on steps with the AP module to post the cash receipt and reconciliation of the revenue clearing general ledger accounts (updated during the asset retirement and cash receipt postings)..
  - Asset master record fields are also updated if required.
  - Upon completion of the transaction posting and relevant asset master record field updates, documentation is forwarded to the Real Estate Property Manager, OSRAP, ORM and FPC.
- The Property Manager reviews the Asset Master Record for completeness and accuracy.

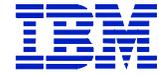
### Infrastructure

- Supporting documentation for an asset retirement, after all appropriate approvals obtained, is received by the DOTD person responsible for capital assets.
- The DOTD person responsible for capital assets identifies the transaction process applicable for the retirement method.
  - If the item has been completely destroyed, is to be demolished or is transferred to non LaGov project entity or donated/exchanged with non-State entity, then the asset master record is updated via a “Retire without Revenue” transaction.
    - For capital assets transferred to non LaGov project entities, there may be additional processing steps (e.g. journal entries) for accurate financial reporting. The requirements for additional processing steps will be refined during the realization phase.
  - Asset master record fields are also updated if required.
  - Upon completion of the transaction posting and relevant asset master record field updates, documentation is forwarded to the DOTD person responsible for infrastructure assets and OSRAP.



# LaGov ERP Project

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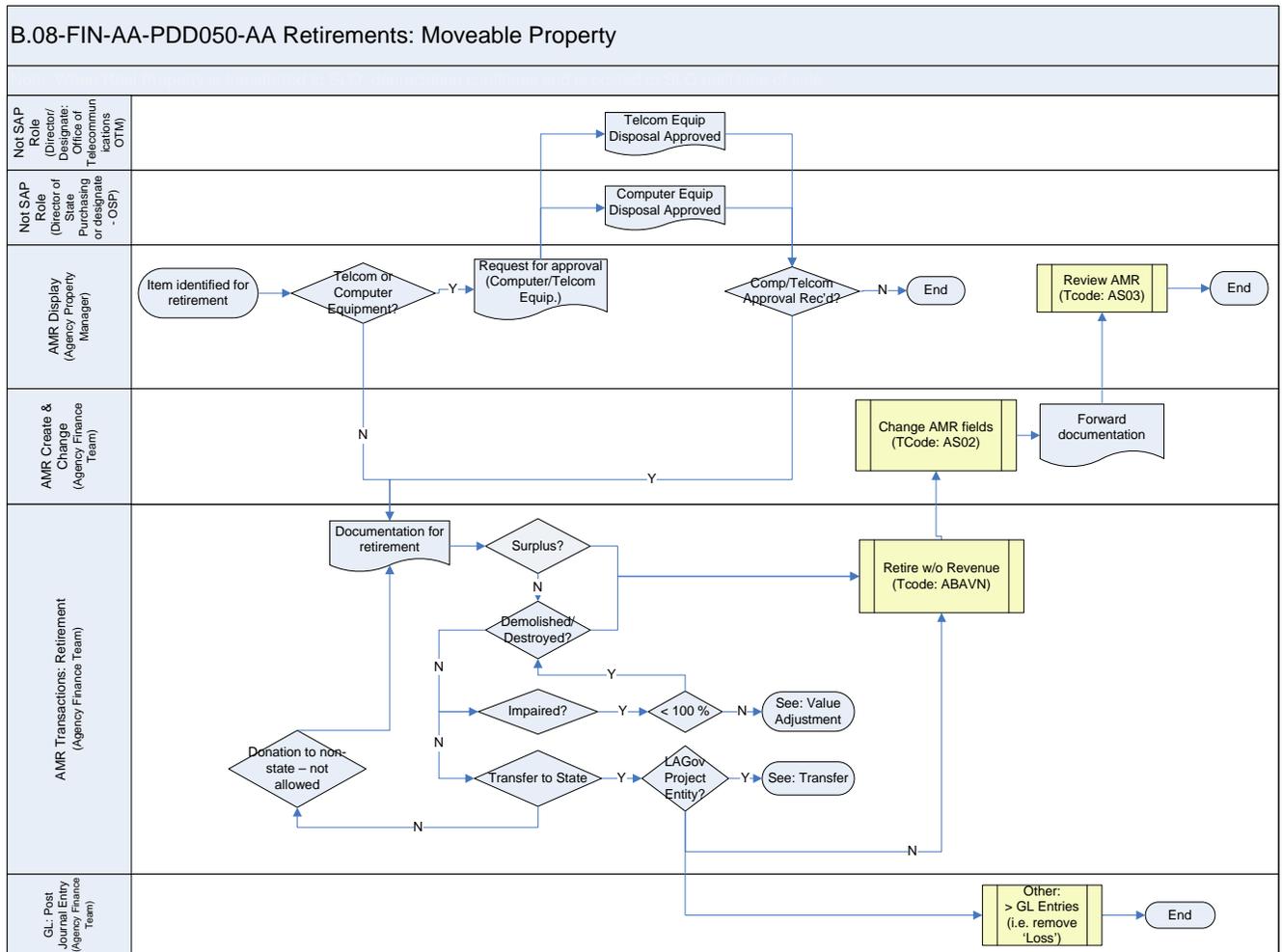


- The DOTD person responsible for infrastructure assets reviews the Asset Master Record for completeness and accuracy.

### To-Be Process Flows

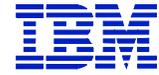
The following provide process flows for retirements. The process for each majority asset category is similar; however, there are different personnel involved.

- FIN-AA-PDD005-AA Retirements\_Moveable Property

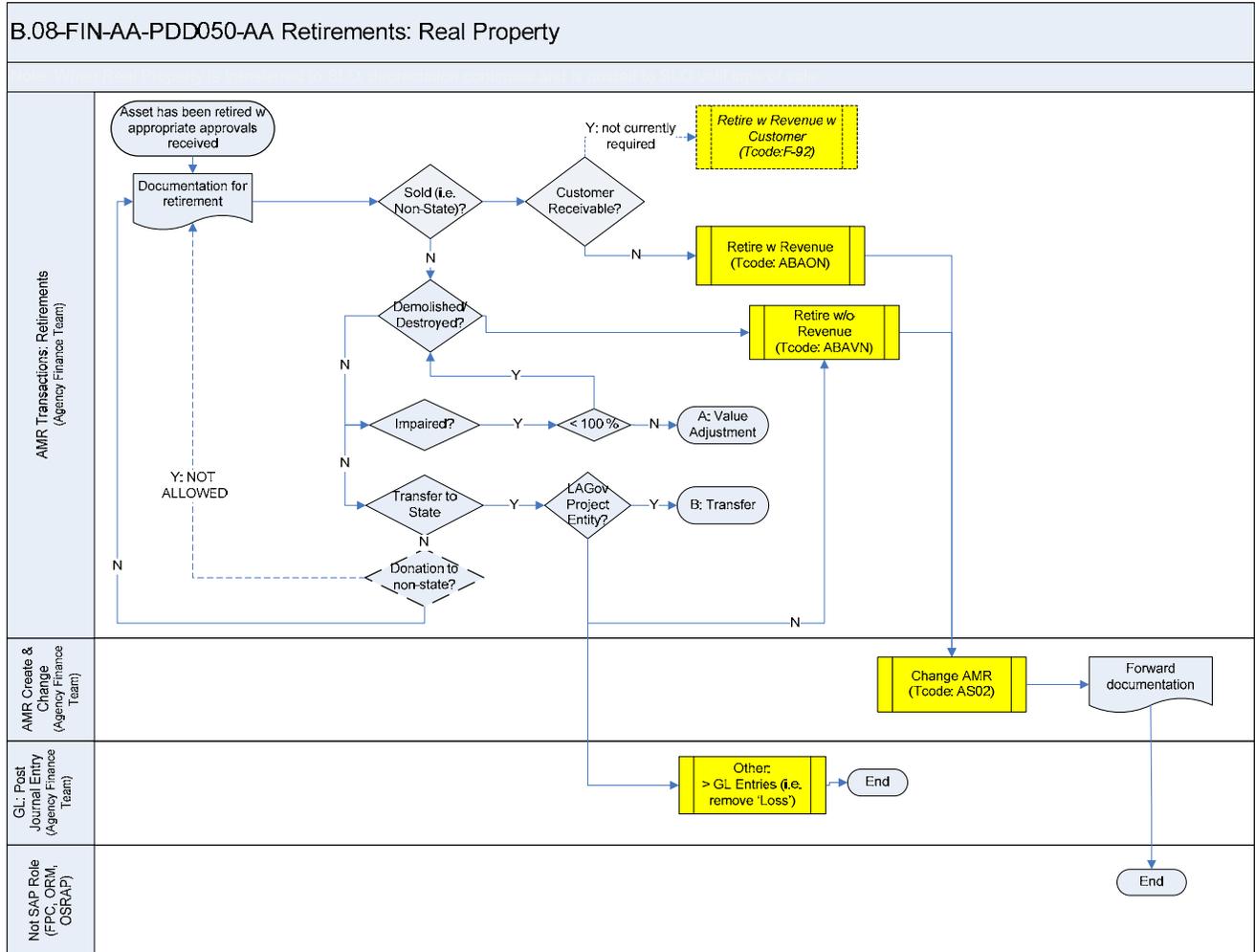




# LaGov ERP Project Business Blueprint

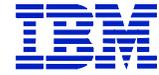


- FIN-AA-PDD005-AA Retirements\_Real Property

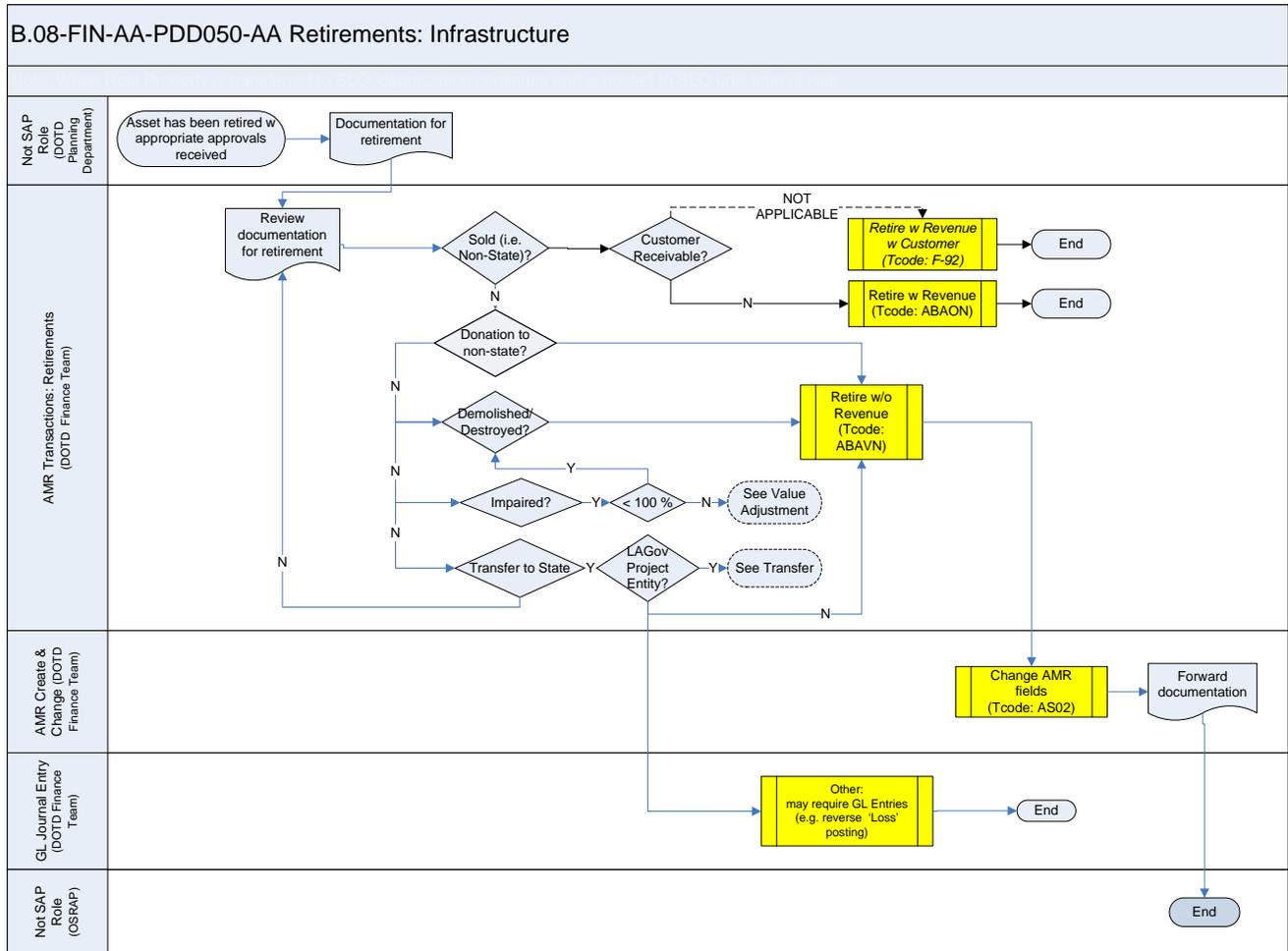




# LaGov ERP Project Business Blueprint



- FIN-AA-PDD005-AA Retirements\_Infrastructure



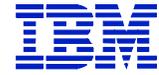
## Key Business Process Decisions

#	Decision	Process Impact	Organizational Impact
1	Transfer of moveable assets to LPAA Surplus will be handled as a retirement, not a transfer. Sales of surplus movable property will continue to be managed by LPAA via Protégé.	Processing methods will change; however, this is the current sales disposition model.	No organizational impact.
2	No requirement to record revenues or costs for an asset subsequent to the asset being retired.	There are no processing impacts as these transactions (i.e. Subsequent Costs and Subsequent Revenue) will not be included in the asset accounting design.	No organizational impact.
3	No requirement to create customer and account receivable for recording	There are no processing impacts as transaction processing for Retirement with Revenue: Asset Sale with Customer	No organizational impact.



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#	Decision	Process Impact	Organizational Impact
	sales of assets within SAP.	will not be included in the asset accounting design.	
4	Moveable Asset - Agencies will be responsible for determining asset retirement methods (e.g. send to LPAA) and will no longer require the approval of LPAA.	The method of processing transfers will change.	Title 34 and corresponding statutes will require changes to accommodate the LaGov Project SAP design. Agencies will have more responsibility for managing their assets.
5	Proceeds of sales need to be refined with the new retirement model.	Potential processing change outside of SAP.	Funding sources for LPAA will change.

### Statute, Regulation, Policy, and Procedural Impacts

#	Statue, Regulation, Policy or Procedure	Revision Identified	Business Owner
1	State of Louisiana: Title 34 & RS 39:200.C, RS 39:321-328, RS 39:330-332 (Moveable Property)	Title 34 section VII: requires significant revisions. Revisions to governing revised statutes may also be required.	Commissioner of DOA
2	State of Louisiana: RS 39:11-14; RS 41 (Real Property)		Commissioner of DOA
3	Title 23, United States Code, Section 4029c (Infrastructure)		DOTD
4	State of Louisiana: RS 39:122 (Infrastructure)		Commissioner of DOA, Secretary of DOTD
5	GASB Statement No. 42 Accounting and Financial Reporting for Impairment of Capital Assets and for Insurance Recoveries		OSRAP
6	GASB Statement No. 34 Basic Financial Statements—and Management's Discussion and Analysis—for State and Local Governments		OSRAP
7	GASB 51 Accounting and Financial Reporting for Intangible Assets		OSRAP

### Identified Development Objects (FRICE-W)

F – Forms		Master List of Current and Future State Forms: <Supported Process>					
No.	Form Name	Purpose	As-Is	To-Be	Justification	Contact Person	Comments
1.	A form to select and record moveable property capital assets being sent to LPAA is required.	Data on this form will be used by LPAA as a 'Pickup' and 'Warehouse Receiving' document – request has been made to have ability to include limited text data for additional information (e.g. location of item, reason for surplus).	X	X	Replace similar functionality in Protégé used by LPAA to manage Surplus pickup and warehouse receipt.	Rebecca Kleinpeter	



# LaGov ERP Project

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R – Reports		Master List of Current and Future State Reports: <Supported Process>					
No.	Report Name	Purpose	As-Is	To-Be	Justification	Contact Person	Comments
1.	A report / extract of asset master record data for items being sent to LPAA surplus, in a format that could be used for upload by Protégé.	Data loading worksheet for use by LPAA to create Protégé master records for items sent to Surplus.		X	This would reduce the manual data entry required for Protégé record input.	Rebecca Kleinpeter	

I – Interfaces		Master List of Current and Future State Interfaces: <Supported Process>					
No.	Interface Name	Purpose	As-Is	To-Be	Justification	Contact Person	Comments
1	None identified						

C - Conversions		Master List of Future State Data Conversions: <Supported Process>					
No.	Type of Data	Use	Source	Destination	Justification	Approach	Comments
1.	See below						

**Note:** Conversions – mid year conversion will require that transactional data for partial year be converted. Conversion detailed in PDD: FIN-AA-PDD010-AA Organizational Structure and PDD: FIN-AA-PDD080-AMR Data Conversion\_all systems

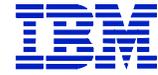
E – Enhancements		Master List of Future State Enhancements: <Supported Process>			
No.	Type of Enhancement	Details	Target of Enhancement (Gap)	Justification	Comments
1.	A report / extract of asset master record data for items being sent to LPAA surplus, in a format that could be used for upload by Protégé.	'Flat file' of items transferred to LPAA	Protégé: extract file for use by Protégé system	This would reduce the manual data entry required for Protégé record input.	

