FI$Cal

Financial Information System for California

Wave 1 Solution Walkthrough (SWT): Project Costing

for Wave 2 Departments

May 06, 2014

Agenda

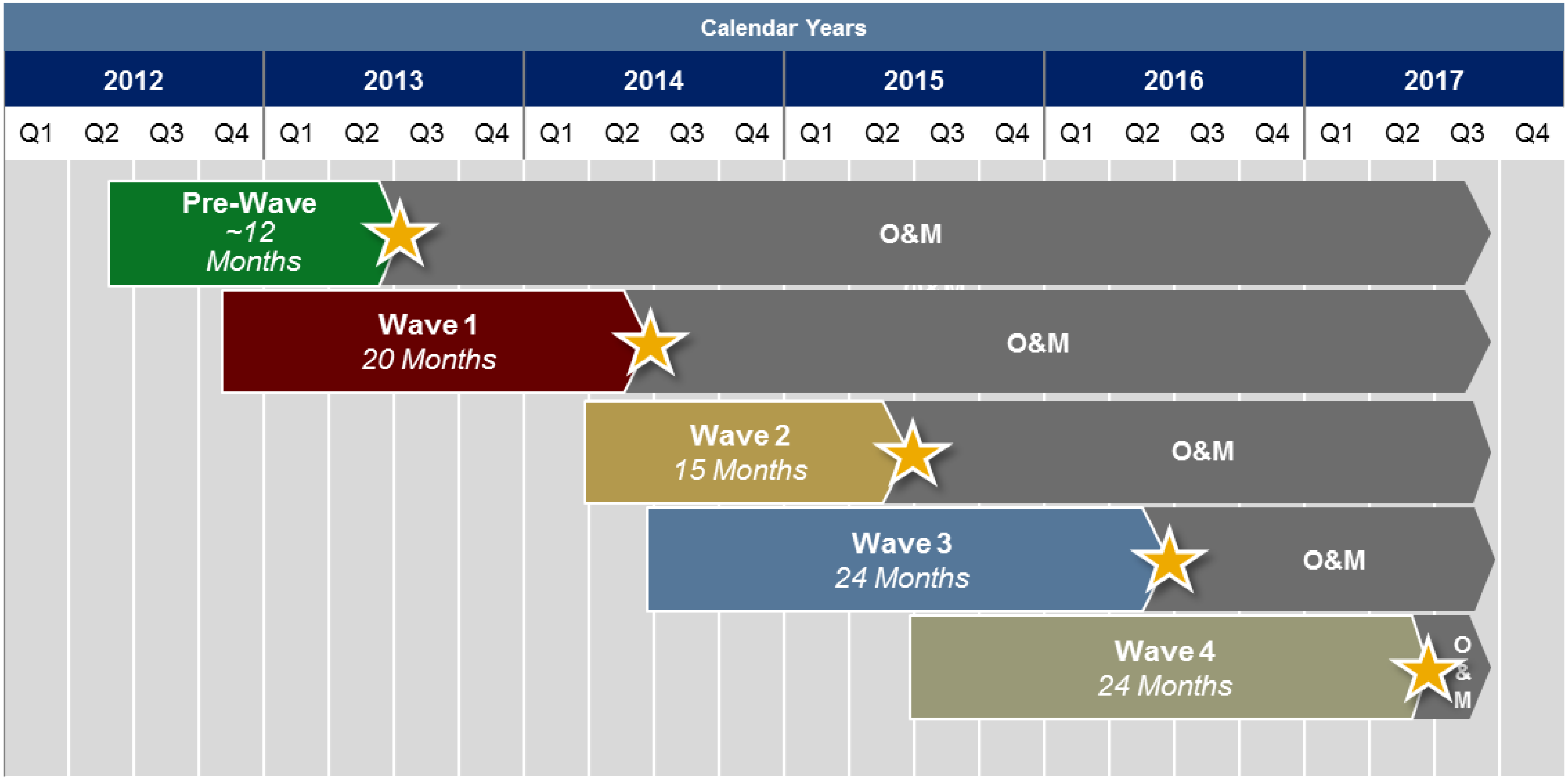
- FI$Cal Project Overview
- Wave 1 Solution Walkthrough Objectives and Approach
- FI$Cal Solution Overview
- Create and Maintain Project
  - Key Terms
  - Business Process Overview
  - Process Flows
  - Wave 1 Demonstration
- Create and Maintain Project Budgets
- Collect, Distribute, and Price Costs
- Project Capitalization
- Technology Considerations
- Session Recap

FI$Cal Project Overview

- The Financial Information System for California (FI$Cal) is a business transformation project for the State in the areas of budgeting, accounting, procurement, and cash management. The Project prepares the State to work in an integrated financial management system.

- California's Partner Agencies are working together to form the partnership to support FI$Cal at the highest level:
  - Department of Finance (DOF)
  - Department of General Services (DGS)
  - State Controller's Office (SCO)
  - State Treasurer's Office (STO)

FI$Cal Wave Timeline



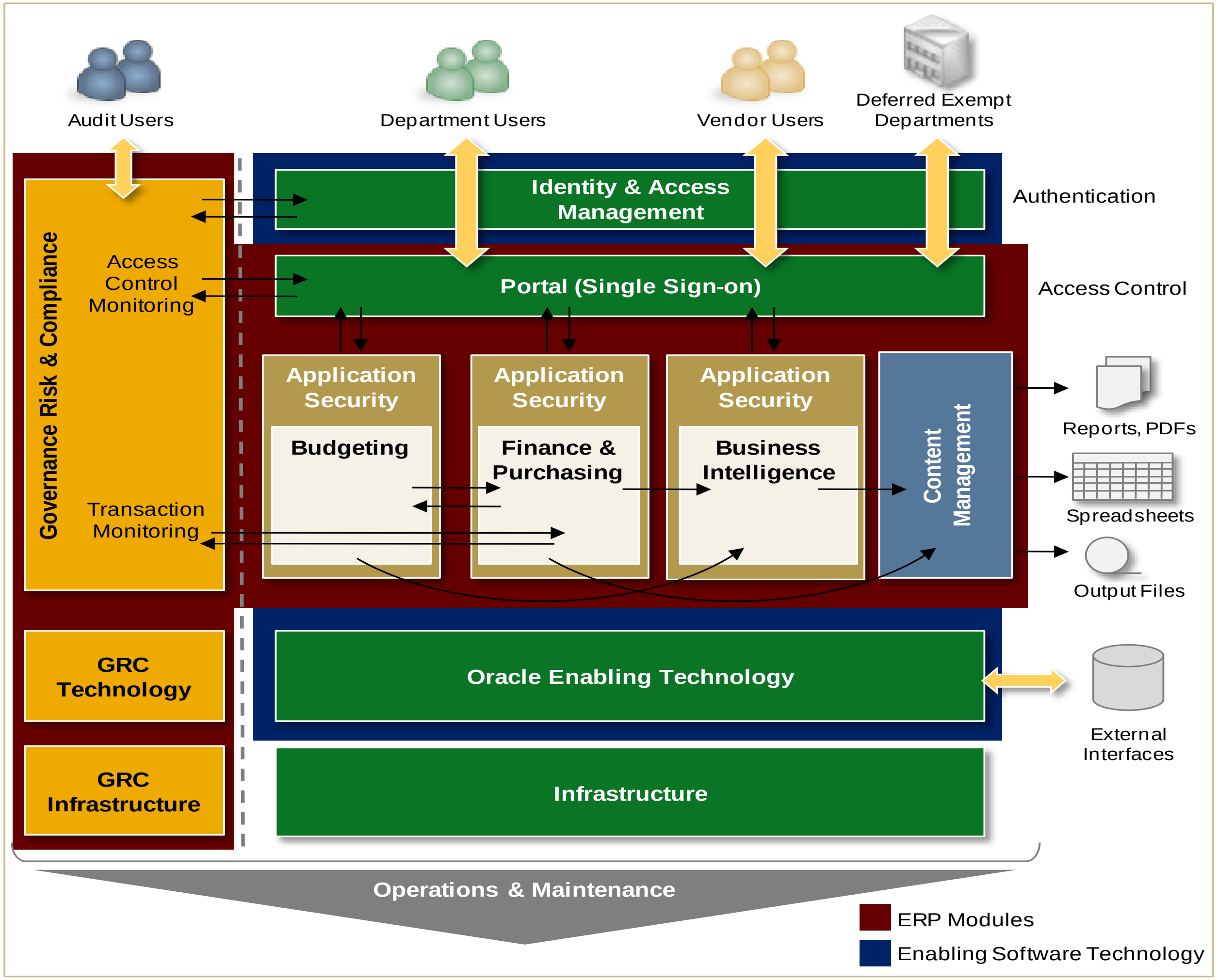
SWT Objectives

- The Wave 1 Solution Walkthroughs will provide:
  - An overview of the business process, including key terms and implemented functionality
  - A list of changes with the “To-Be” business process
  - An opportunity to begin thinking about updates to internal department processes
  - A demonstration of the FI$Cal Wave 1 solution

