Logistics

Before we get started ...
## Blueprint Schedule - Tentative

<table>
<thead>
<tr>
<th>Workshop ID</th>
<th>Process Area</th>
<th>Date</th>
</tr>
</thead>
<tbody>
<tr>
<td>FI-AA-01</td>
<td>Asset Classes</td>
<td>Aug 14 (Thu)</td>
</tr>
<tr>
<td>FI-AA-02</td>
<td>Asset Master Records</td>
<td>Aug 19 (Tue)</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Aug 20 (Wed)</td>
</tr>
<tr>
<td>FI-AA-03</td>
<td>Asset Acquisitions and Subsequent Valuations</td>
<td>Sept 30 (Tue)</td>
</tr>
<tr>
<td></td>
<td><em>(note: Oct 2 is for Infrastructure assets only … merged with Agile Assets)</em></td>
<td>Oct 1 (Wed)</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Oct 2 (Thur)</td>
</tr>
<tr>
<td>FI-AA-04</td>
<td>Transfer of Assets</td>
<td>Oct 21 (Tue)</td>
</tr>
<tr>
<td>FI-AA-05</td>
<td>Retirement of Assets</td>
<td>Oct 23 (Thu)</td>
</tr>
</tbody>
</table>
## Blueprint Schedule - Tentative

<table>
<thead>
<tr>
<th>Workshop ID</th>
<th>Process Area</th>
<th>Date</th>
</tr>
</thead>
<tbody>
<tr>
<td>FI-AA-06</td>
<td>Physical Inventory / Bar Coding</td>
<td>Oct 28 (Tue)</td>
</tr>
<tr>
<td>FI-AA-07</td>
<td>Periodic Processing</td>
<td>Nov 5 (Wed) Nov 6 (Thu)</td>
</tr>
<tr>
<td>FI-AA-08</td>
<td>Conversion</td>
<td>Nov 18 (Mon) Nov 19 (Wed) Nov 20 (Thu)</td>
</tr>
<tr>
<td>FI-AA-Validation</td>
<td>Validation Sessions</td>
<td>Dec 10 (Wed) Dec 11 (Thu)</td>
</tr>
</tbody>
</table>
### Blueprint Schedule – Integration Points Tentative

<table>
<thead>
<tr>
<th>Workshop ID</th>
<th>Process Area</th>
<th>Date</th>
</tr>
</thead>
<tbody>
<tr>
<td>LA-MD-004</td>
<td>Linear Assets / AMR for GASB &gt; Merged with 3rd day of FI-AA-003</td>
<td>Oct 2 (Thur)</td>
</tr>
<tr>
<td>FI-AP-002</td>
<td>AP Processing</td>
<td>Sept 17,18,23 (Wed, Thur, Tues)</td>
</tr>
<tr>
<td>FI-AP-006</td>
<td>Purchasing Cards – Financial Processing</td>
<td>Oct 30 (Thur)</td>
</tr>
<tr>
<td>FI-RE-001</td>
<td>Real Estate Master Data</td>
<td>Sept 23-25 (Tue - Thur)</td>
</tr>
<tr>
<td>FI-RE-004</td>
<td>Right of Way Parcels</td>
<td>Oct 30 (Thur)</td>
</tr>
<tr>
<td>LOG-MM-009</td>
<td>Purchase Requisitions – Assets</td>
<td>Oct xx</td>
</tr>
<tr>
<td>FI-PS-009</td>
<td>Capital Projects – Periodic Processing</td>
<td>Nov 12-13 (Wed -Thur)</td>
</tr>
</tbody>
</table>

*Note: Additional working session for Capital Leases to be scheduled*
Work Session Objectives