W – Workflow		Master List of Future State Workflow Events: <Supported Process>		
No.	Description	Justification	Comments	
1.	None identified			



# LaGov ERP Project

## Business Blueprint



### Gaps

Gaps		Master List of Future Gaps: <Supported Process>	
No.	Description of Gap	Why Gap Exists?	Impact / Comments
1.	Not applicable		

### Security & Enterprise Role Definitions

Authorizations		Master List of Future State Roles/Authorizations: <Supported Process>		
No.	Role	Description	Strategy	Special Considerations
1.	Asset Master Data Maintenance – Create and Change	The role owner is responsible for creating and changing asset master records: <ul style="list-style-type: none"> <li>o Create, change and display asset master records</li> <li>o Create asset sub-numbers</li> </ul>	Moveable Asset Classes: Property Managers, Agency Finance personnel assigned to capital assets, OSRAP personnel assigned to capital assets Real Property Asset Classes: Real Estate Property Managers, Agency Finance personnel, FCP project administrator personnel assigned to capital assets, OSRAP personnel assigned to capital assets Infrastructure Asset Classes: DOTD facility manager, Agency Finance personnel, project administrator personnel assigned to capital assets projects, OSRAP personnel assigned to capital assets.	<ul style="list-style-type: none"> <li>o Authorization restriction by Agency (i.e. cost center)</li> <li>o Additional restrictions may be required for Moveable assets used in Covert situations.</li> <li>o Moveable asset will need authorization object for Personnel Number and Equipment Master Number (i.e. linkage).</li> </ul> During realization, may identify requirement to have roles split for Create and Maintain.
2.	Asset Master Data – Display AMR and Values	The role owner monitors and checks asset balance sheet values, as well as planned and posted depreciation, on individual fixed assets. <ul style="list-style-type: none"> <li>o Display Asset Master Record</li> <li>o Asset Explorer</li> <li>o <i>Display Document (Asset related)</i></li> </ul>	Broader audience including those that can create and maintain asset master records and process asset transactions and those that need to access asset data for analysis and reporting purposes.	<ul style="list-style-type: none"> <li>o Authorization restriction by Agency (i.e. cost center).</li> <li>o Additional restrictions may be required for Moveable assets used in Covert situations.</li> <li>o OSRAP will have access to all asset classes.</li> </ul> This role also allows the user to jump to asset master record display and the display of asset documents. The user is not able to jump to the display of Financial Accounting documents unless the role owner has that authorization, which is contained in the <i>Asset Accounting Information System</i> role.
3.	Asset Transactions – Retirements	The role owner makes retirement postings in Asset Accounting. <ul style="list-style-type: none"> <li>o Asset Sale without Customer</li> <li>o Retirement by Scrapping</li> </ul>	Limited to individuals who should be able to process financial asset transactions AMR (i.e. agency finance team personnel responsible for capital assets or their designees).	Limitations will be required for business area, cost center, <i>(other such as functional area, fund, fund center or grant to be determined during realization phase)</i> . In asset posting transactions it is sometimes possible to directly create asset master records. To be able to use this function, you need the role for <i>Asset Master Data</i>



# LaGov ERP Project

## Business Blueprint



Authorizations		Master List of Future State Roles/Authorizations: <Supported Process>		
No.	Role	Description	Strategy	Special Considerations
				<i>Maintenance – Create and Change.</i> Limit TTypes to those valid for State.
4.	Asset Transactions – Asset Document Edit / Reverse	The role owner makes corrections to posted asset documents (limited fields available) or corrects postings made previously via the asset module – acquisitions, transfers, and retirements. o Reverse asset transaction (i.e. via the AA module only), acquisition, retirements, transfers. o <i>Edit asset documents (limited fields e.g. text not values)</i>	Limited to individuals who should be able to process financial asset transactions AMR (e.g. Agency or OSRAP finance team personnel responsible for capital assets or their designees). This may be refined during realization to a smaller subset of this group.	Limitations will be required for business area, cost center, transaction type? <i>(other such as functional area, fund, fund center or grant to be determined during realization phase)</i> . Limit reversals to transaction types for Acquisitions. Limit TTypes to those valid for State.
5.	Asset Accounting Information System	The role owner oversees and monitors fixed assets using Asset Accounting reports. The role contains the complete Information System of Asset Accounting. o Execute reports (list to be determined during realization.)	Broader audience including those that can create and maintain asset master records and process asset transactions and those that need to access asset data for analysis and reporting purposes. Generally, this would be the same group as those that have access to 'Asset Master Data – Display AMR and Values'	Limitations will be required for business area, cost center, <i>(other such as functional area, fund, fund center or grant to be determined during realization phase)</i> . The role owner needs authorization for executing reports and inquiries. These authorizations are provided by the SAP_BC_ENDUSER single role.

### Organizational Impact

No.	Activity/Task	Key Change from As-Is State	Organizational Work Force Impact
1.	Fund reimbursement will continue to be managed by LPAA via Protégé.	Reimbursement Funding will not be processed for capital assets that are fully depreciated unless the funding source specifies such a requirement.	Funding revenue sources may change for some agencies.
2.	Moveable Asset - Agencies will be responsible for determining asset retirement methods (e.g. send to LPAA for surplus sales or scrap).	Previously, retirements either via scrapping, sales or other method of disposal required the approval of LPAA (and, additionally, for computers: the Director of State Purchasing; Telecom equip Director of Communication)	Moveable Asset retirements will no longer require approval of LPAA (other approvals being reviewed). Title 34 and corresponding statutes will require changes to accommodate the LaGov Project SAP design. Agencies will have more responsibility for managing their assets. LPAA responsibility change as they will no longer monitor and approve retirements.
3.	Proceeds of sales need to		



# LaGov ERP Project

## Business Blueprint



No.	Activity/Task	Key Change from As-Is State	Organizational Work Force Impact
	be refined with the new retirement model.		
4	Asset Master record creation and maintenance as part of transfer transaction.	Asset master records and financial records are not integrated thus end users do not see the 'whole picture' for capital assets. Currently, users may have limited responsibility for maintenance of data. Moveable assets require additional layers of authorization for some field changes.	Responsibility for the creation and maintenance of asset master records will have additional or different personnel. End users will have access to more financial data about a capital asset/. End users will need to have an understanding of what fields are maintained within the Asset Master Record, their characteristics and whether the field has a financial / other update impact or is informative data). They will also need to understand which data is maintained in other integration point master records or in transactional data.
5	Asset Master record display and reporting.	Asset master records and financial records are not integrated thus end users do not see the 'whole picture' for capital assets. A larger audience will be able to display and report on assets.	Responsibility for creation and maintenance of asset master records will have additional or different personnel. End users will have access to more financial data about a capital asset. End users will need to have an understanding of what fields are maintained within the Asset Master Record, their characteristics and whether the field has a financial / other update impact or is informative data). They will also need to understand which data is maintained in other integration point master records or in transactional data.
6	SAP will be the system of record for capital assets and their valuation for the State of Louisiana organizational entities participating in the LaGov Project, replacing the records maintained Moveable Assets (Protégé), Real Property Assets (SLABS and worksheets/spreadsheets used by OSRAP for calculating depreciation) and Infrastructure Assets (worksheets/spreadsheets used by DOTD and OSRAP for calculating valuation and depreciation). Data will be maintained in asset master records which are classified for financial and other reporting purposes via Asset Classes. Other integration modules will be used to maintain non-capital asset detail (e.g. Real Estate, Plant Maintenance/Fleet for	Single source for all Capital Asset records. Multiple SAP modules will contain data currently stored in a single system (e.g. Protégé records will be stored in AA for Capital Assets, PM for non-capital assets and PM for fleet / maintenance detail; SLABS records will be stored in AA and RE modules)	Training to understand where existing data will be stored in SAP, how SAP will be used to maintain and report on data. Training on the concept of SAP asset classes and their purpose. Training on the concept of multiple modules used to store data most applicable to that module (e.g. Asset Accounting, Plant Maintenance, Real Estate, General Ledger, etc.)



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No.	Activity/Task	Key Change from As-Is State	Organizational Work Force Impact
	non-capital assets and other recording such as maintenance tracking).		
7	Each capital asset will be recorded in the SAP Asset Accounting during the entire asset financial life cycle (e.g. acquisition, depreciation, transfers, sale/disposal) and will be integrated with other SAP modules for master record and financial updates. Two parallel depreciation areas will facilitate simultaneous accounting on Modified and GASB-34/Full Accrual basis, which would have significant benefits for OSRAP reporting.	Transactional updates with SAP capital assets will be integrated and thus financial records will be in balance for the Capital Asset database and Financial records (e.g. G/L). Asset Accounting system will accommodate both Modified and Full Accrual reporting requirements. Financial updates to the general ledger will be based on account determination rules that are either automatically applied or proposed for user update.	Training requirements for the concept of Asset Accounting integration and financial / master data updates. Training requirements for the concept of dual depreciation areas and the financial / master data updates. Training requirements for financial postings and use of general ledger accounts for financial updates. OSRAP to become more involved in certain decisions (e.g. Capitalized Projects vs. Maintenance, halting asset depreciation, unplanned depreciation).
8	Retirement Transactions	The retirement transactions provides automated and integrated general ledger and asset master record updates – significant change from the existing systems for real property and infrastructure. For movable equipment, the retirement transactions will now be fully integrated with the general ledger.	Training required for personnel that will be using the various asset transactions. This includes the significance of the transaction fields and how they impact master data and financial valuations, as well as integration points, such as GL, FM, CO, etc.

### Training Impact

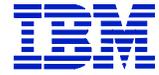
The creation, maintenance and valuation of asset records will have significant changes from the existing practices, and potentially have a significantly larger end-user base for various business processes associated with asset master records. The following key areas regarding design of the asset structure and organizational elements will need to be addressed during training:

- Terminology change for use of SAP terms
- Concept of each asset master record recording valuation for two depreciation areas
  - Concept and financial implications of simultaneous and parallel accounting methods using multiple depreciation rules for each asset master record (i.e. DA 01: Modified Accrual Accounting and DA 20 GASB - Full Accrual Accounting)
  - New asset depreciation calculation processes
- Integration with other financial modules – many transactions will have automated postings (e.g. depreciation).
  - Transaction postings update GL, Cost objects (e.g. cost element, cost center, RE object), Fund/Grant values
  - Automated posting to the GL (e.g. depreciation run)
- New processes to update asset master valuations
- End users who work with capital asset records (including property managers and financial personnel) will need to:
  - Understand the postings required for capital asset retirements including the nuances for multiple depreciation area posting requirements and impacts



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- Understand the automated financial postings and asset master record updates during a retirement transaction
- Consequences of changes to the financial attributes of asset master records which have had values posted.
- Asset Master Record and Financial Updates will change:
  - Asset changes will now have financial impact.
  - Some transactions will require more steps than legacy transactions.
  - Transaction posting will require understanding of Transaction Types (transfers use transfer variant) and their financial and AMR impacts TTypes and Transfer Variants
  - Use of document types to identify type of transactions and provide posting controls
- Data monitoring via reporting will be required to ensure proper data entry. Recommendation that this be done frequently after initial implementation when data entry problems are most likely.
- Asset Master Record Field Data:
  - Visible and, generally immediate, financial impact on asset master record transaction postings, including the nuances for multiple depreciation areas
  - Capital asset records need to be created at the 'front-end' of the acquisition process (not 'back-end' as is done currently)
  - Control Section changes require configuration and manual synchronization in AA, PS, and Agile
  - Linkage with AGILE Assets will be non-integrated; however, the Super number on the AMR will use the Control Section mapping. Control Section changes require configuration and manual synchronization in AA, PS, and Agile
  - More discrete data being maintained for Infrastructure assets
- Security Considerations:
  - Security would determine who can edit which assets
  - History transaction reports will show who edited which pieces of information
  - SAP match code options cannot be filtered by user security or business area.
  - Non-financial data remains editable on deactivated asset records – Can be managed by reporting (e.g. change history audit).
- Personnel change for management of capital asset master records – including creation, field update, blocking and review of general and asset values:
  - Management of fixed asset master records – including creation, field update, blocking and review of general and asset values.
  - OSRAP to become more involved in certain decisions (e.g. Capitalized Projects vs. Maintenance, halting asset depreciation, unplanned depreciation).
- Procedural review and training to provide end users with knowledge about the effort required to make system changes when they change their mind about transferring items to surplus.
- Non-financial fields on retired records are editable after asset deactivation (monitoring via reports).
- Acquisitions and retirements of AMRs will require a corresponding PM or RE object action.

### **Appendix**

Not applicable



# LaGov ERP Project

## Business Blueprint



<b>Team:</b>	Finance - Asset Accounting
<b>PDD Name:</b>	AA Physical Inventory
<b>PDD Number:</b>	FIN-AA-PDD060-AA Physical Inventory
<b>Business Process Owner:</b>	Afranie Adomako
<b>Functional Lead:</b>	Rhoama Speights
<b>Functional Consultant:</b>	Christine Wieczorek

### Executive Summary

Physical Inventory is the methodical review and recording of the quantities and amounts relating to the asset portfolio. Its primary purpose is to verify the physical existence, condition and location of recorded assets. Inventory discrepancies, such as missing or found items or improperly recorded items, must be documented with appropriate adjustments made to the asset system of record. Typically, this is done for moveable assets, both capitalized and controlled. Physical inventory taking is not usually applicable to real property or infrastructure, although review of records and physical condition of assets may be periodically performed.

This document describes the high-level design of the SAP Capital Asset physical inventory processing, including flowcharts. The detailed physical inventory process will be initiated via the Plant Maintenance module for the Notification Records. For Notification Records that are relevant to capital assets, the inventory taking results will also require reconciliation with the asset master records in the SAP Asset Accounting module. This document does not document the inventory taking process steps for the Notification Record, nor does it include information about low value “controlled” assets which will be tracked only in the Plant Maintenance module.

The detailed Business Blueprint PDD related to the Physical Inventory of all movable property, both capitalized and controlled, can be found at LOG-PM-PDD003, PDD004 Maintenance Process.

### To-Be Process Description

#	Process Terminology	Description
1	Asset Class	Main criterion for classifying fixed assets according to legal, financial and management requirements.
2	Asset Master Record (AMR)	Contains general information and valuation/depreciation rules for a specific item in the Asset Accounting (AA) module. In SAP, it also stores all the values and transaction data for the item.
3	Main Asset Number	Unique number, in combination with company code and asset sub number, that identifies a fixed asset
4	Sub Asset Number	Asset record for an individual part of an asset, or subsequent acquisitions, can be represented by a sub-number to a main asset number. For public sector sub-numbers are used for each funding source of an asset.
5	Capital Asset	Tangible property which cannot easily be converted into cash and which is usually held for a long period, including real estate, equipment, etc
7	Low Value Asset (LVA) / Controlled Assets	Items that do not meet the capital asset criteria and are recorded for



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#	Process Terminology	Description
		tracking purposes. These will be tracked in Plant Maintenance via Notification Records.
8	Capital Lease	A lease that meets one or more financial criteria as defined by FASB. This type of lease is considered to have the economic characteristic of asset ownership, thus it is recognized both as an asset and as a liability (for the lease payments) on the balance sheet.
9	Operating Lease	In an operating lease, the lessor (or owner) transfers only the right to use the property to the lessee with the property being returned to the lessor at the end of the lease. This type of lease is treated as an operating expense in the income statement and the lease does not affect the balance sheet. These are not relevant to Capital Assets.
10	Depreciation	Reduction of the asset book value because of decline in economic usefulness or because of legal requirements for taxes.
11	Depreciation Area	A structure that contains and maintains the valuation of a fixed asset for a particular purpose (for example, legal financial statements, balance sheets for tax purposes, or management accounting values). It can be thought of as an asset ledger or asset book. For public sector accounting, it typically reflects asset values two areas: modified accrual and full accrual purposes.
12	Account Assignment or Account Determination	Settings which define which general ledger accounts to post to from a business transaction. These are the general ledger accounts that are used by the system for transactions that have automated general ledger postings (e.g. depreciation) or that are proposed by the system for transactions which allow an end user to override the proposed account (e.g. post capitalization).
13	Amortization	Writing off of loans or intangible assets in equated annual/monthly installments over a scheduled period.
14	Post Capitalization	Correction of asset value, which was either set too low because capitalization was not performed in the past, or which was treated entirely as an expense.
15	Transfer	A transfer is a partial or complete movement of an asset from a physical, financial or responsibility / ownership perspective. This can include a change in tracking location, responsibility/ownership, splitting of an asset/moving part of an asset to another asset
16	Retirement	Asset retirement is the removal of an asset or part of an asset from the asset portfolio. When an asset is 100% retired, the deactivation date for the asset should be defined.
17	Physical Inventory	Methodical review and recording of the quantities and amounts relating to the asset portfolio.