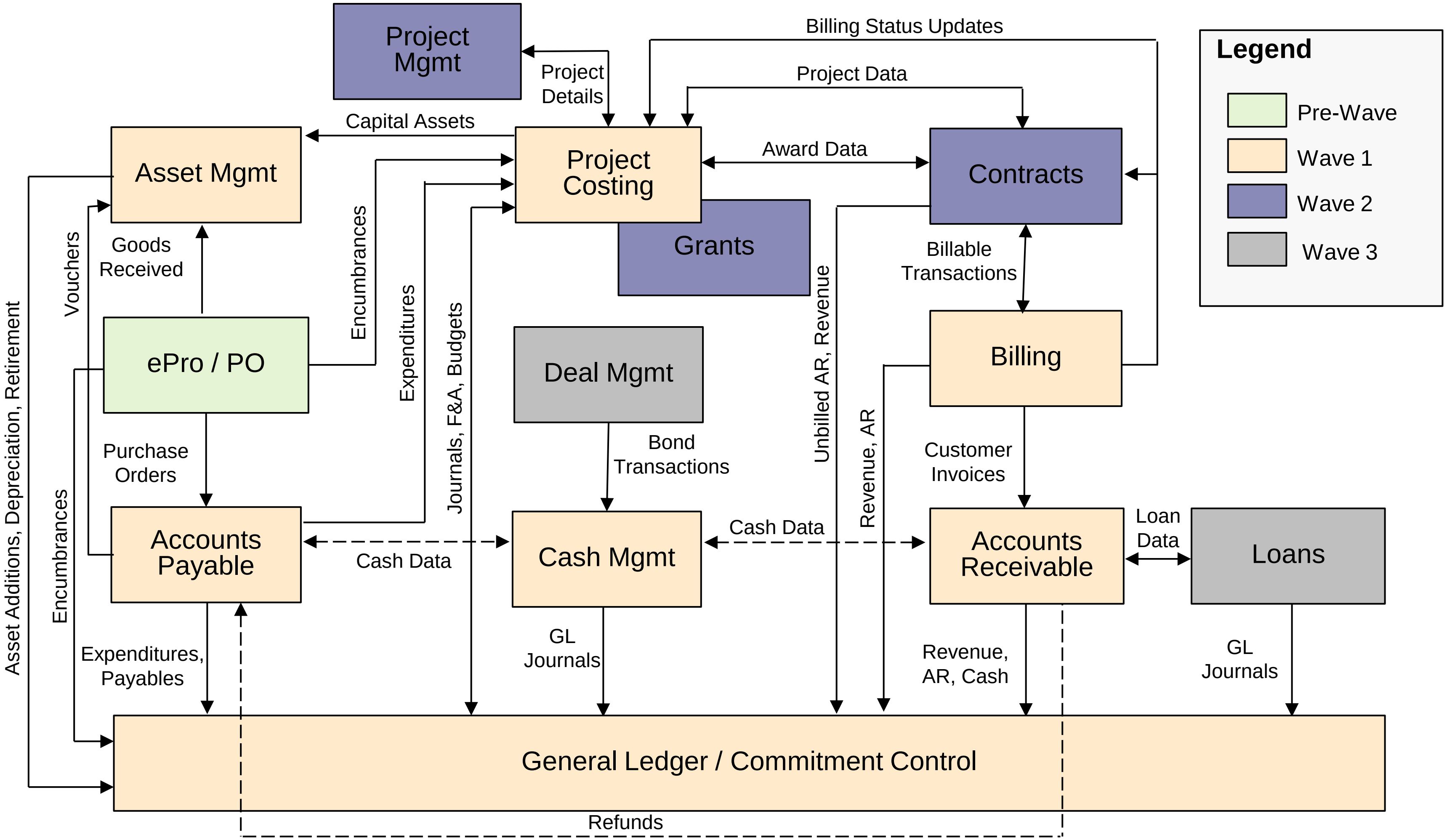
Ground Rules & Guiding Principles

- ***Challenge*** how the State does things today
- ***Perspective*** – Adopt a "Statewide" perspective
- ***Silence is Consent*** – Speak and share your thoughts
- ***There are no Bad Questions*** – Better to question, then assume
- ***Consider Best Practices*** and business process changes
- ***Think of the data*** and information you require

FI$Cal Solution Overview



FI$Cal Accounting Solution



What is Changing for Wave 1

- The Project Costing module is the master data source for Project IDs
- Project ID will be generated in FI$Cal and assigned using "NEXT" functionality. This will involve a single stack of numbers across all business units.
- New statewide Project Costing Business Unit for emergency projects
- Project Request form uses workflow to control approval and access to activate project definitions in FI$Cal
- Business Unit security will limit visibility of projects to users within a single department
  - All users within a Business Unit will see all projects within that business unit
  - Central users and/or Control Agencies may have access to multiple/all Business Units as required

What is Changing for Wave 1

- User fields will link to Grants and Contracts
  - Grant Number
  - Catalog of Federal Domestic Assistance (CFDA) Number
  - Legacy Contract Number
  - Legacy Customer Number
- User fields are available at Project Level or Activity Level
  - Only Project level fields will display on certain reports
- Project team notifications
  - Open/Close Project
  - Encumbrance and Reversion Dates
  - Project End Date

What is Changing for Wave 1

- PC ChartFields are captured in other FI$Cal modules at the transaction level
  - PC Business Unit, Project ID, Activity ID (all required for project related transactions)
- Project Costing inbound interfaces leverage Excel templates
  - Project Definitions, Activity Definitions, Project Team
  - Project Transactions
- Project Costing integrated with Labor Distribution
  - Direct Labor Charges can be coded or allocated to a project in the Labor module
  - Includes activity sheet (time sheet) corrections

What ***IS*** Changing for Wave 1

- Project-specific Reports
  - Project Listing
  - Project Financial Report
  - Project Transaction Listing
  - PC Feeder System Report
- A report will be used to extract expenditure data from Project Costing for use by the Billing module. Project Bills will be manually entered into the FI$Cal Billing module in Wave 1.
- Online Project Inquiry and Interactive Reporting
  - One Project or Activity at a time
  - Flexible Analysis
    - Custom filters and criteria
    - Real-time data analysis

What ***IS*** Changing for Wave 1

- Funds Distribution functionality can be used to reclassify inbound financial transactions based on rules defined at the Project or Activity Level
  - Funds Split
  - Funds Sequencing
  - Includes Budget Checking with Commitment Control, but does not validate cash on hand
- Work in Progress (WIP) expenditures should be coded to a Project ID in the source modules. These transactions will be collected in Project Costing and are summarized when interfaced to Asset Management for capitalization.