Data Conversion:
- Mapping by legacy source system
- Data cleaning
- Data transformation such as:
  - legacy system has 7 alpha characters, SAP requires 10 alpha characters or 4 numeric characters
  - legacy data contains detail in 1 text field, SAP requires it in two alpha numeric fields
- Data additions such as:
  - legacy system does not have data equivalent to SAP data required (i.e. field data simply does not exist)
  - legacy data inconsistent for mandatory SAP data field (i.e. field data sometimes available, sometimes not)
- Asset valuation:
  - Original Cost
  - Accumulated Depreciation
- Timing of Data Conversion:
  - Mid year conversion
  - Year end conversion
- Integration Point Conversion and Asset Linkage:
  - Procurement/Invoice linkage for o/s documents that are Asset acquisition related (MM, AP)
  - Real Estate object linkage (RE)
  - Equipment Master Record linkage (PM)
  - Assets under Construction (PS)
  - Linear Assets (AGILE)
  - Other where applicable.
Work Session Objectives

- **Key Questions to Be Addressed:**
  1. For each legacy system, who will be responsible for:
     - data cleanup
     - data transformations
     - data additions.
  2. What level of detail will need to be captured and converted for a mid year conversion? Who will be responsible for the handling of this and the financial reconciliation?
  3. Will there be a requirement for setup and valuation of items not currently recorded as assets in legacy systems, however, they will be need to be recorded as assets in SAP?
  4. How will integration point conversion and asset linkage be handled for the following:
     - Procurement/Invoice linkage for outstanding documents that are Asset acquisition related (MM, AP)
       - Real Estate object linkage (RE)
       - Equipment Master Record linkage (PM)
       - Assets under Construction (PS)
       - Linear Assets (AGILE)
       - Other where applicable.
AS IS.....
.... TO BE
SAP Glossary

- **Asset Class** - Main criterion for classifying fixed assets according to legal 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 subnumber to a main asset number.

- **Asset under Construction (AuC)** - An asset that you produce yourself which must be managed as a separate asset master record, generally without depreciation, during the construction phase.
SAP Glossary

- **Asset ‘Shell’** – an AMR which does not have the values in the Asset Value Tab (i.e. asset values are not managed via transaction updates). Note: a Capital Asset record will be a ‘shell’ until time of acquisition value update.

- **Incomplete Asset** – an AMR which does not have fields, which have been defined as ‘mandatory or required’ completed.

- **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. With a few exceptions (e.g. land), this type of asset will be depreciated or amortized. These types of assets are reported in the Asset section of Balance Sheets.

- **Low Value Asset (LVA)** – Items that do not meet the capital asset criteria and are recorded for tracking purposes only. LVA’s can be handled as:
  - valued AMR (i.e. cap date and values are integrated via acquisition paths in PS, MM, AA, etc. and transaction updates). Generally, the LVA is fully depreciated in the year of purchase or in the period of acquisition.
  - ‘shell’: the cap date is manually entered. The AMR is not integrated with acquisition paths and asset values are not managed via transaction updates (i.e. no values on Asset Value Tab). Value can be manually maintained in another field.
SAP Glossary

- **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.

- **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.

- **Depreciation** - Allocation of original cost of a tangible asset computed over its anticipated useful life, based on its physical wear & tear, and passage of time.

- **Amortization** - Writing off of loans or intangible assets in equated annual/monthly installments over a scheduled period.

- **Depreciation Area** - An area showing the valuation of a fixed asset for a particular purpose (for example, for individual financial statements, balance sheets for tax purposes, or management accounting values).

- **Equipment Master Record (EMR)** - Details recorded for an individual, physical object that is maintained as an autonomous unit in the Plant Maintenance (PM) module.
SAP Glossary

- **Screen Layout** – Settings that specifies 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** – Settings which determines which general ledger accounts to post to from a business transaction. Sometimes referred to as ‘Account Determination’.

- **Account Determination** – see ‘Account Assignment’

- **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 expense.

- **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.

- **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.
SAP Glossary

- **Project System** – Module that allows the user to plan, execute and account for a project.
- **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.
- **Settlement** - Full or partial allocation of costs from one object to another (e.g. from WBS to AuC, from AuC to final AMR)
- **Write-up** – Financial valuation adjustment which increases the asset net book value via adjustment to depreciation posted. Reasons for adjustment include excessive past depreciation or reversal of unplanned depreciation.