### Overview

Physical Inventory is the methodical review and recording of the quantities and amounts relating to the asset portfolio. Its primary purpose is to verify the physical existence, condition and location of recorded assets. Inventory discrepancies, such as missing or found items, or improperly recorded items, must be documented with appropriate adjustments made to the asset system of record. Typically, this is done for moveable assets, both capitalized and controlled. Physical inventory taking is not usually applicable to real property or infrastructure, although review of records and physical condition of assets may be periodically performed.

Physical Inventory taking follows the State's prescribed methodology.

The State currently has the ability to use barcode scanning and validation in its existing legacy system for moveable property (i.e. Protégé). The SAP Asset Accounting module provides limited Physical Inventory



# LaGov ERP Project

## Business Blueprint



and Bar Coding functionality. Accordingly, this has been a factor in the decision that a Notification Record in PM will be created for each Capital Asset (i.e. for tracking purposes and to enable utilization of a common barcode scanning solution for all track-able items).

- This will mean that all trackable moveable property items will be defined as Notification Records, in the Plant Maintenance module, for operational management. The actual physical inventory taking of capital assets will therefore be moved to the PM module. However, any resulting financial updates for capital assets will continue to be managed in Asset Accounting.
- Some of the location and custodian type fields will need to be revisited during realization and will probably be removed from the Asset Master Record and maintained in the Notification Record (PM). Additionally, some data fields such as Inventory and Serial Number may need to be maintained in parallel. The fields that will be maintained in parallel on the Notification Record and AMR and the process to maintain these fields will be finalized during realization (an action item is logged for this).

Further, the management of capital assets will be moved to the agency 'owning' the capital asset. Accordingly, existing involvement of LPAA for physical inventory notification and oversight will be moved to the agency. For integrity purposes, this may require an increase in involvement levels by Legislative Auditors for Physical Inventory oversight and review.

### ***Title, Statutes. Etc.***

Physical Inventory requirements for moveable assets are documented in Title 34 section VII, Louisiana Administrative Code, for moveable property. This title and corresponding statutes will need to be updated to enable process changes for this design of the LaGov Project SAP implementation.

### ***Processes***

The Physical Inventory process starting with the initiation of a physical inventory count thru to the final reconciliation, certification and forwarding of results to all relevant authorities will be managed by agencies using the Notification Record as the system data source. For items that are also capital assets, co-ordination will be required to ensure that the asset accounting records (i.e. Asset Master Records) are updated appropriately with the physical inventory findings.

The actual physical inventory counting procedure will be initiated from the Notification Records and will be conducted either using manual worksheets or using bar code scanning technology. The Asset Accounting integration begins with the results of the physical inventory counting. Discrepancies must be addressed and resolved. Appropriate updates will be made to the Notification Records (PM) and, for capital assets, to the Asset Master Record (AA).

For reference only, this document provides a high level overview of the steps preceding the integration points with Asset Accounting. This overview is presented from a manual worksheet perspective only.

The detailed steps for manual as well as automated inventory taking with the use of bar-code scanning technology can be found in the Plant Maintenance PDD: LOG-PM-PDD003, PDD004 Maintenance Process.

The following provides a high level overview of the steps for manual capital asset inventory taking and record update (i.e. without the use of barcode scanning technologies):

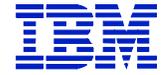
- Property Manager identifies that formal inventory taking is required (e.g. annually or as otherwise prescribed by the Commissioner of Administration) and confirms date and other details with Head of Agency.
- Property Manager:
  - Advises the Commissioner of Physical Inventory timing
  - Identifies the personnel who will do the physical inventory
  - Generates and distributes the Physical Inventory Lists (generated from the notification records in Plant Maintenance) and Physical Inventory taking instructions
- Physical Inventory taking personnel:



# LaGov ERP Project

## Business Blueprint

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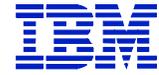


- Perform physical inventory
- Update Physical Inventory List(s) and return to Property Manager
- Property Manager:
  - Identifies Physical Inventory discrepancies and ensures their resolution including update of appropriate Notification Records and Equipment Master Records in Plant Maintenance and Asset Master Record in Asset Accounting (e.g. update Inventory Date and Notes). For capital assets, if a financial update is required, follows the process needed for value adjustments (e.g. asset acquisition, transfer or retirement – if 3<sup>rd</sup> year unlocated). There may also be requirements to update non-financial fields on the asset master record using the process to change AMR.
  - Ensures that Physical Inventory updates and reconciliations are complete in the Plant Maintenance module and, for capital assets, in the Asset Accounting module.
  - Forwards Physical Inventory documentation to the Commissioner and Legislative Auditors
- Commissioner provides for Physical Inventory observation/audit and reviews findings.
- Legislative Auditors observe, as deemed necessary, physical inventory process and review findings.



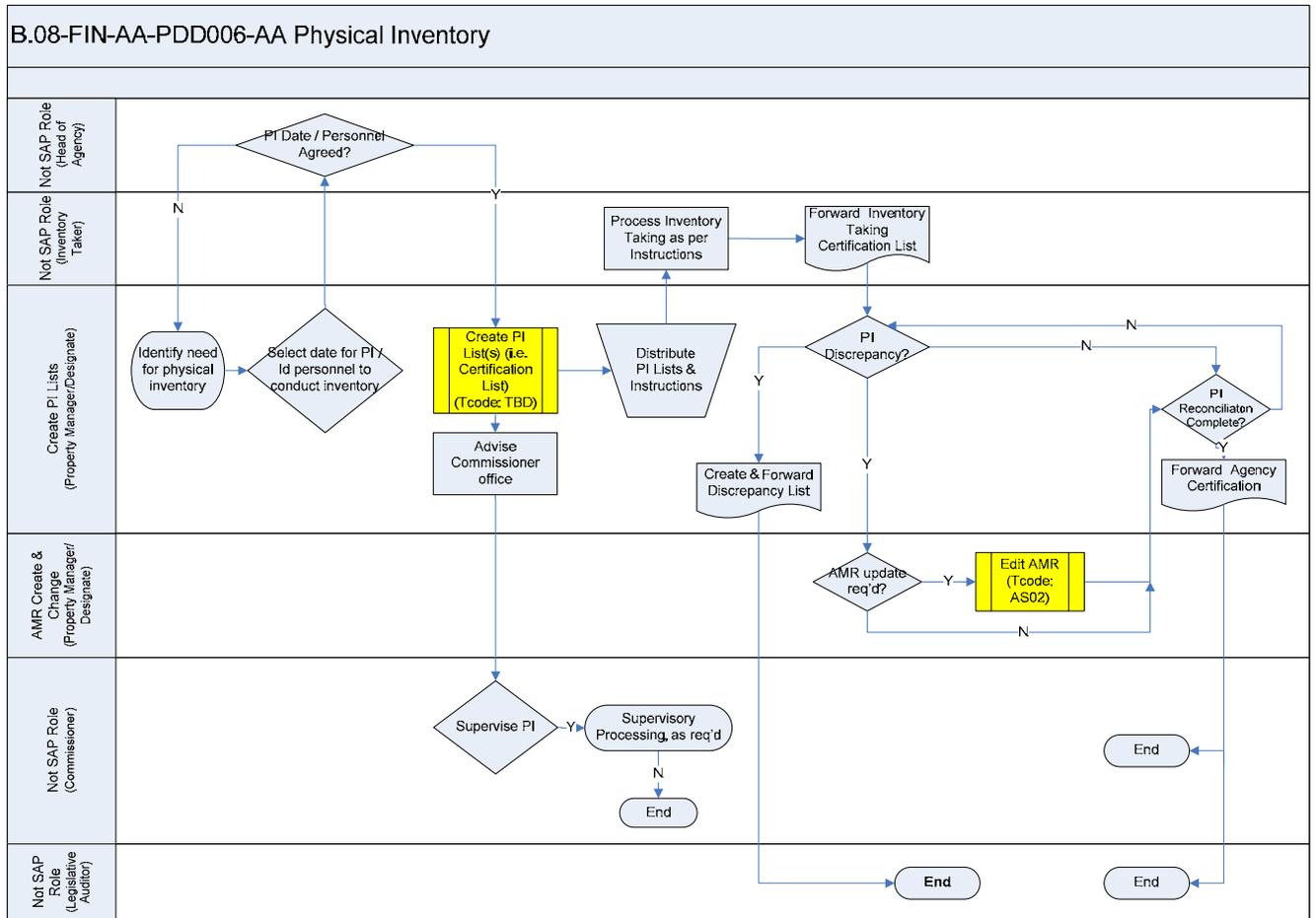
# LaGov ERP Project

## Business Blueprint



### To-Be Process Flows

- FIN-AA-PDD060-AA Physical Inventory.vsd provides process flow for Physical Inventory taking and database updates for Capital Assets. Please note: in this visio the steps preceding the AMR updates are from the perspective of a manual physical inventory count. The resulting asset accounting steps are the same regardless of method of physical inventory taking (manual or using bar code scanning technology).



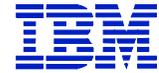
### Key Business Process Decisions

#	Decision	Process Impact	Organizational Impact
1	Moveable Property: Title 34 and relevant statutes to be reviewed and updated.	Significant changes in the asset management, approval and oversight functionalities.	LPAA's involvement for management of assets and physical inventory will move to agencies.
2	Bar code scanning and validation for physical inventory will be maintained via Notification Records in Plant Maintenance. A Notification Record will be created for each capital	Significant changes in the processing of physical inventory. Physical Inventory taking and operational management will be done via the Notification Record in Plant Maintenance, and, for Capital Assets, financial updates will be managed via the Asset Master Record.	



# LaGov ERP Project

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asset (i.e. Asset Master Record in AA Module).		
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### Statute, Regulation, Policy, and Procedural Impacts

#	Statue, Regulation, Policy or Procedure	Revision Identified	Business Owner
1	State of Louisiana: Title 34 & RS 39:200.C, RS 39:321-328, RS 39:330-332 (Moveable Property)	Title 34 section VII: requires significant revisions. Revisions to governing revised statutes may also be required.	Commissioner of DOA
2	State of Louisiana: RS 39:11-14; RS 41 (Real Property)		Commissioner of DOA
3	Title 23, United States Code, Section 4029c (Infrastructure)		DOTD
4	State of Louisiana: RS 39:122 (Infrastructure)		Commissioner of DOA, Secretary of DOTD
5	GASB Statement No. 42 Accounting and Financial Reporting for Impairment of Capital Assets and for Insurance Recoveries		OSRAP
6	GASB Statement No. 34 Basic Financial Statements—and Management's Discussion and Analysis—for State and Local Governments		OSRAP
7	GASB 51 Accounting and Financial Reporting for Intangible Assets		OSRAP

### Identified Development Objects (FRICE-W)

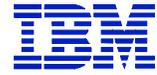
F – Forms		Master List of Current and Future State Forms: <Supported Process>					
No.	Form Name	Purpose	As-Is	To-Be	Justification	Contact Person	Comments
1.	None identified		X	X			

R – Reports		Master List of Current and Future State Reports: <Supported Process>					
No.	Report Name	Purpose	As-Is	To-Be	Justification	Contact Person	Comments
1.	Physical Inventory Worksheets	Worksheets for Physical Inventory taking and recording.	x	x	SAP standard may not provide the needed functionality for State physical inventory taking. This will need to be examined during realization.	Rhoama Speights	<i>Note: will likely not be required as Physical Inventory taking will be initiated from the Plant Maintenance (i.e. Notification Record). However, there will be requirement for similar in PM.</i>  Existing report (AQZZ/SAPQUERY/AM01) may provide a base for changes.



# LaGov ERP Project

## Business Blueprint

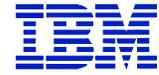


R – Reports		Master List of Current and Future State Reports: <Supported Process>					
No.	Report Name	Purpose	As-Is	To-Be	Justification	Contact Person	Comments
							Need to examine if ALV grid and requested functionality for expansion of ALV fields will be sufficient.
2.	Asset Tag Labels with Barcodes	Physical label with barcode and inventory number for affixing to capital asset.	x	x	Asset Label tagging to be refined during realization (and is also dependent on decision for bar coding/mirroring of notification records).		<p><i>Note: will likely not be required as BarCoding and Inventory number will be initiated from the Plant Maintenance (i.e. Notification Record). However, there will be requirement for similar in PM.</i></p> <p>SAP supplies a report that enables printing of selected information from the asset master record together with a bar code (i.e. via freely-definable SAP script form). This can be used for label printout. SAP provides the standard form (formerly called layout set) FIAA_0003. You can use this form, or use a copy of it as the basis for defining your own form. The standard form contains the following text elements:</p> <ul style="list-style-type: none"> <li>Asset description</li> <li>Cost center of the asset</li> <li>Inventory number</li> <li>Asset main number and sub-number</li> <li>Barcode</li> </ul> <p>Along with this master record information, you can use all fields in table ANLAV in your form. You can also have any fields in table ANLAV appear as barcode.</p> <p>If you want to have the inventory number as barcode, rather than the asset main and sub-number, replace this line in the standard form &lt;BC&gt;&amp;ANLAV-ANLN1&amp;-&amp;ANLAV-ANLN2&amp;&lt;/&gt; with</p>



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R – Reports		Master List of Current and Future State Reports: <Supported Process>					
No.	Report Name	Purpose	As-Is	To-Be	Justification	Contact Person	Comments
							the line <BC>&ANLAV-INVNR</>.