What is Changing for Wave 1

- All original project level budgets will be created in Commitment Control.
    - Departmental (activity level) budgets fed into Commitment Control to “allocate” project level budgets to the project activity level via spreadsheet upload
- All budgets and budget adjustments entered in Commitment Control, then interfaced to Project Costing

What is not Changing for Wave 1

- Departments will continue to following their current processes for:
  - Cash validation for funding transfers
  - CTA Reporting for IT Projects
  - Grant Management
  - Contract Management
  - Project Management via external systems
  - Requesting SCO approval of funds distribution rules (PFAs)

Create and Maintain Project Overview

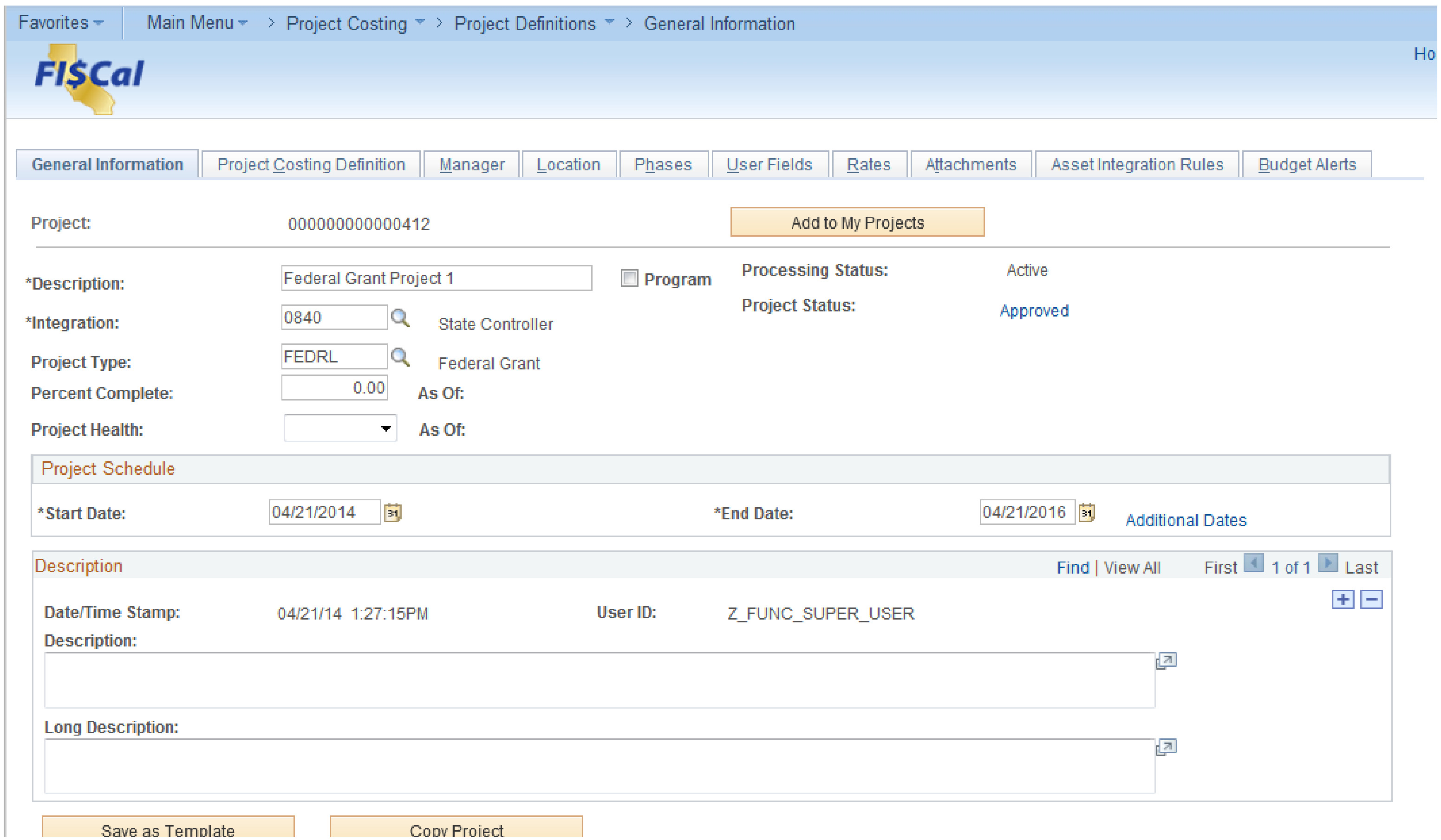
- The **Create and Maintain Project process** covers all activities related to setting up a Project and Activity.
- This includes the following sub-processes:
  - **Creating a Project**
  - **Creating an Activity**
  - **Creating the Project Team**

Create and Maintain Project Key Terms

Term	Definition
Project ID	A structural value that is created to identify the highest level of a specific cost objective. A lower level work break-down must be associated to the Project ID.
Activity ID	A lower level structural value that is created to organize tasks to support the higher level cost objective. Activities must be associated to a Project ID and are the level to which charges are incurred.

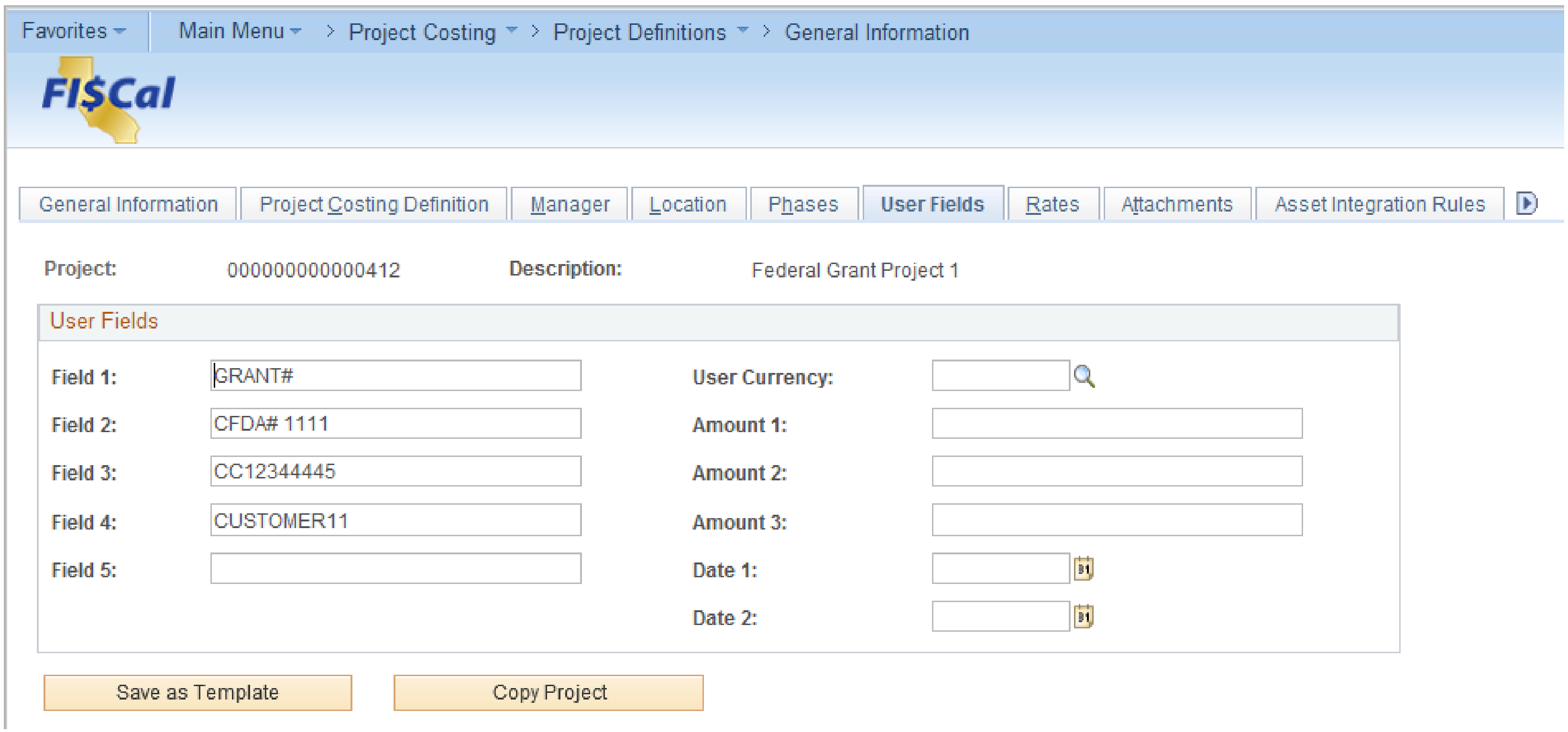
Create and Maintain Project– Demonstration