- **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.
- **Transaction Type (TType)** - An object that classifies the business transaction (e.g. acquisition, retirement, or transfer), determines how the transaction is processed in the SAP system and defines how the posting is reported in the asset history sheet (i.e. which column). All capital asset financial postings require a transaction type.
SAP Glossary

- **Transaction Variant**: A transfer variant is used in transfer transactions to identify the:
  - combination of retiring and acquiring transaction types
  - method of valuation for the receiving asset
  - data fields to be copied from the sending to the receiving asset (if a new AMR).

- **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.

- **Transfer Transaction**: In SAP, this is used to record asset movements that have a financial impact. This can be due to account coding/funding, splitting up or moving part of an asset to another asset, or correction of a posting (e.g. to wrong asset class, financial recording).
  - Transfers without a financial/funding impact can often be recorded by a change to AMR field (e.g. room, proposed new fields for location, position/non-state person, unit, etc.)
  - There are special types of ‘transfers’ called ‘settlements’ which are used to move values (e.g. from WBS to AuC, AuC to final asset) – these use different business processes/SAP transactions.
SAP Glossary

- **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.

- **Physical Inventory**: Methodical review and recording of the quantities and amounts relating to the asset portfolio.

- **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 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).

- **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).
Asset Financial Life Cycle

Asset Master Record (AMR)

- Acquisition
- Use of Asset e.g. depreciation
- Retirement

Asset Movement or Change
Asset Master Record

- What is it?
- What type of information is stored?
Asset Master Record

*What is it?*

- Method by which detailed general and financial information about each asset is stored
Asset Master Record

What type of information is stored?

<table>
<thead>
<tr>
<th>Asset Class</th>
<th>Asset No.</th>
</tr>
</thead>
<tbody>
<tr>
<td>General Asset Detail</td>
<td></td>
</tr>
<tr>
<td>Asset Depreciation Rules</td>
<td></td>
</tr>
<tr>
<td>Asset Values</td>
<td></td>
</tr>
</tbody>
</table>
AMR – Initial Screen

• Create an Asset Master Record

Create Asset: Initial screen

<table>
<thead>
<tr>
<th>Master data</th>
<th>Depreciation areas</th>
</tr>
</thead>
</table>

Asset Class: TEST
Company Code: 0008
Number of similar assets: 1

Reference

<table>
<thead>
<tr>
<th>Asset</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sub-number</td>
</tr>
<tr>
<td>Company code</td>
</tr>
</tbody>
</table>

Post-capitalization

• Change or Display an Asset Master Record

Change Asset: Initial screen

<table>
<thead>
<tr>
<th>Master data</th>
<th>Depreciation areas</th>
<th>Asset values</th>
</tr>
</thead>
</table>

Asset
Subnumber: 0
Company Code: 0008
TO-BE: Search Options

- Multiple matchcode choices
  - Wildcards available
Asset Master Record – General Detail

- Stores concrete detail information about your asset including:
  - Informative detail
  - Financial posting
  - Financial calculation parameters
  - Integration linkages
  - Etc.

- Uses ‘Tab’ format to access data elements
AMR – General Information (sample)

- Receiving Asset: detail completed dependent on transfer rules used (i.e. transaction type)
- Sending Asset (if 100% transfer)

General data:
- Description
- Asset main no. text
- Acct determination: 2000 Buildings
- Serial number
- Inventory number
- Quantity
  - Manage historically

Inventory:
- Last inventory on
- Inventory note
  - Include asset in inventory list

Posting information:
- Capitalized on
- First acquisition on
- Acquisition year: 000
- Deactivation on
- Pld. retirement on
- Ordered on
AMR – Time Dependent Data *(sample)*

Note: Additional fields will be available for Fund, Fund Center, Grant.
AMR – Allocations (Sample)
AMR – Origins (Sample)