I – Interfaces		Master List of Current and Future State Interfaces: <Supported Process>					
No.	Interface Name	Purpose	As-Is	To-Be	Justification	Contact Person	Comments
1.	None identified		X	X			

C - Conversions		Master List of Future State Data Conversions: <Supported Process>					
No.	Type of Data	Use	Source	Destination	Justification	Approach	Comments
1.	Not applicable						

E – Enhancements		Master List of Future State Enhancements: <Supported Process>				
No.	Type of Enhancement	Details	Target of Enhancement (Gap)	Justification	Comments	
1.	None identified					

W – Workflow		Master List of Future State Workflow Events: <Supported Process>		
No.	Description	Justification	Comments	
1.	None identified			

### Gaps

Gaps		Master List of Future Gaps: <Supported Process>		
No.	Description of Gap	Why Gap Exists?	Impact / Comments	
1.	Not applicable			

### Security & Enterprise Role Definitions

Authorizations		Master List of Future State Roles/Authorizations: <Supported Process>		
No.	Role	Description	Strategy	Special Considerations
1.	Asset Master Data - AMR Create and Maintain	The role owner is responsible for creating and changing	Moveable Asset Classes: Property Managers, Agency Finance personnel assigned to capital assets, OSRAP	<ul style="list-style-type: none"> <li>o Authorization restriction by Agency (i.e. cost center)</li> <li>o Additional restrictions may</li> </ul>



# LaGov ERP Project

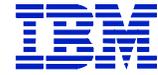
## Business Blueprint



Authorizations		Master List of Future State Roles/Authorizations: <Supported Process>		
No.	Role	Description	Strategy	Special Considerations
		asset master records: o Create, change and display asset master records o Create asset sub-numbers	personnel assigned to capital assets Real Property Asset Classes: Real Estate Property Managers, Agency Finance personnel, FCP project administrator personnel assigned to capital assets, OSRAP personnel assigned to capital assets Infrastructure Asset Classes: DOTD facility manager, Agency Finance personnel, project administrator personnel assigned to capital assets projects, OSRAP personnel assigned to capital assets.	be required for Moveable assets used in Covert situations. o Moveable asset will need authorization object for Personnel Number and Equipment Master Number (i.e. linkage). o During realization, may identify requirement to have roles split for Create and Maintain.
2.	Asset Master Data - Asset Display	The role owner monitors and checks asset balance sheet values, as well as planned and posted depreciation, on individual fixed assets. o Display Asset Master Record o Asset Explorer o Display Document (Asset related)	Broader audience including those that can create and maintain asset master records and process asset transactions and those that need to access asset data for analysis and reporting purposes.	o Authorization restriction by Agency (i.e. cost center). o Additional restrictions may be required for Moveable assets used in Covert situations. o OSRAP will have access to all asset classes. o This role also allows the user to jump to asset master record display and the display of asset documents. The user is not able to jump to the display of Financial Accounting documents unless the role owner has that authorization, which is contained in the <i>Asset Accounting Information System</i> role.
3.	Asset Transactions – AA Non Cash Acquisitions & Corrections (AMR not in database)	The role owner makes non integrated acquisition postings in Asset Accounting or updates for assets not in database. Note: via AA transactions, not via integrated MM and PS. o Acquisition with offsetting entry Post-capitalization	Limited to individuals who should be able to process financial asset transactions AMR (e.g. Agency or OSRAP finance team personnel responsible for capital assets or their designees).	Limitations will be required for business area, cost center, <i>(other such as functional area, fund, fund center or grant to be determined during realization phase)</i> . In asset posting transactions it is sometimes possible to directly create asset master records. To be able to use this function, you need the role for <i>Asset Master Data Maintenance – Create and Change</i> . – Limit TTypes to those valid for State.
4.	Asset Transactions – Asset Document Edit / Reverse	The role owner makes corrections to posted asset documents (limited fields available) or corrects postings made previously via the asset module – acquisitions, transfers,	Limited to individuals who should be able to process financial asset transactions AMR (e.g. Agency or OSRAP finance team personnel responsible for capital assets or their designees). This may be refined during realization to a smaller subset of this group.	Limitations will be required for business area, cost center, transaction type, <i>(other such as functional area, fund, fund center or grant to be determined during realization phase)</i> . Limit reversals to transaction types for Acquisitions.



# LaGov ERP Project Business Blueprint



Authorizations		Master List of Future State Roles/Authorizations: <Supported Process>		
No.	Role	Description	Strategy	Special Considerations
		and retirements. o Reverse asset transaction (i.e. via the AA module only), acquisition, retirements, transfers. <i>Edit asset documents (limited fields e.g. text not values)</i>		– Limit TTypes to those valid for State.
5.	Asset Transactions – Transfers	The role owner processes asset transfer postings in Asset Accounting - with financial impact. Posts transfers within company	Limited to individuals who should be able to process financial asset transactions AMR (i.e. moveable property: agency finance personnel responsible for capital assets, real property: OSRAP finance team personnel responsible for capital assets).	Limitations will be required for business area, cost center, <i>(other such as functional area, fund, fund center or grant to be determined during realization phase)</i> . In asset posting transactions it is sometimes possible to directly create asset master records. To be able to use this function, you need the role for <i>Asset Master Data Maintenance – Create and Change</i> . – Limit T-Types to those valid for State.
6.	Asset Transactions – Asset Document Edit / Reverse	The role owner makes corrections to posted asset documents (limited fields available) or corrects postings made previously via the asset module – acquisitions, transfers, and retirements. o Reverse asset transaction (i.e. via the AA module only), acquisition, retirements, and transfers. <i>Edit asset documents (limited fields e.g. text not values)</i>	Limited to individuals who should be able to process financial asset transactions AMR (e.g. Agency or OSRAP finance team personnel responsible for capital assets or their designees). This may be refined during realization to a smaller subset of this group.	Limitations will be required for business area, cost center, transaction type? <i>(Other such as functional area, fund, fund center or grant to be determined during realization phase)</i> . Limit reversals to transaction types for Acquisitions. – Limit T-Types to those valid for State.
7.	Asset Transactions – Retirements	The role owner makes retirement postings in Asset Accounting. o Asset Sale without Customer Retirement by Scrapping	Limited to individuals who should be able to process financial asset transactions AMR (i.e. agency finance team personnel responsible for capital assets or their designees).	Limitations will be required for business area, cost center, <i>(other such as functional area, fund, fund center or grant to be determined during realization phase)</i> . In asset posting transactions it is sometimes possible to directly create asset master records. To be able to use this function, you need the role for <i>Asset Master Data Maintenance – Create and Change</i> .



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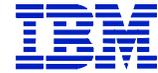


Authorizations		Master List of Future State Roles/Authorizations: <Supported Process>		
No.	Role	Description	Strategy	Special Considerations
				Limit TTypes to those valid for State.
8.	Asset Transactions – Asset Document Edit / Reverse	The role owner makes corrections to posted asset documents (limited fields available) or corrects postings made previously via the asset module – acquisitions, transfers, and retirements. o Reverse asset transaction (i.e. via the AA module only), acquisition, retirements, transfers. <i>Edit asset documents (limited fields e.g. text not values)</i>	Limited to individuals who should be able to process financial asset transactions AMR (e.g. Agency or OSRAP finance team personnel responsible for capital assets or their designees). This may be refined during realization to a smaller subset of this group.	Limitations will be required for business area, cost center, transaction type? <i>(other such as functional area, fund, fund center or grant to be determined during realization phase)</i> . Limit reversals to transaction types for Acquisitions. Limit TTypes to those valid for State.
9.	Asset Transactions – Asset Valuation Adjustments	The role owner makes asset financial adjustment postings in Asset Accounting and corrects postings made previously. Depreciation Adjustments: Unplanned Depreciation	Limited to individuals who should be able to process financial asset transactions AMR (i.e. OSRAP finance team personnel responsible for capital assets or their designee).	Limitations will be required for business area, cost center, <i>(other such as functional area, fund, fund center or grant to be determined during realization phase)</i> . In asset posting transactions it is sometimes possible to directly create asset master records. To be able to use this function, you need the role for <i>Asset Master Data Maintenance – Create and Change</i> . Limit TTypes to those valid for State.
10.	Asset Transactions – Asset Document Edit / Reverse	The role owner makes corrections to posted asset documents (limited fields available) or corrects postings made previously via the asset module – acquisitions, transfers, and retirements. o Reverse asset transaction (i.e. via the AA module only), acquisition, retirements, transfers. <i>Edit asset documents (limited fields e.g. text not values)</i>	Limited to individuals who should be able to process financial asset transactions AMR (e.g. Agency or OSRAP finance team personnel responsible for capital assets or their designee). This may be refined during realization to a smaller subset of this group.	Limitations will be required for business area, cost center, transaction type <i>(other such as functional area, fund, fund center or grant to be determined during realization phase)</i> . Limit reversals to transaction types for Acquisitions. Limit TTypes to those valid for State.
11.	Asset Accounting Information System	The role owner oversees and monitors fixed assets using	Broader audience including those that can create and maintain asset master records and process asset transactions	Limitations will be required for business area, cost center, <i>(other such as functional area,</i>



# LaGov ERP Project

## Business Blueprint



Authorizations		Master List of Future State Roles/Authorizations: <Supported Process>		
No.	Role	Description	Strategy	Special Considerations
		Asset Accounting reports. The role contains the complete Information System of Asset Accounting. o Execute reports (list to be determined during realization.)	and those that need to access asset data for analysis and reporting purposes. Generally, this would be the same group as those that have access to 'Asset Master Data – Display AMR and Values'	<i>fund, fund center or grant to be determined during realization phase).</i> The role owner needs authorization for executing reports and displays. These authorizations are provided by the SAP_BC_ENDUSER single role.

### Organizational Impact

No.	Activity/Task	Key Change from As-Is State	Organizational Work Force Impact
1.	Physical Inventory Timing decision	LPAA's involvement for management of assets and physical inventory will move to agencies.	LPAA will no longer have responsibility for Physical Inventory oversight and asset master record reconciliation and reporting. Agencies will have more responsibility for Physical Inventory oversight and asset master record reconciliation and reporting. Legislative Auditors will have more responsibility for physical inventory findings review.
2.	Physical Inventory Bar code scanning and validation for Capital Assets – Inventory Tracking and Physical Inventory will be initiated from Plant Maintenance (i.e. Notification Record) – corresponding updates for financial impacts will be managed in the Asset Master Record (AA module).	Protege was used for Moveable Asset physical inventory tracking, barcode scanning and certification. The physical inventory and certification for capital assets will be managed via the Notification Record in Plant Maintenance, while the financial updates required from physical inventory will be managed via the Asset Master Record in the Asset Accounting module.	Method of processing physical inventory taking, recording and reporting will change.

### Training Impact

The creation, maintenance and valuation of asset records will have significant changes from the existing practices, and potentially have a significantly larger end user base for various business processes associated with asset master records. The following key areas regarding the design of the asset structure and organizational elements will need to be addressed during training:

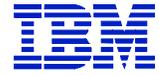
- Terminology change for use of SAP terms
- New capital asset numbering scheme
  - o Asset Numbering differs from legacy record numbers
  - o Use of sub-number asset records for multiple funding sources of a capital asset
- Asset tagging changes
  - o Legacy tag numbers will be resident in the SAP Asset Master Record "Inventory Number" field for reference and reporting.
  - o It is recommended that future moveable property tags be printed and the "Inventory Number" field be populated with the SAP master data number, from the Notification Record, to minimize future retagging and to provide ease of record access in SAP. This value will also



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## Business Blueprint

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- need to be maintained in parallel on the 'Inventory' number field in the Asset Master Record for easier cross referencing of Notification/Asset Master Record.
- Existing tag numbers will not be required to change.
  - For both legacy asset/tag numbers and new capital assets, users will need to do a 'search' to find the applicable SAP AMR.
  - SAP allows duplicate data in "Inventory Number" field
    - SAP must allow duplicates for multiple funding sources
    - SAP "Inventory Number" is a free form field and therefore does not automatically assign numbers

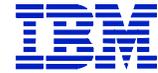
### **Appendix**

Not Applicable



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## Business Blueprint



<b>Team:</b>	Finance - Asset Accounting
<b>PDD Name:</b>	AA Periodic Processes
<b>PDD Number:</b>	FIN-AA-PDD070-AA Periodic Processes
<b>Business Process Owner:</b>	Afranie Adomako
<b>Functional Lead:</b>	Rhama Speights
<b>Functional Consultant:</b>	Christine Wieczorek

### Executive Summary

In addition to the day-to-day management and maintenance of capital asset master records, there are some tasks in Asset Accounting that require processing on a collective, rather than individual, basis. These tasks are annually processed transactions such as fiscal year changes or recurring types of asset accounting processes like month-end depreciation, both of which are scheduled as part of the financial calendar. These transactions update the asset master record and/or affect the financial reporting of assets (e.g. Consolidated Annual Financial Report [CAFR]). Additionally, there are 'housekeeping' tasks to address unneeded asset shells and confirm that general ledger asset balance sheet accounts are in balance with the asset accounting sub-ledger.

Most of these processes are:

- 'Transparent' to the operational end users (except for the predecessor tasks they must complete in a timely fashion such as post acquisitions, transfers, retirements, etc.)
- Critical to financial end users as the transactions affect reporting ability

Generally, the following transactions for controlled processing are scheduled as part of the events in the financial calendar:

- Day End:
  - APC (cost) Values Posting (i.e. G/L update for DA 02: Full Accrual transaction postings)
- Month End:
  - Depreciation Run
- Year End:
  - Recalculate Depreciation
  - Fiscal Year Change
  - Year End Closing

This document describes the design of the SAP Capital Asset periodic transactions processing. Generally, these processes are run on a statewide basis as identified in the flowcharts. These processes will be included in the overall financial month-end and year-end closing calendars which will be further refined during realization.

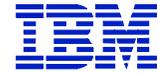
### To-Be Process Description

#	Process Terminology	Description
1	Asset Class	Main criterion for classifying fixed assets according to legal, financial and management requirements.
2	Asset Master Record (AMR)	Contains general information and valuation/depreciation rules for a



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## Business Blueprint



#	Process Terminology	Description
		specific item in the Asset Accounting (AA) module. In SAP, it also stores all the values and transaction data for the item.
3	Main Asset Number	Unique number, in combination with company code and asset sub number, that identifies a fixed asset
4	Sub Asset Number	Asset record for an individual part of an asset, or subsequent acquisitions, can be represented by a sub-number to a main asset number. For public sector sub-numbers are used for each funding source of an asset.
5	Capital Asset	Tangible property which cannot easily be converted into cash and which is usually held for a long period, including real estate, equipment, etc
6	Asset under Construction (AuC)	An asset that you produce or manufacture yourself which must be managed as a separate asset master record, generally without depreciation, during the construction phase.
7	Depreciation	Reduction of the asset book value because of decline in economic usefulness or because of legal requirements for taxes.
8	Depreciation Area	A structure that contains and maintains the valuation of a fixed asset for a particular purpose (for example, legal financial statements, balance sheets for tax purposes, or management accounting values). It can be thought of as an asset ledger or asset book. For public sector accounting, it typically reflects asset values two areas: modified accrual and full accrual purposes.
9	Amortization	Writing off of loans or intangible assets in equated annual/monthly installments over a scheduled period.
10	Settlement	Full or partial allocation of costs from one object to another (e.g. from Work Breakdown Structure (WBS) to AuC, from AuC to final AMR).
11	APC	Acronym for Acquisition & Production Costs for assets. This refers to the acquisition values for the asset.

### Overview

In addition to the day-to-day management and maintenance of capital asset master records, there are some tasks in Asset Accounting that require processing on a collective, rather than individual, basis. These tasks are annually processed transactions such as fiscal year changes or recurring types of asset accounting processes like month-end depreciation, both of which are scheduled as part of the financial calendar. These transactions update the asset master record and/or affect the financial reporting of assets (e.g. Consolidated Annual Financial Report [CAFR]). Additionally, there are 'housekeeping' tasks to address unneeded asset shells and confirm that general ledger asset balance sheet accounts are in balance with the asset accounting sub-ledger.

Most of these processes are:

- 'Transparent' to the operational end users (except for the predecessor tasks they must complete in a timely fashion such as post acquisitions, transfers, retirements, etc.)
- Critical to financial end users as the transactions affect reporting ability

Generally, the following transactions for controlled processing are scheduled as part of the events in the financial calendar:

- Day End:
  - APC (Cost) Values Posting (i.e. G/L update for DA 02: Full Accrual transaction postings)
- Month End:
  - Depreciation Run
- Year End:
  - Recalculate Depreciation



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- Fiscal Year Change
- Year End Closing

These periodic transactions include test runs to review the posting results and address errors prior to actual posting. These test runs will be used to avoid corrective efforts for erroneous postings AND avoid delays in final processing due to error stops.

These periodic processing transactions can be run outside or instead of the scheduled times; however, this is not recommended unless there has been analysis of the potential financial data and system integrity impacts.

As with individual online transactions, periodic processing generates audit trails and logs of the posting results. These reports should be reviewed to ensure posting completeness and accuracy. Where errors have occurred, they MUST be resolved in a timely manner to avoid more serious errors and additional resolution effort at a later date.

### ***Transactions for Periodic Processing***

The final processing of these periodic processing transactions will be scheduled and executed by the Office of Information Services (OIS), with direction for scheduling provided by the Office of Statewide Reporting and Planning (OSRAP). Test runs may be processed by OSRAP; however, this procedure will be refined during realization and it may be determined that all periodic processing, including test runs, should be requested via OIS.

### **Daily**

#### ***APC Values Posting***

The APC Values Posting (cost posting) process updates general ledger values for asset transactions in 'Depreciation Area 02: Full Accrual'. For these posting processes:

- Can be posted only on a 'company code' basis and will include all posting updates up to the time of posting.
- Will be scheduled as an overnight 'job'. OSRAP can request OIS to process 'ad hoc' runs, if necessary.
- 'Test run' functionality will be used to review and correct errors prior to the update posting which can be asset specific or for the entire state
- The APC posting log identifies the asset master and G/L update details. This will be:
  - Reviewed – if errors occurred, they will be addressed and resolved
  - Stored for audit purposes (the storage method will be determined during realization phase).