- Creating a Project



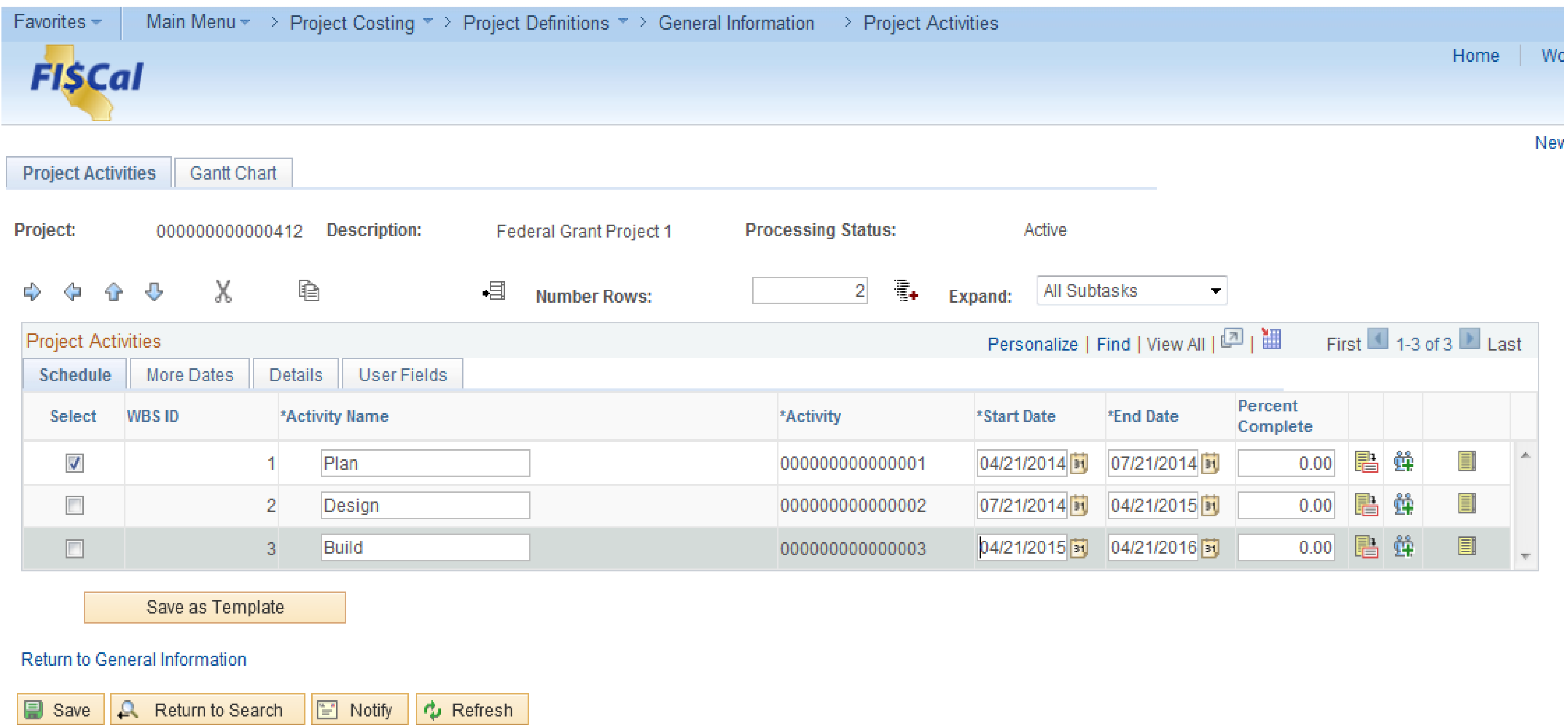
Create and Maintain Project– Demonstration

- Grant Number, CFDA number, Customer Contract, Customer ID



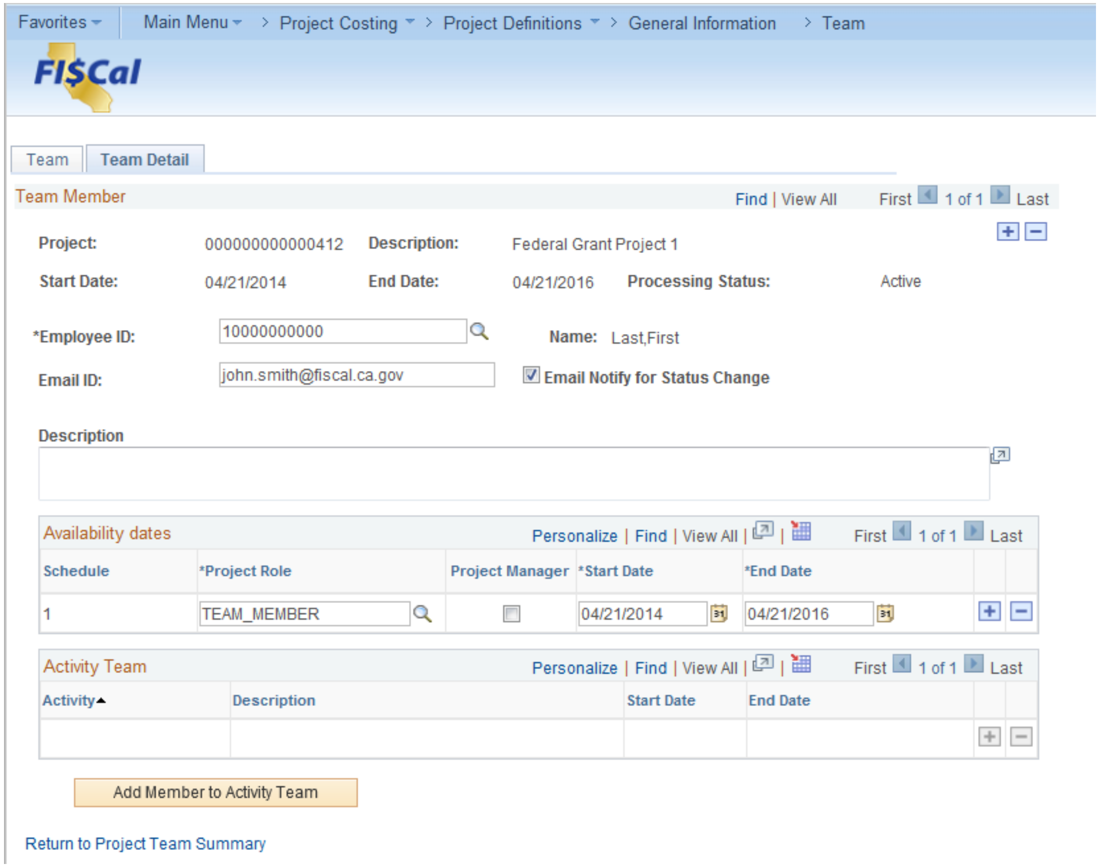
Create and Maintain Project– Demonstration

- Creating Activities



Create and Maintain Project– Demonstration

- Adding a Team Member to the Project



Create and Maintain Project Budgets Overview

- The **Create and Maintain Project Budget process** covers all activities related to setting up a Project Budget.
- This includes the following sub-processes:
  - **Creating a Project and Activity level Budget**

Create and Maintain Project Budgets Key Terms

Term	Definition
Commitment Control	PeopleSoft configurable spending limit functionality. Centralized system functionality that applies to all FI$Cal modules.
Budget Checking	Process of validating a financial transaction against the budgetary Commitment Control configuration

Create and Maintain Projects and Budgets

Department Project Processor

Establish/Update Project Costing Definition
- Define project attributes
- Associate project to program, manager, resources, etc.