Receiving Asset: AMR of sending asset auto filled
### AMR – Net Worth Tax (Sample)

#### Net worth valuation
- **Classification key:** 
- **Property indicator:** 
- **Manual Val. Reason:** 
- **Man. Net W. Val.:** USD

#### Real estate and similar rights
- **Tax Office:** 
- **Assmt Notice Tax No.:** 
- **Assmt.notc:** 
- **Municipality:** 
- **Land Register of:** 
- **Vol/page/ser.no:** 
- **Ld.reg.map/plot:** 
- **Entry by:** 
- **Conveyance on:** 
- **Area:**
AMR – Insurance (Sample)
Asset Master Record – Depreciation Rules

- Stores detail information about depreciation calculation:
  - calculation parameters
  - useful life
  - depreciation start date
  - Etc.

- Data stored for each Depreciation Area
- Relevant to Capital Assets only
Receiving Asset: detail completed dependent on transfer rules used (i.e. transaction type)
Asset Master Record – Values Tabs

- Stores data for each Depreciation Area
  - Values for the AMR (planned and actual)
  - Depreciation posting status (and amount)
  - Integration objects (with drill down ability)
  - Transactions
- Values derived from transactions and asset master record details
  - Cannot manually update the Asset Values tab fields
- Cannot configure screen layout or this section of AMR

IMPORTANT:
- Valid for Capital Assets only
- Low Value Assets – limited valuation fields to be developed
Asset Master Record – Values Tabs

- Many ‘views’ for analysis purposes
- Multi year and/or depreciation area comparison
- Depreciation simulation for asset
- Drill-down to more details, such as:
  - AA, FI & other related documents
  - rules defined in IMG
  - depreciation calculation
AMR – Asset Value Display (Sample)

*Image of a computer screen showing the Asset Explorer interface with data on planned values and transactions.*

- **Sample detail if transactions available for AMR**
  - e.g. links to: PO, if applicable
Integration Point Examples

Direct impact:
FI - General Ledger Accounts ($ update)
  - Business Area, Functional Area
  - Financial Reports
CO - Cost Elements / Cost Centers ($ update)
  - Controlling Reports
MM - Purchase Requisition / PO (create asset record & valuate upon Goods Receipt)
PS - WBS Settlement (create asset record & valuate – AuC asset and Final asset)
PM - Equipment Master Record linkage
RE - Real Estate Object

Indirect impact via FI:
FM - Fund, Fund Center (Payment/Commitment Budgets)
GM - Grants
…. SAP Security Considerations
SAP Security Considerations

- What considerations must be made for access restriction?
  - Transactions:
    - Transfer....
Process Improvement Opportunities (Pain Points)

- Opportunity to have Accounting and Project processes interact directly with Assets.
- Opportunity to build financial reporting, such as CAFR, in a more centralized and more automated manner.
- Depending on level of AMR detail - a more discrete asset record maintained (e.g. more useful for GASB 42 analysis)
Process Improvement Opportunities
(Pain Points)

- ‘Homogenized’ business processes
- Consolidation of tangible assets with financials
- Data layout changes – fields relevant to type of asset
- Insurance Underwriting and Loss Prevention data availability
- Report consolidation
Leading Practices

- **Asset Master Record Create/Update** – business processes procedure to ensure data elements and values are updated appropriately
  - Restrict access only as required…
    - If too restrictive will become a ‘maintenance’ challenge
- **Disallow direct journal postings to asset reconciliation accounts** (i.e. all fixed asset financial updates must be done via the asset sub-ledger)
- **Consistent handling of assets across the portfolio**
- **Limit access to sensitive transactions** (e.g. asset valuation changes or corrections)
Next Steps

- Prepare and send out meeting minutes to invitees.
- Draft Design Document is prepared.
- Follow up on action items identified during the workshop.
- Schedule off-line meeting (s) to discuss areas of special concern.
- Plan follow on workshops, as required.
- Plan validation workshop.
- Ensure all to-do’s are appropriately documented.
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Questions?