### **Monthly**

#### ***Depreciation Run***

A depreciation run recognizes the 'planned' decrease in value due to wear and tear for a capital asset. This valuation adjustment will be posted monthly for reporting and analysis purposes. The system will automatically generate general ledger value updates for both 'DA01: Modified Accrual' and 'DA20: Full Accrual'. The system calculates depreciation values for each asset; however, the financial posting is done on a summary basis (e.g. g/l account, cost center, fund, REObject, etc).

Depreciation Runs:

- Can be posted only on a 'company code' wide basis for a specific month and must be processed sequentially by month.
  - Depreciation postings will be made once per period; however, there may be instances where it will be necessary to repeat a depreciation run for a period.
  - Repeated depreciation runs will only calculate and post depreciation for assets that did not have depreciation posted in the initial run. One exception is for assets that have financial changes and the catch up method is used.



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## Business Blueprint



- Will be scheduled as a 'job' that is part of the month-end calendar which will be processed by OIS. OSRAP can request OIS to process 'ad hoc' runs, if necessary.
- Prior to processing the depreciation run, all asset transactions for the month must have been completed (e.g. acquisitions, transfers, settlements, retirements, etc.). This is particularly critical for the final depreciation run of the year.
- 'Test run' functionality will be used to review and correct errors prior to the update posting. These runs can be either asset specific or made for the entire company code.
- Depreciation posting and error logs identify the asset master and G/L update details. These logs will be:
  - Reviewed – if errors occurred, they should be addressed and resolved
  - Stored for audit purposes (the storage method will be determined during realization phase).
- Details of the individual asset depreciation calculation and financial posting to general ledger are documented in the 'Depreciation Log' can be:
  - Generated as part of depreciation run
  - Regenerated at a later date (for the entire company code or for a asset specific)

### **Annually**

Year-end closing includes the annual reporting required to meet the legal obligations of a state. This includes an annual balance sheet, an annual profit and loss statement, an appendix with additional information (annual report) and other financial reporting specific to the state (e.g. CAFR).

Asset year-end processing is a combination of transactions which must be performed in a specific sequence and in combination with other closing processes (e.g. FI) to:

- Enable asset postings to occur in the new fiscal year
- Close the fiscal year to new asset postings.

Multiple tasks are included in the Year-End processing. These must, and will be, included as part of an overall Year-End calendar as the timing of these tasks has predecessor and successor task requirements.

The tasks are similar to month-end process, with some additional year-end tasks:

- AA/GL reconciliation – generally, this should be part of a month-end closing process.
- Housekeeping of unnecessary asset shells (e.g. block, consider renaming with 'Z' preface in description, etc.)
- Asset transactions required:
  - Recalculate Depreciation
  - Fiscal Year Change
  - Year-End Closing.

### ***Recalculate Depreciation***

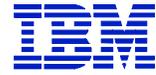
This process recalculates planned annual depreciation by company codes or for individual assets (e.g. changes made to depreciation keys, custom changes made which impact data relevant to depreciation calculations). Planned depreciation adjustments are updated to the asset master record and financial adjustment postings occur in the next depreciation run. This task must be processed, at a minimum, prior to the final depreciation run for the fiscal year. Optionally, it can be scheduled or manually processed prior to the monthly depreciation run. This option will be evaluated further during realization.

- For complete processing, this transaction will be run by company code – one or more company codes can be included; however, all must use the same 'from defined fiscal year' parameter. Depreciation recalculation must be run prior to the final depreciation run for the fiscal year.
- Will be scheduled as a 'job' that is part of the year-end calendar. OSRAP can request OIS to process 'ad hoc' runs, if necessary.



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- 'Test run' functionality will be used to review and correct errors prior to the update posting (can be asset specific or entire state).
- Recalculate Depreciation posting logs identify the asset master and G/L update details. This will be:
  - Reviewed – if errors occurred, they will be addressed and resolved
  - Stored for audit purposes (storage method will be determined during realization phase).

### ***Fiscal Year Change***

This transaction is a 'technical' processing step which 'opens' the new asset fiscal year for postings. *NOTE: there are corresponding requirement for FI - open fiscal period.* The visual results of this transaction can be seen on the Asset Master Record - Asset Values Tab (i.e. defaults to the new fiscal year and opening balances are updated for each asset).

- Is run by 'company code' (one or more company codes) for the new fiscal year.
- Will be scheduled as a 'job' that is part of the year-end calendar. OSRAP can request OIS to process 'ad hoc' runs, if necessary.
- 'Test run' functionality will be used to review and correct errors prior to the update posting. Test runs can be asset specific or entire state.
- Fiscal Year Change logs identify the change status and asset master records with errors. This will be:
  - Reviewed – if errors occurred, they will be addressed and resolved
  - Stored for audit purposes (storage method will be determined during realization phase).

### ***Year-End Closing***

This transaction is a 'technical' processing step which 'closes' the asset fiscal year for postings or value changes. *NOTE: there are corresponding requirement for FI - close fiscal period.*

- Must be run by 'company code' (can include one or more company codes) for the fiscal year to be closed.
- Will be scheduled as a 'job' that is part of the year-end calendar. OSRAP can request OIS to process 'ad hoc' runs, if necessary.
- 'Test run' functionality enables review and correction of errors prior to the update posting
- Asset Year-End Closing logs identify the change status and asset master records with errors. This will be:
  - Reviewed – if errors occurred, these will be addressed and resolved
  - Stored as this is the audit trail (storage method to be determined during the realization phase).
- Under limited circumstances, the asset fiscal year-end closing can be reversed. However, this can have significant financial impacts and requires the closing process to be evaluated and re-run. Such a scenario requires OSRAP approval. The support team responsible for the asset accounting module should manage the reversal transaction.

### ***Housekeeping***

#### ***Incomplete Assets***

Assets entered into the system, but missing important master data (primarily account assignment information and required entries), are considered 'incomplete' and are listed in a report. These assets must be reviewed and corrected before depreciation can be posted to the asset and before they can be retired. More importantly, incomplete assets must be corrected as they will disallow asset accounting fiscal year close.

- Report will be scheduled to be generated manually by OSRAP, as part of the year-end calendar (with ability for OSRAP to run 'ad hoc').
- This report will be reviewed and incomplete assets will be addressed and resolved.



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## Business Blueprint



- As a good business practice the report will be stored for audit purposes. (The reports are generally stored in electronic format; however, the storage method will be determined during the realization phase).

### **Other**

*Active capital asset records in the Asset Accounting Module should be periodically validated for corresponding active Notification and Equipment Master Record numbers in Plant Maintenance and Real Estate objects (land and building) in the Real Estate module.*

### **G/L and Asset Accounting Sub-ledger Reconciliation**

Good business and accounting practices require a monthly reconciliation of the asset accounting general ledger accounts and asset master record sub-ledger. There should not be out-of-balance situation as the general ledger balance sheet accounts will have settings to disallow direct postings to the account. If such a situation should occur, steps to resolve this must be taken immediately.

Various general ledger and asset accounting reports will provide data for reconciliation purposes. The specific reports will be addressed in more detail during the realization phase.

- Reports will be generated manually by OSRAP as part of the month-end calendar (with ability for OSRAP to run 'ad hoc').
- These reports will be reviewed. Should an out of balance situation occur, it will immediately be addressed and resolved.
- As a good business practice, the reports and reconciliation worksheets will be stored for audit purposes following State reconciliation and audit storage procedures.

### **Integration Points**

The following transactions, which affect asset master records, are initiated from other modules and are part of the financial calendar.

- Settlement:
  - Internal Order (IO) to AuC
  - WBS to AuC
  - AuC to final AMR

Details on this process can be found in PDD: FIN-PS-PDD070-Capital Projects Periodic Processing.

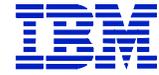
### **Processes**

For each of the following transactions, the processing steps are generally the same:

- APC Values Posting (i.e. G/L update for DA 02: Full Accrual transaction postings)
- Depreciation Run
- Recalculate Depreciation
- Fiscal Year Change
- Year-End Closing.
- The OSRAP financial person responsible for capital assets identifies the requirement for a transaction to be scheduled for background processing and determines the processing timing (as part of a financial processing calendar).
- The OSRAP financial person responsible for capital assets contacts the OIS support person responsible for background jobs to schedule the job.
- The OIS support person schedules the job.
- Prior to the background job being processed, the OSRAP financial person responsible for capital assets performs a test run and ensures that errors are corrected.
- The background job is processed.



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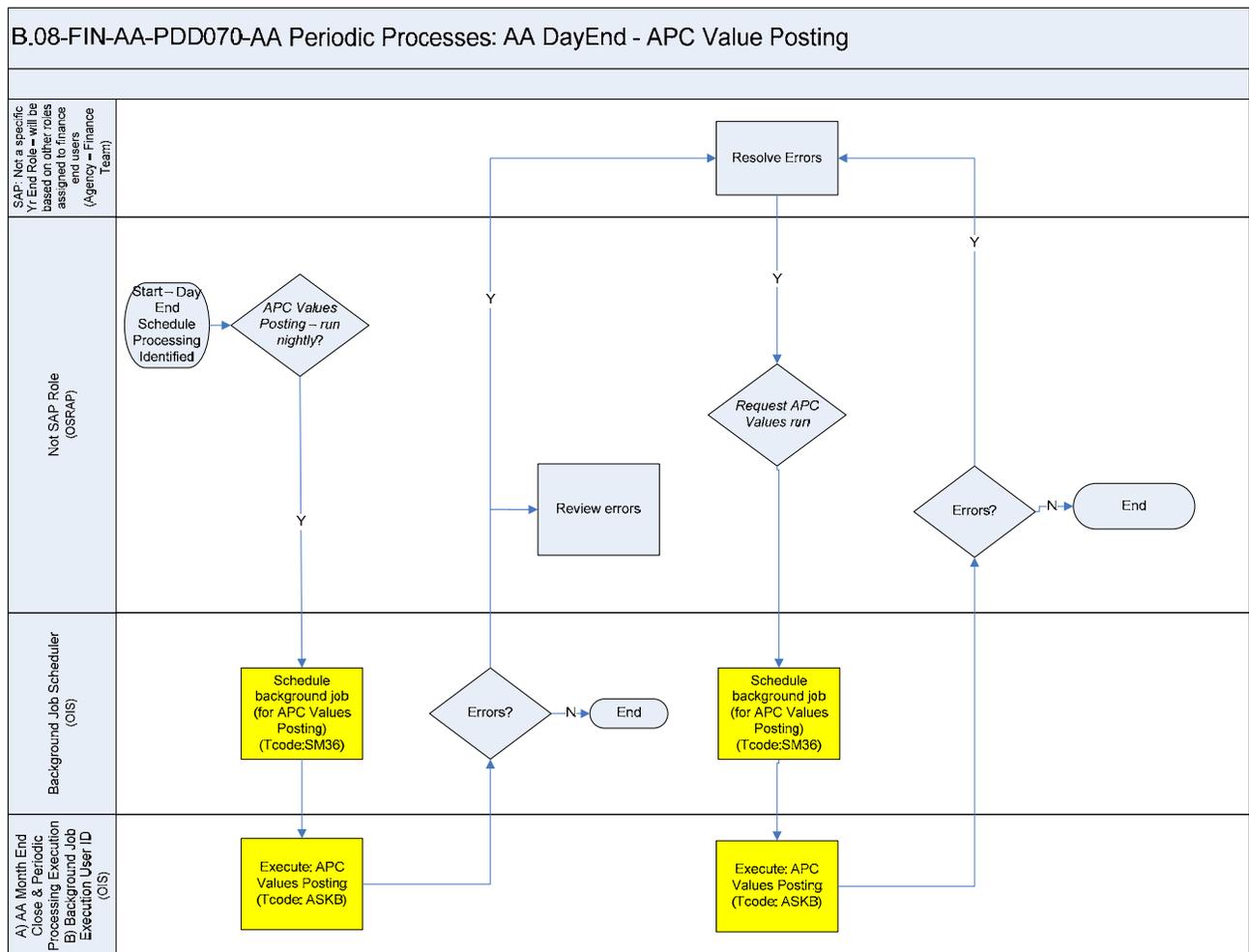


- The OIS support person reviews the log of processed job for errors. If errors are discovered, advises the OSRAP financial person responsible for capital assets.
- The OSRAP financial person responsible for capital assets reviews errors and ensures that they are corrected
- If necessary, OSRAP initiates the transaction manually or requests the OIS technical team to reschedule the job.
- The error review and resolution cycle continues until successful processing is completed.

## To-Be Process Flows

The following documents provide process flowcharts of the daily, month-end and year-end closing activities for asset accounting which will be incorporated within the overall financial month-end and year-end calendars.