Establish/Update Project Activities
- Create project activities to define work breakdown structure

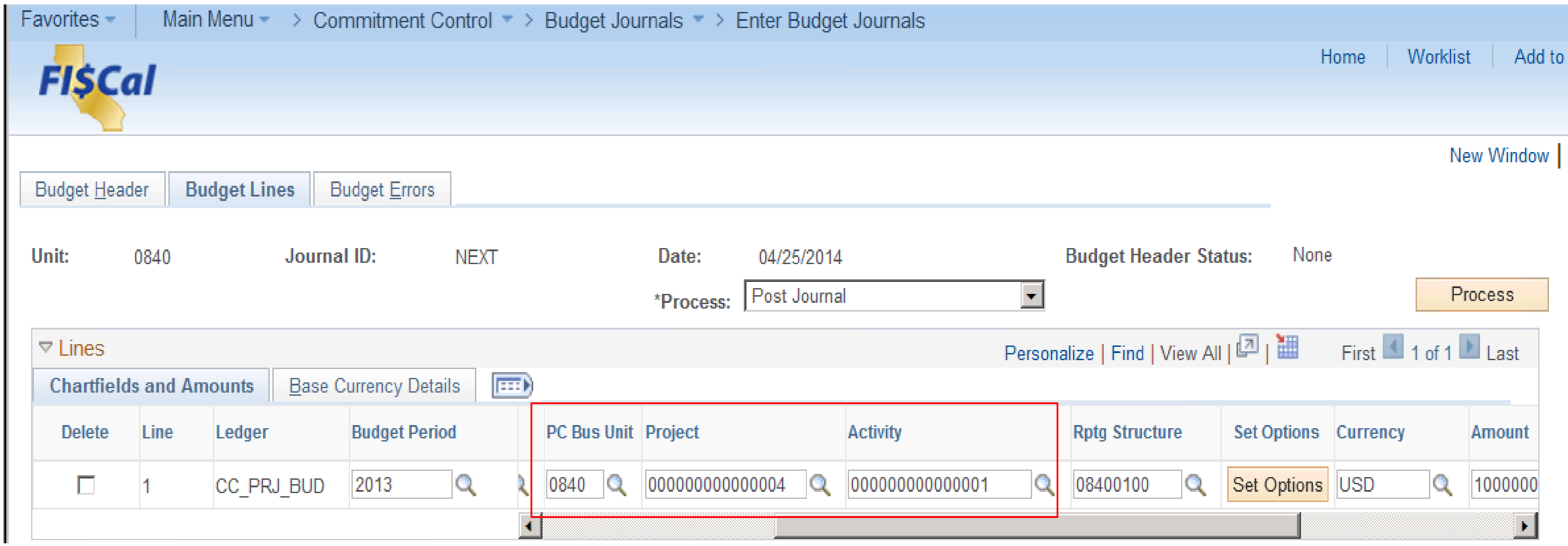
Complete Project Initiation Checklist
- If using funds distribution rules, establish rules and necessary definitions
- Define project details and the use of external systems if needed

Manage Project Budget (GL)
- Confirm necessary appropriation to create projects
- If needed, update project budget from Commitment Control or from project costing

Key Impacts
- Standardized project reporting capability across departments through consistency and use of common system configured fields
- Statewide reporting for emergencies

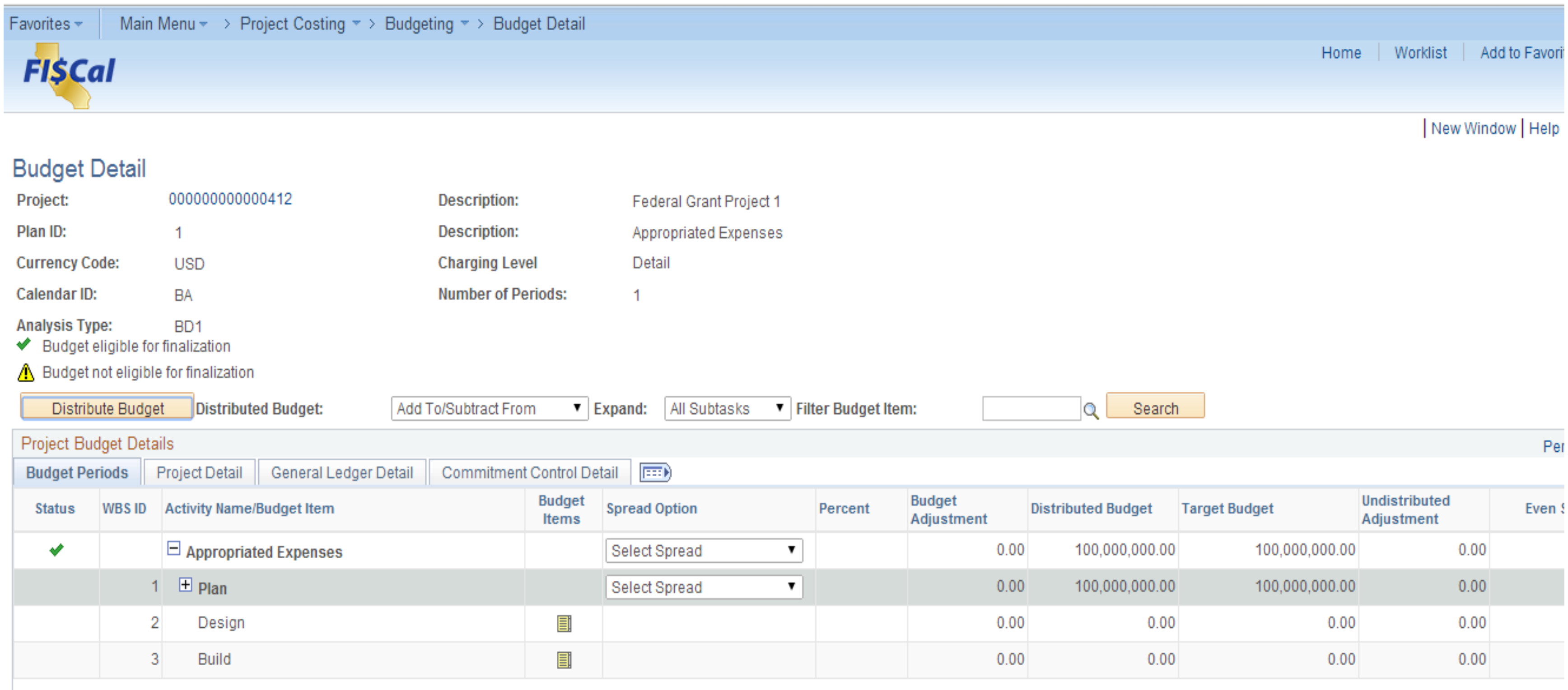
Create and Maintain Projects and Budgets - Demonstration

- Creating a Project Budget in Commitment Control



Create and Maintain Projects and Budgets - Demonstration

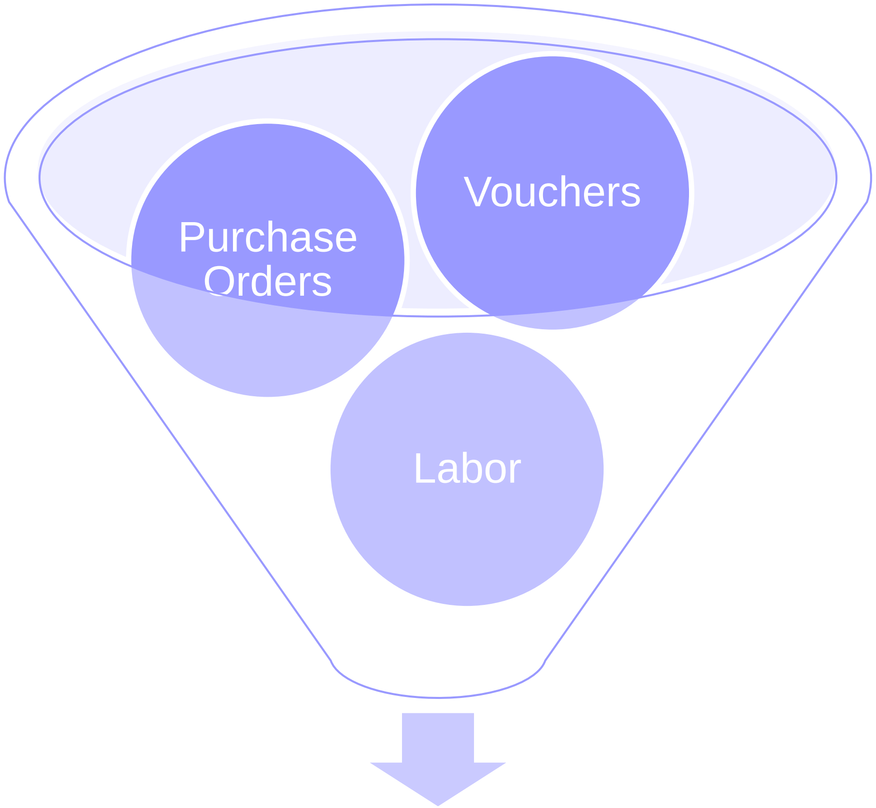
- Reviewing the Budget Detail



Collect, Distribute, and Price Project Cost Overview

- The **Collect, Distribute, and Price Project Cost process** covers all activities related to Project Transactions
- This includes the following sub-processes:
  - **Collecting Costs from other modules**
  - **Funds Distribution**
  - **Project Accounting**
  - **Project Costing Pricing**

Collecting Project Transactions



Projects

Collect, Distribute, and Price Project Cost Key Terms

Term	Definition
Project Transactions	Received from other FI$Cal modules including Procurement, Accounts Payable, General Ledger, and Labor Distribution. External transactions (financial and non-financial) will also be interfaced directly into Project Costing.
Funds Distribution	Project costs can be distributed among multiple funding sources. Funding is distributed via rules applied to incoming transactions which generate outgoing target transactions.
Rate Sets/Plans	Configuration that is created to price inbound transactions and create billable rows. Multiple rate sets can be combined into a Rate Plan if needed.