- FIN-AA-PDD070-AA Periodic Processes-AA DayEnd - APC Values

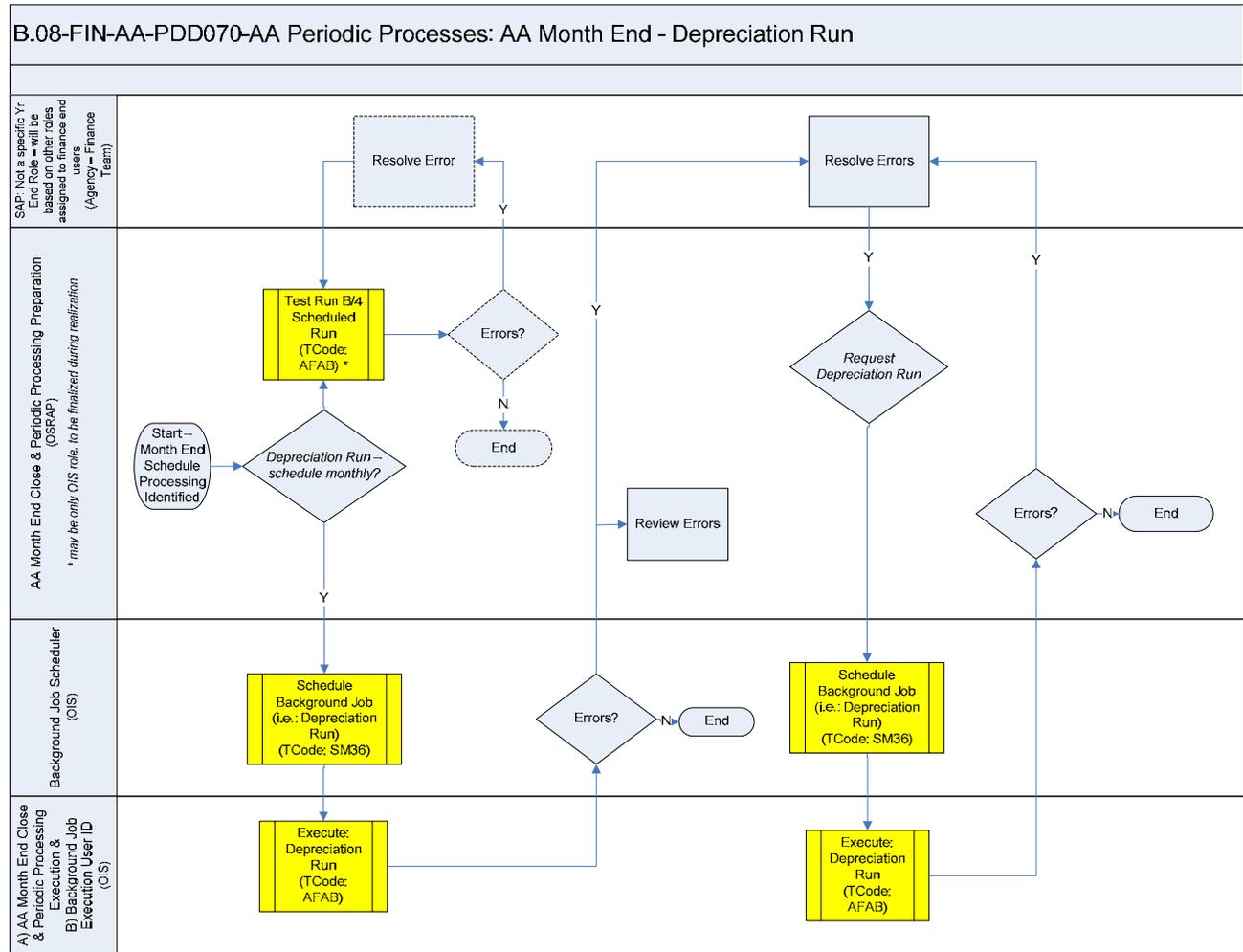




# LaGov ERP Project Business Blueprint



- FIN-AA-PDD070-AA Periodic Processes-AA DayEnd - Depn Run

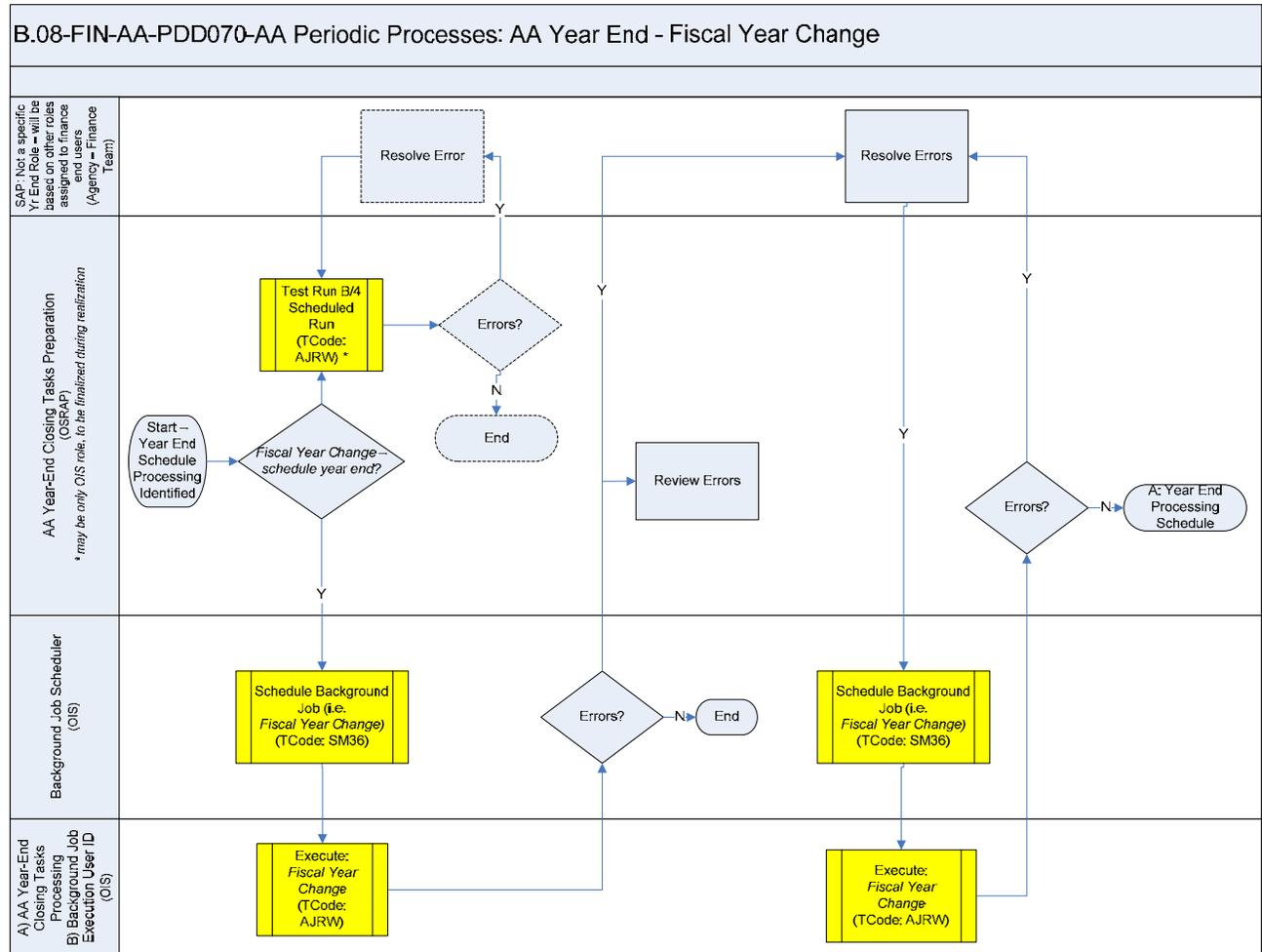




# LaGov ERP Project Business Blueprint

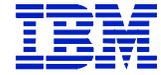


- FIN-AA-PDD070-AA Periodic Processes-AA YearEnd - Fiscal Year Change

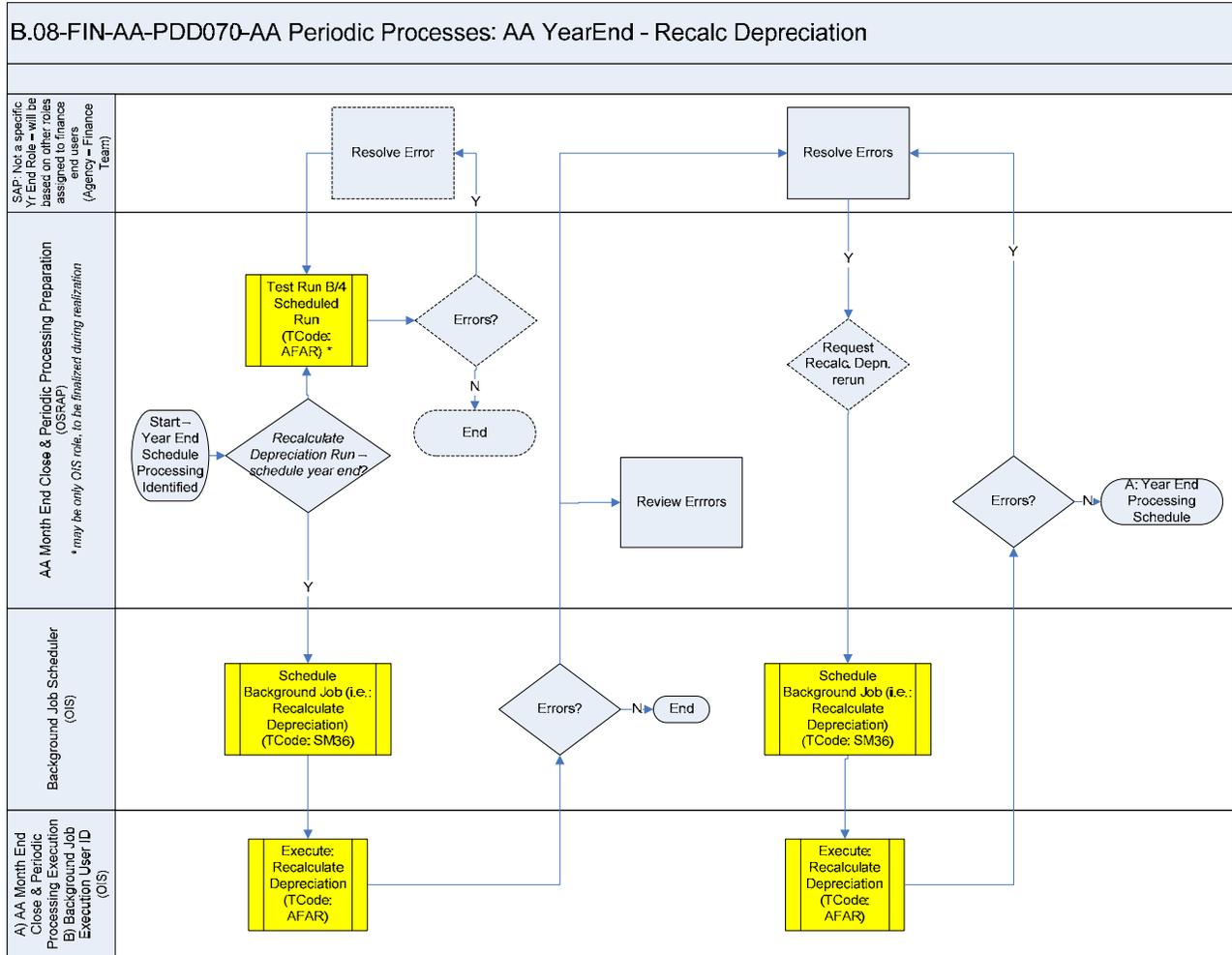




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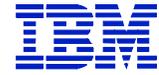


- FIN-AA-PDD070-AA Periodic Processes-AA YearEnd - Recalc Depn

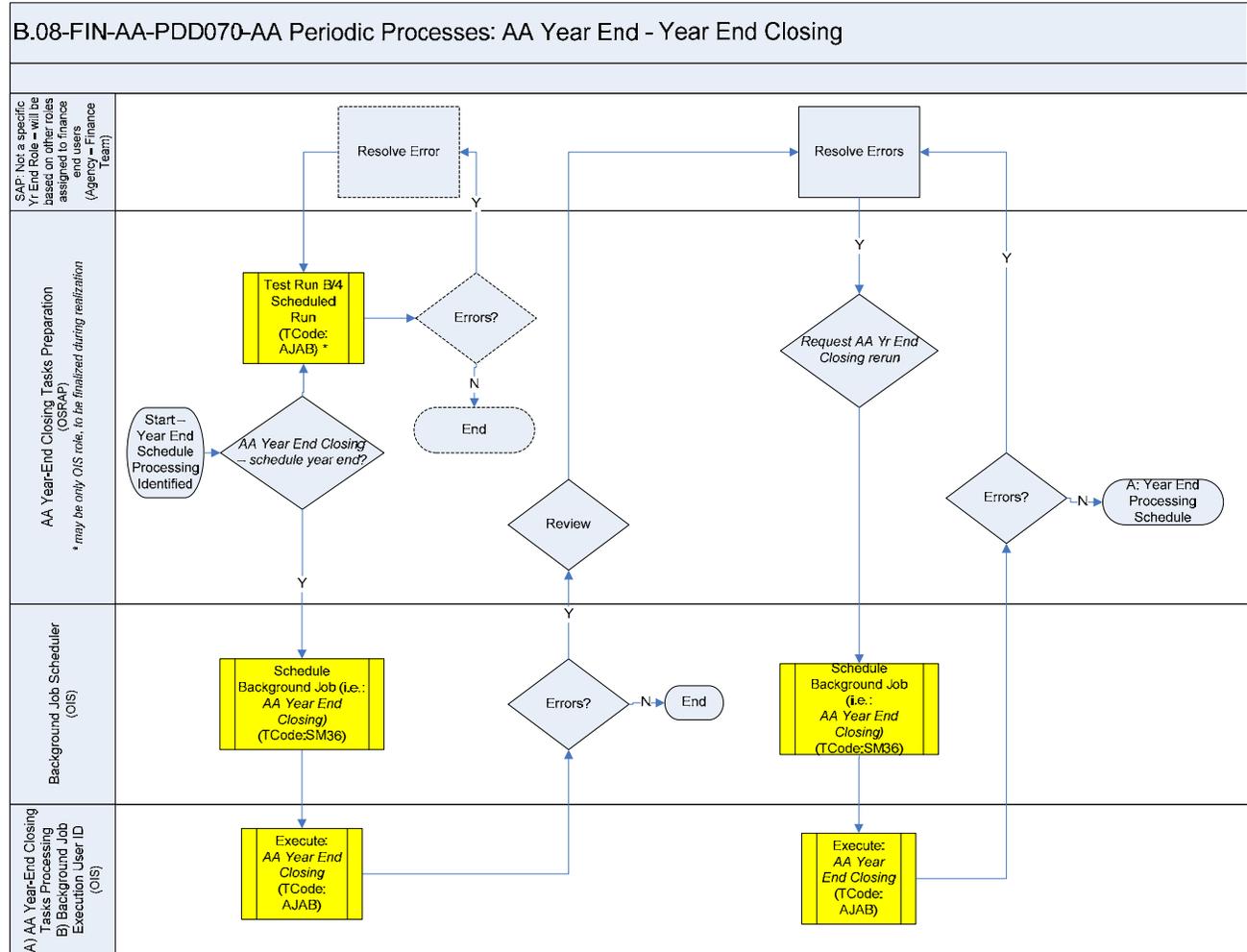




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- FIN-AA-PDD070-AA Periodic Processes-AA YearEnd - Year End Closing



## Key Business Process Decisions

#	Decision	Process Impact	Organizational Impact
1	Collective processing will be defined by OSRAP as per the financial calendars for month and year-end processing (however, technical scheduling and processing will be done by OIS).	These new transactions must be processed in a controlled manner for financial, asset master record, and technical updates. The transactions can be executed manually; however, they are most often scheduled for background processing. Test runs should be generated and reviewed prior to final processing. Log reviews are required to ensure that transactions have completely and accurately processed.	Training is required for personnel that will be using the various asset transactions. This includes the significance of the transaction fields and how they impact master data, financial valuations (for assets and other integration points) and technical updates.
2	APC Posting shall be scheduled daily	Background job must be scheduled and results reviewed daily.	Training is required for personnel that will be using the various asset transactions. This



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#	Decision	Process Impact	Organizational Impact
		Errors must be resolved promptly and posting updates reprocessed.	includes the significance of the transaction fields and how they impact master data, financial valuations (for assets and other integration points) and technical updates.
3	Month-end and year-end processes will be managed as part of the financial calendar.	Processes must be included in the month-end and year-end financial calendar. Background jobs must be scheduled and results reviewed. Errors must be resolved promptly and posting updates reprocessed.	Training is required for personnel that will be using the various asset transactions. This includes the significance of the transaction fields and how they impact master data, financial valuations (for assets and other integration points) and technical updates.
4	Policies and procedures must be established for storage and retention of processing logs and error reports (this has been logged as an action item).		

### Statute, Regulation, Policy, and Procedural Impacts

#	Statute, Regulation, Policy or Procedure	Revision Identified	Business Owner
1	State of Louisiana: Title 34 & RS 39:200.C, RS 39:321-328, RS 39:330-332 (Moveable Property)	Title 34 section VII: requires significant revisions. Revisions to governing revised statutes may also be required.	Commissioner of DOA
2	State of Louisiana: RS 39:11-14; RS 41 (Real Property)		Commissioner of DOA
3	Title 23, United States Code, Section 4029c (Infrastructure)		DOTD
4	State of Louisiana: RS 39:122 (Infrastructure)		Commissioner of DOA, Secretary of DOTD
5	GASB Statement No. 42 Accounting and Financial Reporting for Impairment of Capital Assets and for Insurance Recoveries		OSRAP
6	GASB Statement No. 34 Basic Financial Statements—and Management's Discussion and Analysis—for State and Local Governments		OSRAP
7	GASB 51 Accounting and Financial Reporting for Intangible Assets		OSRAP

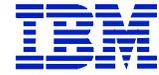
### Identified Development Objects (FRICE-W)

F – Forms		Master List of Current and Future State Forms: <Supported Process>					
No.	Form Name	Purpose	As-Is	To-Be	Justification	Contact Person	Comments
1.	None identified		X	X			



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R – Reports		Master List of Current and Future State Reports: <Supported Process>					
No.	Report Name	Purpose	As-Is	To-Be	Justification	Contact Person	Comments
1.	None identified		X	X			

I – Interfaces		Master List of Current and Future State Interfaces: <Supported Process>					
No.	Interface Name	Purpose	As-Is	To-Be	Justification	Contact Person	Comments
1.	None identified		X	X			

C - Conversions		Master List of Future State Data Conversions: <Supported Process>					
No.	Type of Data	Use	Source	Destination	Justification	Approach	Comments
1.	See below						

**Note:** Conversions – mid year conversion will require that transactional data for a partial year be converted. Conversion detailed in PDD: FIN-AA-PDD010-AA Organizational Structure and PDD: FIN-AA-PDD080-AMR Data Conversion\_all systems.