Project Costing Key Terms

Term	Definition
Analysis Types	Drives the classification of each transaction in Project Costing: • **BD1** – Budget established in Commitment Control • **REQ** – Requisition from Purchasing once Approved • **COM** – Commitment from Purchasing once Purchase Order is approved/dispatched • **RRV** – Requisition Reversal occurs same time as COM to reflect remaining balance of open requisitions • **ACT** – Actuals from Accounts Payable when Voucher is posted • **CRV** – Commitment Reversal from PO Adjustments to reflect balance of open commitments

Project Costing Key Terms

Term	Definition
Analysis Types	Drives the classification of each transaction in Project Costing: • **TLX** – Direct Charge Labor Distribution • **FDF** – Federal Funds Distribution • **FDS** – State Funds Distribution • **FDL** – Local/3rd Party Funds Distribution • **FDR** – Funds Distribution Reversals • **BIL** – Ready to be invoiced • **BLD** – Invoice finalized • **APU*** – Advance Payment Utilization • **LMC*** – Local Match Cash • **LMK*** – Local Match In-Kind • **LNC*** – Local Non-Match Cash • **LNK*** – Local Non-Match In-Kind * Intended for use with Transaction Upload Only

Collect, Distribute, and Price Project Cost

Department PC Batch Processor

Collect Costs/ Load Transactions → Run Funds Distribution → Run Project Accounting → Run PC Pricing

Collect Costs/ Load Transactions

- Journal lines
- Approved vouchers
- Time data from Labor Distribution
- Requisitions and purchase orders

Run Funds Distribution

- Calculate applicable costs and check budget
- Generate Reclass Distribution rows

Run Project Accounting

- Create detailed accounting entries to be sent to GL for funds distribution entries

Run PC Pricing

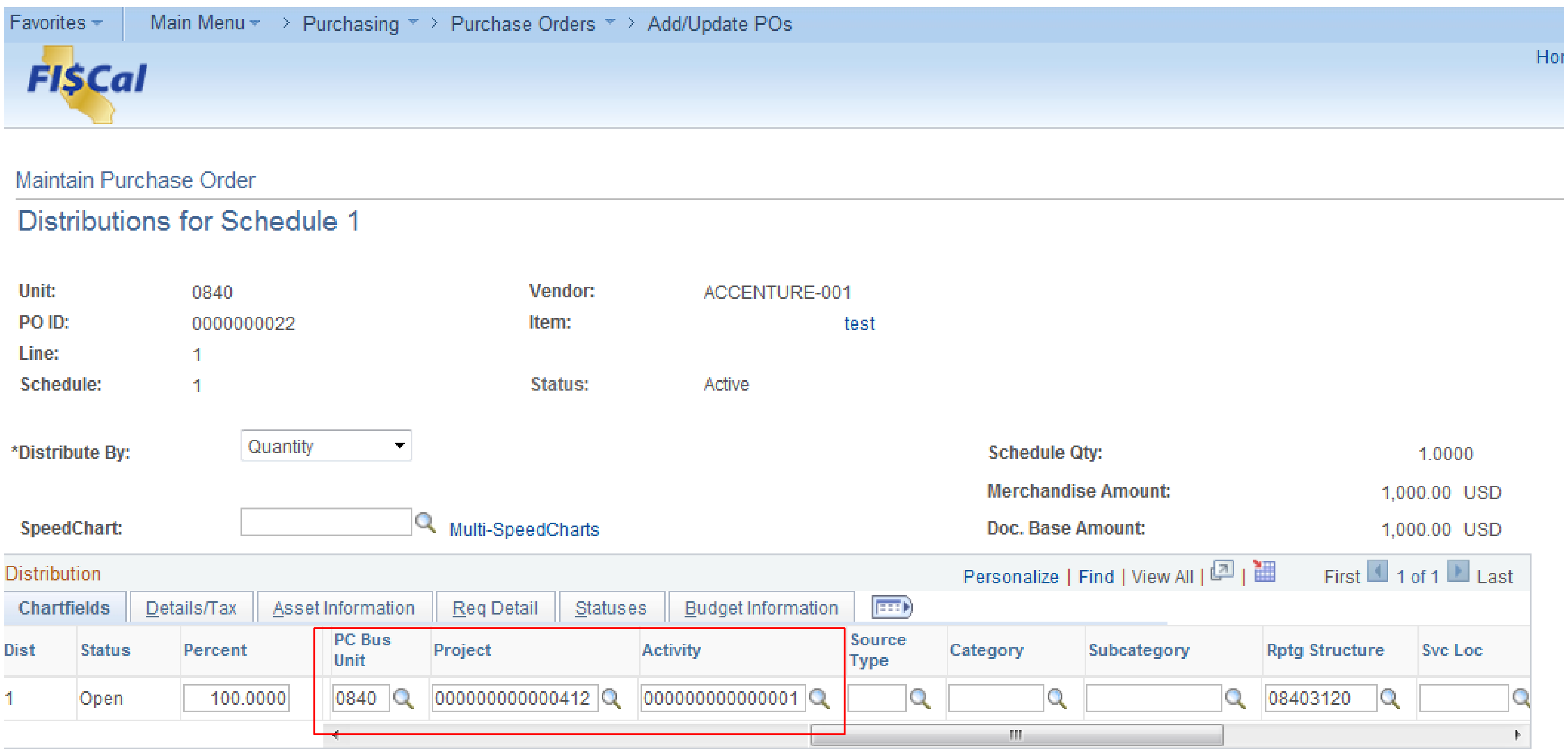
- PC Pricing creates Billable Rows
- Run Billable report to identify billable rows for entry into Billing module

Key Impacts

- Funds Distribution functionality allows source and target rules to be defined, producing new accounting distributions that will be sent to GL

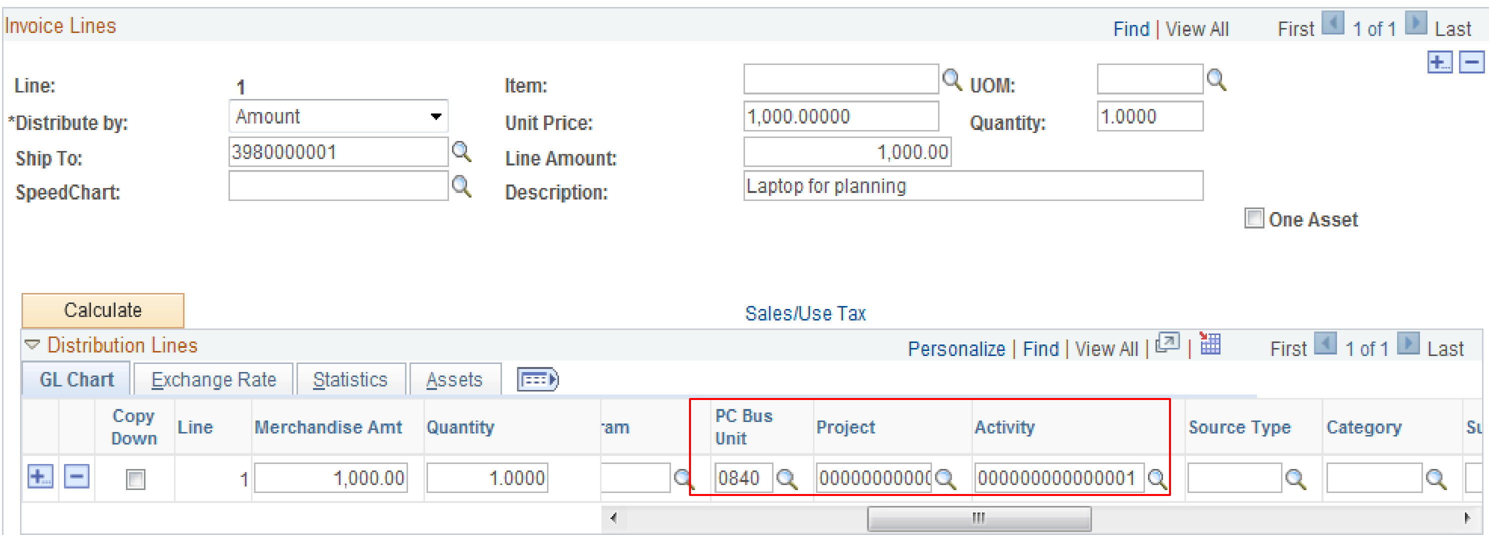
Collect, Distribute, and Price Project Cost - Demonstration