E – Enhancements		Master List of Future State Enhancements: <Supported Process>			
No.	Type of Enhancement	Details	Target of Enhancement (Gap)	Justification	Comments
1.	None identified				

W – Workflow		Master List of Future State Workflow Events: <Supported Process>		
No.	Description	Justification	Comments	
1.	None identified			

### Gaps

Gaps		Master List of Future Gaps: <Supported Process>		
No.	Description of Gap	Why Gap Exists?	Impact / Comments	
1.	Not Applicable			

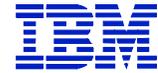
### Security & Enterprise Role Definitions

Authorizations		Master List of Future State Roles/Authorizations: <Supported Process>			
No.	Role	Description	Strategy	Special Considerations	
1.	Asset Master Data Maintenance – Create and	The role owner is responsible for creating and changing	Moveable Asset Classes: Property Managers, Agency Finance personnel assigned to capital assets, OSRAP	<ul style="list-style-type: none"> <li>o Authorization restriction by Agency (i.e. cost center)</li> <li>o Additional restrictions may</li> </ul>	



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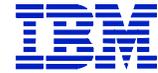


Authorizations		Master List of Future State Roles/Authorizations: <Supported Process>		
No.	Role	Description	Strategy	Special Considerations
	Change	asset master records: o Create, change and display asset master records o Create asset sub-numbers	personnel assigned to capital assets Real Property Asset Classes: Real Estate Property Managers, Agency Finance personnel, FCP project administrator personnel assigned to capital assets, OSRAP personnel assigned to capital assets Infrastructure Asset Classes: DOTD facility manager, Agency Finance personnel, project administrator personnel assigned to capital assets projects, OSRAP personnel assigned to capital assets.	be required for Moveable assets used in Covert situations. o Moveable asset will need authorization object for Personnel Number and Equipment Master Number (i.e. linkage). During realization, may identify requirement to have roles split for Create and Maintain.
2.	Asset Master Data – Display AMR and Values	The role owner monitors and checks asset balance sheet values, as well as planned and posted depreciation, on individual fixed assets. o Display Asset Master Record o Asset Explorer o <i>Display Document (Asset related)</i>	Broader audience including those that can create and maintain asset master records and process asset transactions and those that need to access asset data for analysis and reporting purposes.	o Authorization restriction by Agency (i.e. cost center). o Additional restrictions may be required for Moveable assets used in Covert situations. o OSRAP will have access to all asset classes. This role also allows the user to jump to the asset master record display and the display of asset documents. The user is not able to jump to the display of Financial Accounting documents unless the role owner has that authorization, which is contained in the <i>Asset Accounting Information System</i> role.
3	AA Month-End Close & Periodic Processing Preparation	The role owner carries out test runs and/ or recurring processing. o Recalculate Depreciation o Execute depreciation posting run (generate new session, generate log) o APC Value Posting o Process incomplete assets	Limited to OSRAP finance team personnel responsible for capital assets or their designees.	Must have statewide access for the relevant transactions. Test mode only
4	AA Month-End Close & Periodic Processing Execution	The role owner carries out test runs and/ or recurring processing. o Recalculate Depreciation o Execute depreciation posting run (generate new session, generate log) o APC Value Posting o Process incomplete assets	Limited to OSRAP finance team personnel responsible for capital assets or their designees.	Must have statewide access for the relevant transactions.



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Authorizations		Master List of Future State Roles/Authorizations: <Supported Process>		
No.	Role	Description	Strategy	Special Considerations
5	AA Year-End Closing Tasks Preparation	The role owner carries out annually recurring processing. o Carry out fiscal year change o Carry out fiscal year-end closing	Limited to OSRAP finance team personnel responsible for capital assets or their designees.	Must have statewide access for the relevant transactions. Test mode only
6	AA Year-End Closing Tasks Processing	The role owner carries out annually recurring processing. o Carry out fiscal year change o Carry out fiscal year-end closing o Reset year-end closing (by depreciation area, for entire company code)	Limited to OSRAP finance team personnel responsible for capital assets or their designees.	Must have statewide access for the relevant transactions.
7	Background Job Scheduler	To be determined: o Background Job Scheduling	To be determined during realization	
8	Background Job Execution User ID	To be determined: o Background Job Execution	To be determined during realization	

### Organizational Impact

No.	Activity/Task	Key Change from As-Is State	Organizational Work Force Impact
1	Collective processing will be managed by OSRAP; however, technical scheduling and processing will be managed by OIS.	Many of these transactions are new for the State (similar types of transactions would have been the depreciation processing, although this would have been done only annually, and year-end processing in legacy systems). The transactions can be executed manually; however, they are most often scheduled for background processing. Test runs should be generated and reviewed prior to final processing. Log reviews are required to ensure that transactions have completely and accurately processed.	Training is required for personnel that will be making the various asset transactions. This includes the significance of the transaction fields and how they impact master data, financial valuations (for assets and other integration points) and technical updates.

### Training Impact

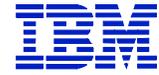
The creation, maintenance and valuation of asset records will have significant changes from the existing practices, and potentially have a significantly larger end-user base for various business processes associated with asset master records. The following key areas regarding the design of the asset structure and organizational elements will need to be addressed during training:

- Terminology change for use of SAP terms
- Concept of each asset master record recording valuation for two depreciation areas



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- Concept and financial implications of simultaneous and parallel accounting methods using multiple depreciation for each asset master record (i.e. DA 01: Modified Accrual Accounting and DA 20 GASB - Full Accrual Accounting)
- New asset depreciation calculation processes
- End users who work with capital asset records (including property managers and financial personnel) will need to:
  - understand the postings required for capital asset acquisitions, including the nuances for multiple depreciation area posting requirements and impacts
  - understand the automated financial postings and asset master record updates during an acquisition transaction
  - understand the consequences of changes to the financial attributes of asset master records which have had values posted
- Integration with other financial modules – many transactions will have automated postings (e.g. depreciation).
  - Transaction postings update GL, Cost objects (e.g. cost element, cost center, real estate object), Fund/Grant values
  - Integration with multiple modules in one system (e.g. PS, MM, RE, etc.) – may need to use information from more than one module for data analysis
- New processes to create/update asset master records and valuations
- Asset Master Record and Financial Updates will change:
  - Transaction posting will require an understanding of Transaction Types (transfers use transfer variant) and their financial and AMR impacts Transaction Types and Transfer Variants
  - Use of document types to identify the type of transactions and provide posting controls
- Data monitoring via reporting is required to ensure proper data entry. Recommendation that this be done frequently after initial implementation when data entry problems are most likely.
- Asset Master Record Field Data:
  - Visible and generally immediate financial impact on asset master record transaction postings including the nuances for multiple depreciation areas
- Security Considerations:
  - Collective processing of transactions will be limited to OSRAP financial personnel and support personnel who will schedule and monitor background jobs and the 'background user id' for scheduled transaction processing.

### **Appendix**

Not applicable



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<b>Team:</b>	Finance - Asset Accounting
<b>PDD Name:</b>	AMR Data Conversion_all systems
<b>PDD Number:</b>	FIN-AA-PDD080-AMR Data Conversion_all systems
<b>Business Process Owner:</b>	Afranie Adomako
<b>Functional Lead:</b>	Rhoama Speights
<b>Functional Consultant:</b>	Christine Wieczorek

### Executive Summary

Implementing SAP requires that data from one or many existing systems be transferred (i.e. converted) to the new system. This transfer process allows required data elements, such as general information from master records and values related to financial balances and transactions, to be copied into the new SAP system.

Legacy data for capital asset conversion to SAP Asset Accounting will be obtained from multiple sources including stand alone systems (e.g. Protégé and SLABS) and depreciation / valuation worksheets. Some systems will require 'merging' of data from multiple sources; for example real property general data is resident in SLABS, while corresponding depreciation is on Excel spreadsheets.

Going forward, the detail that may have been captured in one legacy system record will be maintained in multiple SAP and AGILE locations, as most relevant to the nature of the master data being tracked. The cross-referencing of the master data records will present additional effort during the data conversion process.

- For moveable capital assets: data relevant to financial reporting will be maintained in the SAP Asset Master Record (AMR), while the Plant Maintenance module will be used to maintain location and physical inventory data via the Notification Record and maintenance data for vehicles and equipment via the Equipment Master Record. The Notification Record must have the AMR cross referenced and a limited amount of parallel data will be maintained for ease of searching and reporting (e.g. inventory number). The Equipment and Asset Master Records can be cross referenced; this will be examined in more detail during realization (action item logged).
- For real property assets: data relevant to financial reporting will be maintained in the SAP Asset Master Record (AMR), while the Real Estate module will be used to maintain real estate data via the RE objects of Land and Buildings (and Sites). The RE Object and Asset Master Records can be cross referenced.
- For infrastructure assets: data relevant to financial reporting will be maintained in the SAP Asset Master Record (AMR), while the AGILE ASSETS system will be used to maintain infrastructure data. There will not be an interface between the AGILE and SAP Asset Accounting; however, for reporting purposes, the Asset Master Record will contain the Control Section and Recall Number in the AMR Supernumber field.

Asset costs and accumulated values will also be loaded into the general ledger accounts. The values loaded into SAP's asset accounting system must reconcile with corresponding SAP general ledger accounts.

Data will be transferred 'at a point in time' so that values loaded into SAP can be accurately compared and reconciled to those from the source systems. This transfer includes data only up to a defined date



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(i.e. 'transfer date' or 'cutoff date'). After data transfer and verification is completed, all future master record updates, day-to-day and periodic transactions will be processed in the new SAP system.

Generally, the legacy systems are then retired from daily use; however, they (or their data) may be retained for historical detail reference. In some cases, a portion of a legacy system continues to be used for specialized functions after SAP implementation. This is the case for Protégé, although asset tracking will be resident in SAP, Protégé will continue to be used for surplus sales and auction preparation.

A significant effort will be required from the agencies, DOTD, FPC and OSRAP to 'clean-up' legacy data for loading into SAP so there is high confidence of accuracy and integrity. This **MUST** be done in the source systems from which the data load extracts for SAP will be taken as there will not be time to clean this data up on the actual data load sheets that are created. This effort will include:

- clean up of legacy system data fields. This includes items such as data fields that have been incorrectly used (e.g. a person's name in a field defined for a building name) or are used inconsistently (e.g. text only fields where same value has multiple spellings in different records) or are meaningless (e.g. location field that has value 'from') or are empty, etc.
- reconciliation of values from source system (and .xls spreadsheets for depreciation) *WITH* general ledger values for the relevant accounts *WITH* CAFR reported values.
- identification of funds used for asset acquisition.

The reconciliation of values from the multiple systems and general ledger and CAFR will likely identify discrepancies among the balances. This will need to be addressed and may result in significant asset value and depreciation adjustments (e.g. write-up, write-down of values in the general ledger). This adjustment may be further increased for DOTD infrastructure assets as a result of the reassignment and revaluation of assets (i.e. as part of the change from the Wooster method of depreciation to tracking of values by individual assets).

Mid year conversions pose additional complexities. The data must include both prior year-end balances AND current year transactions (i.e. from beginning of new fiscal year start until the defined transfer date) be loaded into SAP. It will require significant effort to manage the partial year data in the legacy systems, create the load programs, extract the data, load data and reconcile it in SAP.

It should be noted that the complete cycle for data migration is complex and should not be underestimated! Investing the time required to ensure that data in the new system is of high integrity and quality ensures that the benefits of an integrated system can be fully realized. Ultimately, the efficiency of State operations will depend on how well this data transfer is accomplished.

This document discusses asset master record data conversion and reconciliation items, including responsibilities.

### To-Be Process Description

Asset Class	Main criterion for classifying fixed assets according to legal, financial and management requirements.
Asset Master Record (AMR)	Contains general information and valuation/depreciation rules for a specific item in the Asset Accounting (AA) module. In SAP, it also stores all the values and transaction data for the item.
Main Asset Number	Unique number, in combination with company code and asset sub-number that identifies a fixed asset
Sub Asset Number	Asset record for an individual part of an asset, or subsequent acquisitions, can be represented by a Sub-number to a main asset number.
Depreciation	The reduction of the asset book value because of decline in economic usefulness or because of legal requirements for taxes.



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Asset Class	Main criterion for classifying fixed assets according to legal, financial and management requirements.
Depreciation Area	A structure which contains and maintains the valuation of a fixed asset for a particular purpose (for example, legal financial statements, balance sheets for tax purposes, or management accounting values). It can be thought of as an asset ledger or asset book. For public sector accounting, it typically reflects asset values two areas: modified accrual and full accrual purposes.
Screen Layout	Settings that specify the fields that are displayed during master data maintenance and the field entry characteristics (e.g. required optional, display only). Field entry characteristics are also referred to as 'Field Status'.
Account Assignment or Account Determination	Settings which defines which general ledger accounts to post to from a business transaction. These are the general ledger accounts that are used by the system for transactions that have automated general ledger postings (e.g. depreciation) or that are proposed by the system for transactions which allow an end user to override the proposed account (e.g. post capitalization).
Transaction Type	Each asset accounting transaction posting requires a Transaction Types to be assigned in order for the posting to: <ul style="list-style-type: none"> <li>– be classified by the type of business transaction (acquire, retire with revenue, retire without revenue, transfer, etc)</li> <li>– define AMR and posting parameters (e.g. update capitalization or deactivation date, column for value reporting, default document type, etc)</li> <li>– identify the grouping of the transaction value for some asset accounting reports</li> </ul> The transfer posting is a 'one-step' posting which updates the retirement from the sending asset and addition to the receiving asset – accordingly two transaction types are required. Transfer variants define the method for valuation of the receiving asset and the transaction types (retirement and acquisition) that are used for the transfer posting.
Data Conversion:	The transfer of data from one/many existing system(s) into a new computer system. For assets, this transfer process uses existing or 'new' data elements to be 'copied' into the new system, for example general information (e.g. master records) and values (e.g. financial balances and/or transactions).
Data Takeover (DTO)	Another term for Data Conversion.
Data Mapping	Process of matching data elements between the legacy and new system. This includes identifying where 'exact' matches in terms of field length and characteristic do not exist and determining how to manage the data to fit the new system (e.g. data transformation).
Data Transformation	Legacy system(s) may have different characteristics for a data element that must be standardized and transformed into the new system format (e.g. update of data for loading or using cross reference data-mapping rules).

### Legacy Data

Legacy data for conversion to SAP will be made from multiple sources including data extracts from stand-alone systems and depreciation / valuation worksheets. Some systems will require 'merging' of data from multiple sources (e.g. Real Property general data is resident in SLABS, while corresponding depreciation data is on Excel spreadsheets). The source systems are not currently integrated with the General Ledger. Hence, discrepancies between the General Ledger, the Comprehensive Annual Financial Report (CAFR), and source system acquisition and accumulated depreciation values will need to be addressed by OSRAP.



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The loading of asset master data into SAP is a two part process (and depending on the cross referencing of data fields across master records for multiple modules, it may be a three part process):

- Assets are loaded into the Asset Accounting database with values (e.g. cost and accumulated depreciation). **THE GENERAL LEDGER IS NOT UPDATED!**
- Balance sheet values (cost and accumulated depreciation) are loaded into General Ledger via journal entries. Balance sheet G/L accounts are not allowed to have direct journal entries applied against them. Hence, there are some settings that must be maintained prior to and after these journal entries are done.
  - Journal entry values will be determined from the asset accounting financial reports. These values will need to be reconciled with the G/L data load entries for the corresponding asset G/L accounts.
  - Because the data is loaded by GL account, Fund and Fund Center there will be a significant number of entry lines, possibly thousands. This may require multiple journal entries due to the fact that journal entries have a maximum line limit.
- Cross referencing asset master records and integration point master records (e.g. PO-AMR, WBS Settlement Rule-AMR, Notification Record-AMR, RE Object: land or building-AMR).

A significant reconciliation effort is included in the data conversion process. Accuracy and completeness must be validated (e.g. # records / valuations for assets / GL balances).

- OSRAP is responsible for financial data such as depreciation rules, values for acquisition and depreciation. DOA, DOTD and the project team are responsible for the reconciliation and resolution of:
  - Legacy source data conversion load sheets to legacy G/L accounts (i.e. asset sub-ledger to General Ledger balancing)
  - Source data to data conversion load sheets
  - Data conversion load sheets to SAP loaded values. Note: this will not ensure that data elements from the source data are correct. If the description is incorrect in the source data load files, it will also be incorrect in SAP.
- Generally, agencies will be responsible for the accuracy and completeness of general data as identified below:
  - Agency property managers are responsible for Protégé data
  - Louisiana Property Assistance Agency (LPAA) will oversee Agency property managers in Protégé data cleanup
  - Office of Risk Management (ORM) is responsible for SLABS building records
  - State Land Office (SLO) is responsible for Land records
  - OSRAP is responsible for depreciation data
  - Department of Transportation and Development (DOTD) project office is responsible for Highway & Bridge data
  - DOTD: right of way land and buildings are the responsibility of the DOTD Facility Manager and Dom Cali.
- Significant time and effort will be required from all the LaGov agencies, and especially DOTD, FP&C and OSRAP, to 'clean-up' legacy data for loading into SAP so there is high confidence of accuracy and integrity. There are numerous steps to prepare and reconcile the data in the legacy system and then load and reconcile it in SAP. This includes multiple conversion test activities. The major preparatory and reconciliation steps include:
  - Understand data (i.e. rationalize data)
  - Cleanse data
  - Reconcile legacy data
  - Transform data
  - Extract data from legacy systems



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- Conversion test of legacy extract and load programs
- Enter the data into new SAP system
- Reconcile SAP data with legacy data

### **Legacy Sources – Asset Master Records**

For LaGov project entities, the following sources have been identified for conversion into SAP:

#### **Moveable Assets – Protégé:**

- Includes:
  - General data
  - Depreciation rule data
  - Valuation data
- Specific integration or linkage points:
  - Real Estate object in the Real Estate module
  - Human Resources module - Personnel number
  - Notification Records in the Plant Maintenance module will contain the capital Asset Master Record (requirements for the Equipment Master record linkage will be examined more closely during realization).
- Protégé classification field to be streamlined and values to be cross-walked to SAP commodity codes
- Protégé location field needs to be streamlined to only those values that cannot be realigned with Real Estate key/Room/Personnel Number or use of Super-number/Description Line 2.