- Project Chart-Fields on a PO Schedule



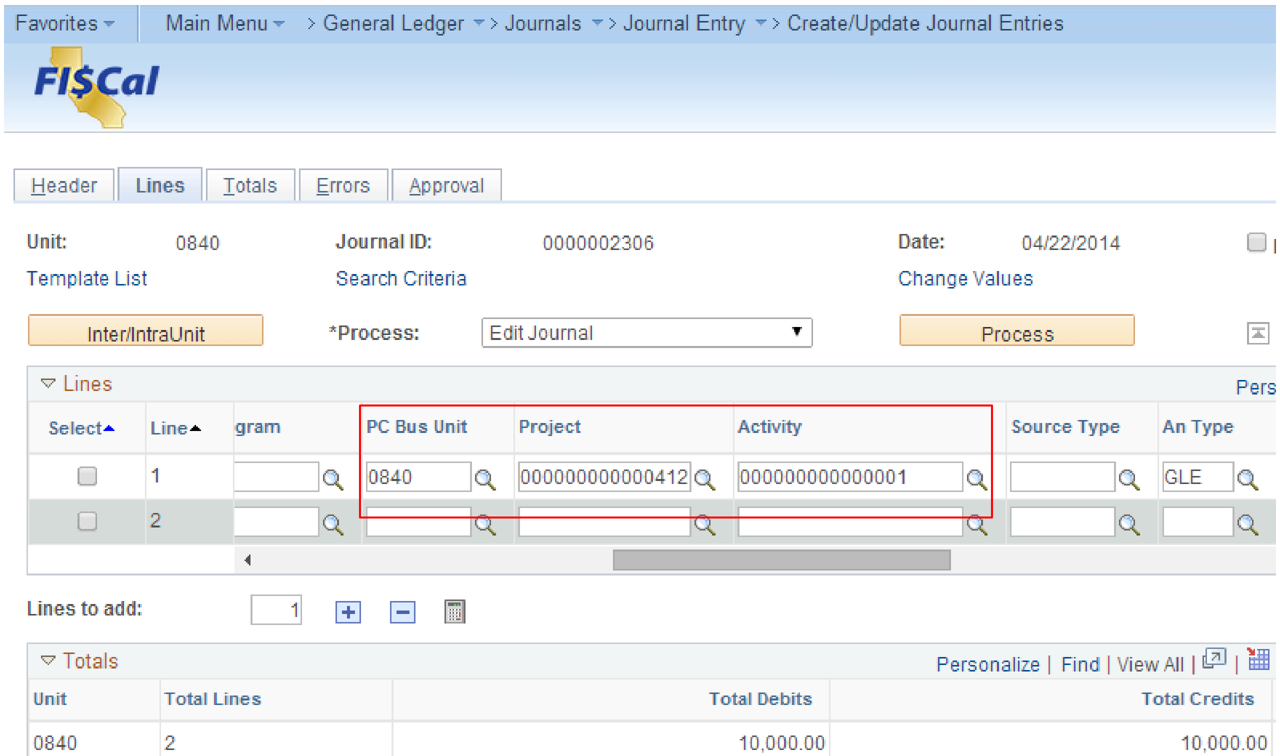
Collect, Distribute, and Price Project Cost - Demonstration

- Project Chart-Fields on an invoice



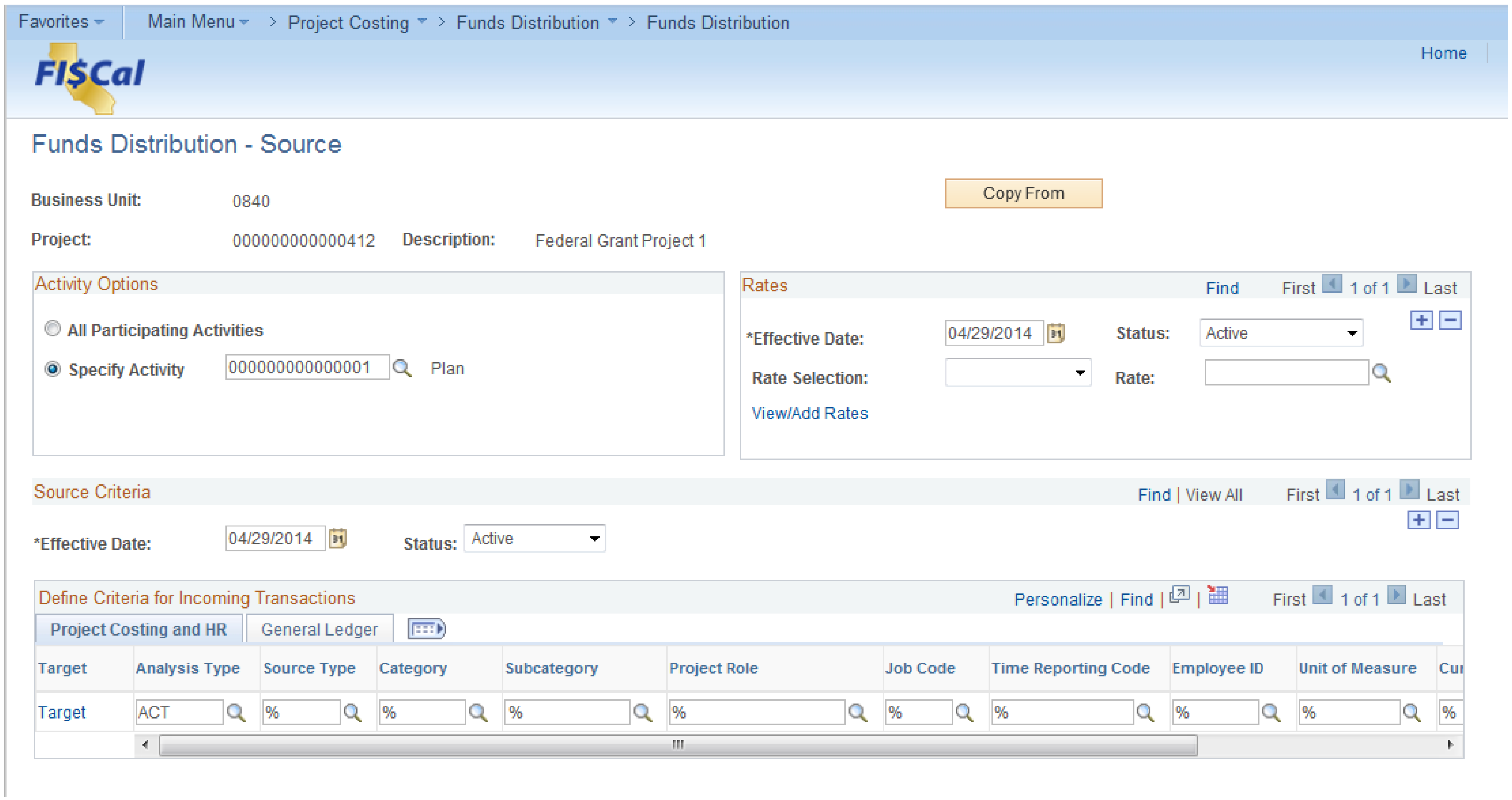
Collect, Distribute, and Price Project Cost - Demonstration