#### **Real Property Assets – SLABS & depreciation Excel worksheets**

- Includes:
  - General data (SLABS)
  - Depreciation rule data (depreciation, and some valuation, from OSRAP Excel worksheets or source data used by agencies for AFR packets)
  - Valuation data (SLABS & depreciation Excel worksheets)
- There will need to be a joining of Real Property Assets from SLABS and valuation data from OSRAP's worksheets which contain the real property valuation and depreciation data. This will likely need to be a manual joining of the data on the data load sheet.
- Specific integration or linkage points:
  - Real Estate object

#### **Infrastructure & Right of Way – DOTD Excel worksheets**

- Includes:
  - General data
  - Depreciation rule data
  - Valuation data
- DOTD will create worksheets with asset general and valuation data (for Highways, Bridges, and ROW) based on the revaluation and reorganization of asset records as part of the change from the Wooster depreciation method and in compliance with reporting requirements necessary for impairment loss.
- Control Section and Recall number (bridge) to be assigned to each asset. Master data for Control Section and Recall number will be maintained in AGILE and relevant code/descriptions will be duplicated in Asset Accounting Super-number table.

### **Asset Master Record Integration (and Linkage)**

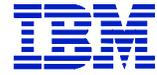
All assets will require integration or linkages with:

- Business Area (FI)



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- Cost Center (CO)
- Fund / Fund Center (FM) OR Grant (GM)
- Functional Area (FM)

Other module will have linkages to Asset Master Records:

- MM: Open PO's and outstanding Invoices for capital assets & open invoices
- PS: WBS to AuC settlement distribution rules
- PM: Notification Record (requirements will be examined more closely during realization).

Sequencing & linking of different master records will be critical. This is a multiple step process:

- All master records must be created first (i.e. Asset Master Record, PO, RE Object)
- Cross reference a unique number on both records (e.g. legacy number) to be able to 'match/link' AMR to other objects during conversion process
- Reconciliation.

### **General Data**

- Negative net book value assets will not be converted, these must be 'cleaned up' prior to conversion.
- Assets that have been disposed of will not be converted. The archiving and retention of legacy data for audit and reference purposes is being addressed by LaGov Project Management.

### **Mid Year Conversion (DOTD Only)**

Mid year conversions for asset master records require loading of transactional data to ensure accurate valuation and system depreciation. Loading of retirement data (including sending transfers) are not included in the transaction legacy loads, and therefore will need special handling such as manual input via transactions. Periodic depreciation values will not be loaded (currently this is done on an annual basis). Rather, the planned depreciation for the year will be processed in the depreciation run following data conversion.

One consideration for the mid year conversion is to load the data at year end, similar to that for the agencies that have the year end conversion. Transactional data would then be addressed separately. The strategy for mid-year conversion of asset master records for DOTD will be addressed during realization and logged as an action item.

### **Data Conversion Worksheets**

The Asset Accounting project team will provide agencies with an Excel spreadsheet template which will have the fields identified for SAP asset master data and values. This will be used to map (i.e. cross reference) to legacy source fields and to provide agencies with the list of legacy fields to be reviewed and 'cleaned up'.

Data extracts from legacy systems for data review and conversion testing will occur multiple times during realization until the final data extracts are prepared, reconciled and loaded into SAP.

During realization, the following will be finalized:

- Data conversion loading sheet format.
- Data mapping, data transformation and data loading.
- Conversion test scripts.

### **Data Clean Up**

Agencies are responsible for cleaning up their own general data (logged as an action item for data cleanup ownership status and reporting).

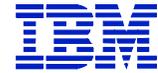
OSRAP is responsible for financial data values. This may be a collaborative effort with DOTD for Infrastructure and Rights of Way.

OSRAP will obtain supporting data for AFR totals collected outside of legacy systems and OSRAP depreciation worksheets.



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### Data Fields

The following data fields have been identified as required for the asset master records and will be refined during realization. Some fields will be applicable to only some asset classes (e.g. License Plate Number for vehicle asset classes). Capital Lease data fields will be determined during realization.

Field characteristics for asset master records are maintained by field group. A field group can be composed of one or more fields that all share the same characteristics (e.g. mandatory, optional, suppressed, display). Accordingly, the requirement for a field may also result in additional field availability (based on the corresponding field group).

FIELD NAME	TAB	TABLE-DATA ELEMENT
Company code	Header	ANLA-BUKRS
Asset Class	Header	ANLA-ANLKL
Legacy Asset Number if any For Reconciliation	info only	ANLA-ANLN1
Legacy Asset Sub-number if any For Reconciliation	info only	ANLA-ANLN2
Description - 1	General	ANLA-TXT50
Description - 2	General	ANLA-TXA50
Asset main # text	General	ANLH-ANLHXT
Account Determination	General	ANLA-KTOGR
Serial #	General	ANLA-SERNR
Inventory #	General	ANLA-INVNR
Manage historically	General	RA02S-XHIST
Last inventory on	General	ANLA-IVDAT
Include asset in inventory list	General	ANLA-INKEN
Inventory Note	General	ANLA-INVZU
Capitalized on	General	ANLA-AKTIV
First Capitalized on	General	ANLA-ZUGDT
De-activation date	General	ANLA-DEAKT
Acq. Year	General	ANLA-ZUJHR
Acq. Month	General	ANLA-ZUPER
Bus. Area	Time	ANLZ-GSBER
Cost centre	Time	ANLZ-KOSTL
Responsible cost center	Time	ANLZ-KOSTLV
Room	Time	ANLZ-RAUMN
License plate number	Time	ANLZ-KFZKZ
Personnel Number	Time	ANLZ-PERNR
Fund	Time	ANLZ-GEBER
Functional Area	Time	ANLZ-FKBER
Grant	Time	ANLZ-GRANT_NBR
Fund Center	Time	ANLZ-FISTL



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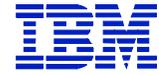


FIELD NAME	TAB	TABLE-DATA ELEMENT
Real Estate Key	Time	ANLZ-IMKEY
Evaluation Group 1	Allocations	ANLA-ORD41
Evaluation Group 2	Allocations	ANLA-ORD42
Evaluation Group 3	Allocations	ANLA-ORD43
Evaluation Group 4	Allocations	ANLA-ORD44
Evaluation Group 5	Allocations	ANLA-GDLGRP
Investment Reason	Allocations	IZWEK
Vendor	Origin	ANLA-LIFNR
Vendor description	Origin	ANLA-LIEFE
Manufacturer	Origin	ANLA-HERST
Asset purchased new/ used	Origin	XAFABCH
Type name	Origin	TYPBZ
Original asset (main)	Origin	AIBN1
Original asset (sub)	Origin	AIBN2
Type	Insurance	ANLV-VSART
Insurance companies	Insurance	ANLV-VSGES
Agreement number	Insurance	ANLV-VSSTX
Supplementary text	Insurance	ANLV-VSZTX
Start date	Insurance	ANLV-VRSBG
Insurance rate	Insurance	ANLV-VSTAR
Index series	Insurance	ANLV-VSIND
Base value	Insurance	ANLV-VRSBA
Manual update	Insurance	ANLV-VSMAN
Manual insurance value/per	Insurance	ANLV-VRSMA
Per	Insurance	ANLV-VRSJH
Current insurance value/per	Insurance	RA02S-VSWRT
Per	Insurance	RA02S-GJAHR
Leasing company	Leasing	ANLA-LEAFI
Agreement number	Leasing	ANLA-LVTNR
Agreement date	Leasing	ANLA-LVDAT
Lease start date	Leasing	ANLA-LEABG
Notice date	Leasing	ANLA-LKDAT
Lease length (years)	Leasing	ANLA-LEJAR
Lease length (mths)	Leasing	ANLA-LEPER
Type	Leasing	ANLA-LEART
Base value as new	Leasing	ANLA-LBASW
Purchase price	Leasing	ANLA-LKAUF



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FIELD NAME	TAB	TABLE-DATA ELEMENT
Supplementary text	Leasing	ANLA-LETXT
Number of lease payments	Leasing	ANLA-LEANZ
Payment cycle	Leasing	ANLA-LRYTH
Lease payment	Leasing	ANLA-LEGEB
Advance payments	Leasing	ANLA-LVORS
Annual Interest rate	Leasing	ANLA-LZINS
Depn Area (01 - Modified Accrual)	Depn 01	ANLB-AFABE
Depn Key	Depn 01	ANLB-AFASL
Useful Life in Years	Depn 01	ANLB-NDJAR
Useful Life in Months	Depn 01	ANLB-NDPER
Expired Useful Life in Years	Depn 01	ANLC-NDABJ
Expired Useful Life in Periods	Depn 01	ANLC-NDABP
Ordinary Depreciation Start Date	Depn 01	ANLB-AFABG
Operating Readiness	Depn 01	ANLB-INBDA
Depn Area (20-Full Accrual)	Depn 01	ANLB-AFABE
Depn Key	Depn 01	ANLB-AFASL
Useful Life in Years	Depn 01	ANLB-NDJAR
Useful Life in Months	Depn 01	ANLB-NDPER
Ordinary Depreciation Start Date	Depn 01	ANLB-AFABG
Operating Readiness	Depn 01	ANLB-INBDA
Acq. Val. of Asset	DTO Values 01	RALT_DYNP_STRUC-ANBTR01
ACC DEP	DTO Values 01	RALT_DYNP_STRUC-ANBTR01
NBV	DTO Values 01	RALT_DYNP_STRUC-ANBTR01
Acq. Val. of Asset	DTO Values 02	RALT_DYNP_STRUC-ANBTR02
ACC DEP	DTO Values 02	RALT_DYNP_STRUC-ANBTR02
NBV	DTO Values 02	RALT_DYNP_STRUC-ANBTR01

For mid-year conversions – transactional data will also be required for the transaction type, asset value date and transaction amount as noted in the table below.

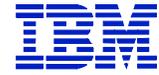
For each depreciation area (to be confirmed during realization):

FIELD NAME	TAB	TABLE-DATA ELEMENT
Asset transaction type	TRANSACTIONS	? - BWASL
Asset value date	TRANSACTIONS	? - BZDAT
Transaction amount	TRANSACTIONS	? - ANBTR01



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## Business Blueprint



### To-Be Process Flows

Not applicable

### Key Business Process Decisions

#	Decision	Process Impact	Organizational Impact
1	Any legacy assets that have negative net book values must be 'cleaned up' prior to conversion.	Process impacts outside of SAP – correction of negative data on legacy sources. If this is not possible, the data will need to be tracked and corrected on data conversion load sheets.	Clean up effort is required by OSRAP (and agency finance team members)
2	Disposed of assets will not be converted. Create a legacy system extract for future reference.	Legacy system data for capital assets that have been disposed of will be stored outside of SAP.	End users will need to refer to a source outside of SAP for historical data. The extent of BI involvement in tracking historical legacy data for these systems will be determined during realization.
3	The Asset Accounting project team will provide an Excel spreadsheet with the fields that are proposed for master data and values. Mid year conversion will also require transactional fields for acquisitions. Transfers and retirements will need to be handled via a separate process	No process impact.	Significant data conversion effort required by OSRAP and agencies.
4	Historic transaction data (need to define requirements for mid year conversion)	No process impact.	Significant data conversion effort required by OSRAP and DOTD.

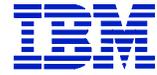
### Statute, Regulation, Policy, and Procedural Impacts

#	Statute, Regulation, Policy or Procedure	Revision Identified	Business Owner
1	State of Louisiana: Title 34 & RS 39:200.C, RS 39:321-328, RS 39:330-332 (Moveable Property)	Title 34 section VII: requires significant revisions. Revisions to governing revised statutes may also be required.	Commissioner of DOA
2	State of Louisiana: RS 39:11-14; RS 41 (Real Property)		Commissioner of DOA
3	Title 23, United States Code, Section 4029c (Infrastructure)		DOTD
4	State of Louisiana: RS 39:122 (Infrastructure)		Commissioner of DOA, Secretary of DOTD
5	GASB Statement No. 42 Accounting and Financial Reporting for Impairment of Capital Assets and for Insurance Recoveries		OSRAP
6	GASB Statement No. 34 Basic Financial Statements—and Management's Discussion and Analysis—for State and Local Governments		OSRAP
7	GASB 51 Accounting and Financial Reporting for Intangible Assets		OSRAP



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## Business Blueprint



### Identified Development Objects (FRICE-W)

F – Forms		Master List of Current and Future State Forms: <Supported Process>					
No.	Form Name	Purpose	As-Is	To-Be	Justification	Contact Person	Comments
1.	None identified		X	X			

R – Reports		Master List of Current and Future State Reports: <Supported Process>					
No.	Report Name	Purpose	As-Is	To-Be	Justification	Contact Person	Comments
1.	None identified		X	X			

I – Interfaces		Master List of Current and Future State Interfaces: <Supported Process>					
No.	Interface Name	Purpose	As-Is	To-Be	Justification	Contact Person	Comments
1.	None identified		X	X			

C - Conversions		Master List of Future State Data Conversions: <Supported Process>					
No.	Type of Data	Use	Source	Destination	Justification	Approach	Comments
1.	See below						

**Note:** Conversions – mid year conversion will require that transactional data for partial year be converted. Conversion detailed in PDD: FIN-AA-PDD010-AA Organizational Structure.

E – Enhancements		Master List of Future State Enhancements: <Supported Process>				
No.	Type of Enhancement	Details	Target of Enhancement (Gap)	Justification	Comments	
1.	None identified					

W – Workflow		Master List of Future State Workflow Events: <Supported Process>		
No.	Description	Justification	Comments	
1.	None identified			

### Gaps

Gaps		Master List of Future Gaps: <Supported Process>	
No.	Description of Gap	Why Gap Exists?	Impact / Comments
1.	Not applicable		



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### Security & Enterprise Role Definitions

Authorizations		Master List of Future State Roles/Authorizations: <Supported Process>		
No.	Role	Description	Strategy	Special Considerations
1.	Asset Transactions – Data Conversion	This short term role will have limited access to data and information to assist in verifying and updating the newly converted asset and asset related data. o Asset data takeover – create, change asset master records (main and sub)		TO BE DETERMINED AS PART OF DATA CONVERSION PROCESS Generally, this role should not have access to asset master data maintenance or transaction roles

- Generally, access for data conversion transactions is provided with special authorization as part of the data conversion phase
  - o Authorization for legacy data transactions is generally removed upon completion of the reconciliation. However, in some environments it is upon completion of data loads and correction that access must be requested.
- There are controls to disallow use of asset data conversion transactions when the system goes to 'Production' status.
- Even so, authorization for legacy data transactions MUST NOT be provided to end users. These transactions are very powerful and, if used incorrectly, will cause data integrity issues.

### Organizational Impact

No.	Activity/Task	Key Change from As-Is State	Organizational Work Force Impact
1.	Legacy data cleanup	This is a special requirement to clean up legacy data prior to SAP data loads. This is outside of the legacy day-to-day transactions.	Huge effort is required to clean up data in Protégé and SLABS (including the reconciliation to Excel depreciation/valuation worksheets). Huge effort to decompose Infrastructure asset master data and valuation into format for SAP. Huge reconciliation effort and discrepancy resolution from legacy systems to general ledger account balances to CAFR worksheets.
2.	Streamlining of Protégé table data in classification and location fields.	This is a special requirement to streamline the table data. This effort is outside of legacy and SAP systems. The streamlined data will need to be loaded into SAP and 'cross-walked' for legacy transformation.	Significant effort to analyze and streamline data.

### Training Impact

Data conversion is a 'one-time' effort when implementing a new system.

The end-users in the actual conversion process are generally functional and technical project team members. Specific and on-going knowledge transfer from consulting to State team members addresses the training requirements.

For end-users that are responsible for data clean up and reconciliation:

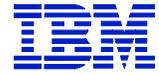
- no special training requirements for SAP specific tasks



# LaGov ERP Project

## Business Blueprint

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- project team members (consultant and State) will provide guidance and instructions on completion of necessary worksheets and reconciliation reports in SAP

### **Appendix A**

Not applicable