- Project Chart-Field on a Journal Line



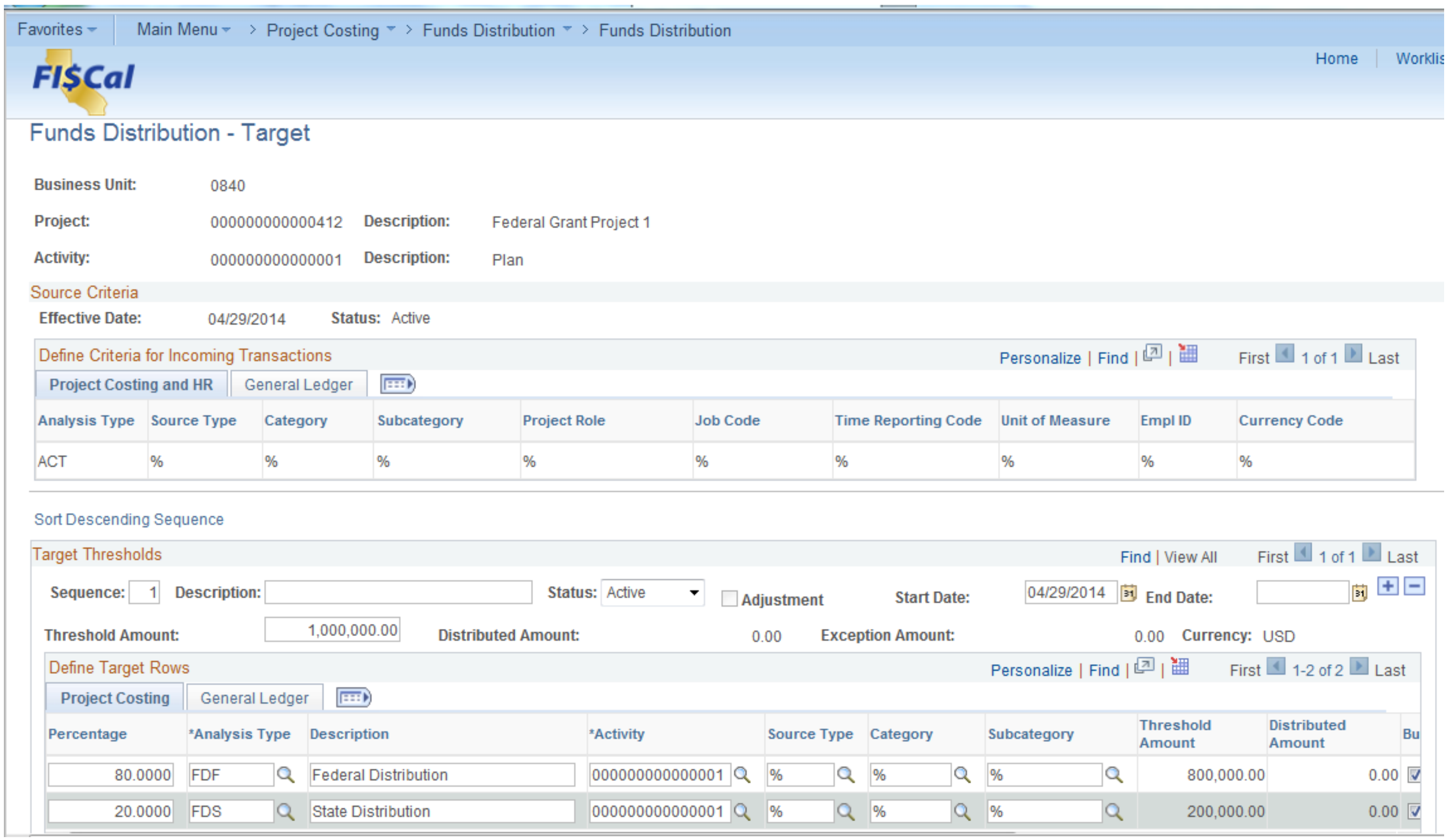
Collect, Distribute, and Price Project Cost - Demonstration

- Funds Distribution Source Criteria



Collect, Distribute, and Price Project Cost - Demonstration

- Funds Distribution Target Rules



Favorites > Main Menu > Project Costing > Funds Distribution > Funds Distribution

Home | Worklis

FI$Cal

Funds Distribution - Target

Business Unit: 0840

Project: 000000000000412 Description: Federal Grant Project 1

Activity: 000000000000001 Description: Plan

Source Criteria

Effective Date: 04/29/2014 Status: Active

Define Criteria for Incoming Transactions — Personalize | Find | First 1 of 1 Last

Project Costing and HR | General Ledger

Analysis Type	Source Type	Category	Subcategory	Project Role	Job Code	Time Reporting Code	Unit of Measure	Empl ID	Currency Code
ACT	%	%	%	%	%	%	%	%	%

Sort Descending Sequence

Target Thresholds — Find | View All First 1 of 1 Last

Sequence: 1 Description: Status: Active Adjustment Start Date: 04/29/2014 End Date:

Threshold Amount: 1,000,000.00 Distributed Amount: 0.00 Exception Amount: 0.00 Currency: USD

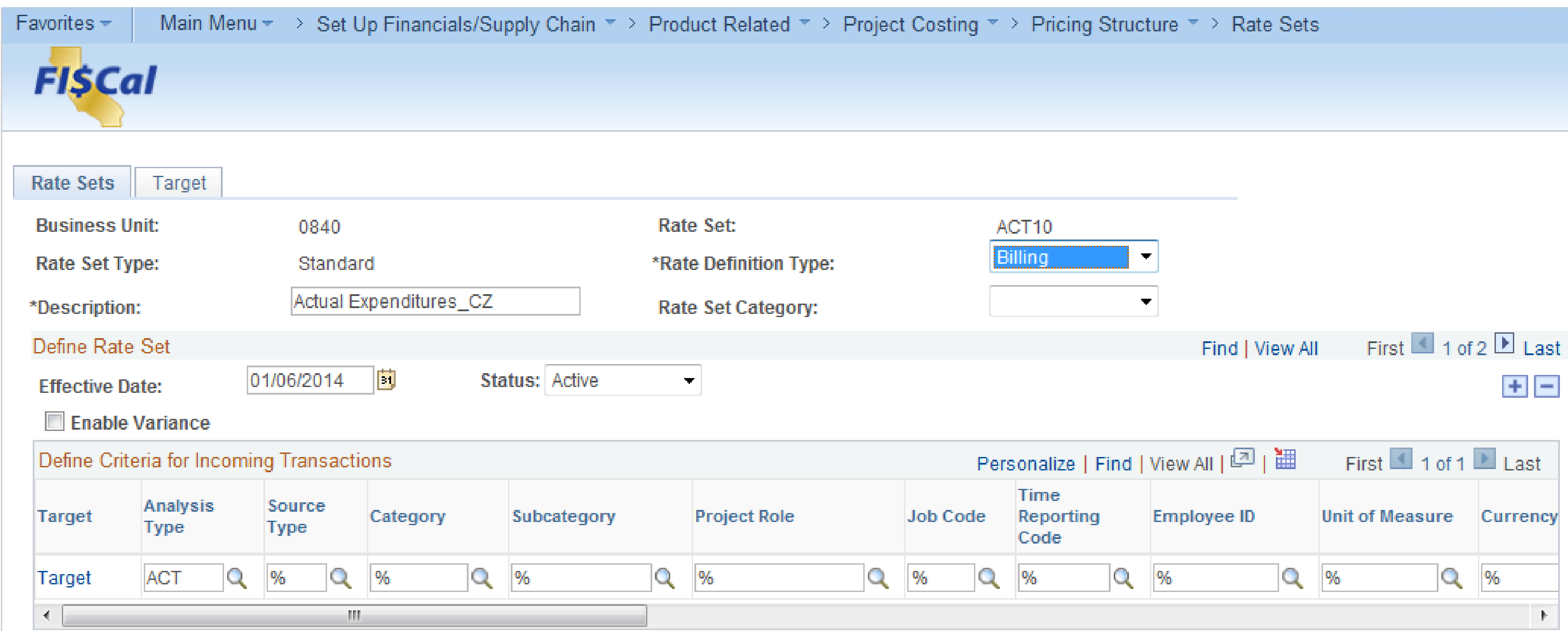
Define Target Rows — Personalize | Find | First 1-2 of 2 Last

Project Costing | General Ledger

Percentage	*Analysis Type	Description	*Activity	Source Type	Category	Subcategory	Threshold Amount	Distributed Amount	Bu
80.0000	FDF	Federal Distribution	000000000000001	%	%	%	800,000.00	0.00	☑
20.0000	FDS	State Distribution	000000000000001	%	%	%	200,000.00	0.00	☑

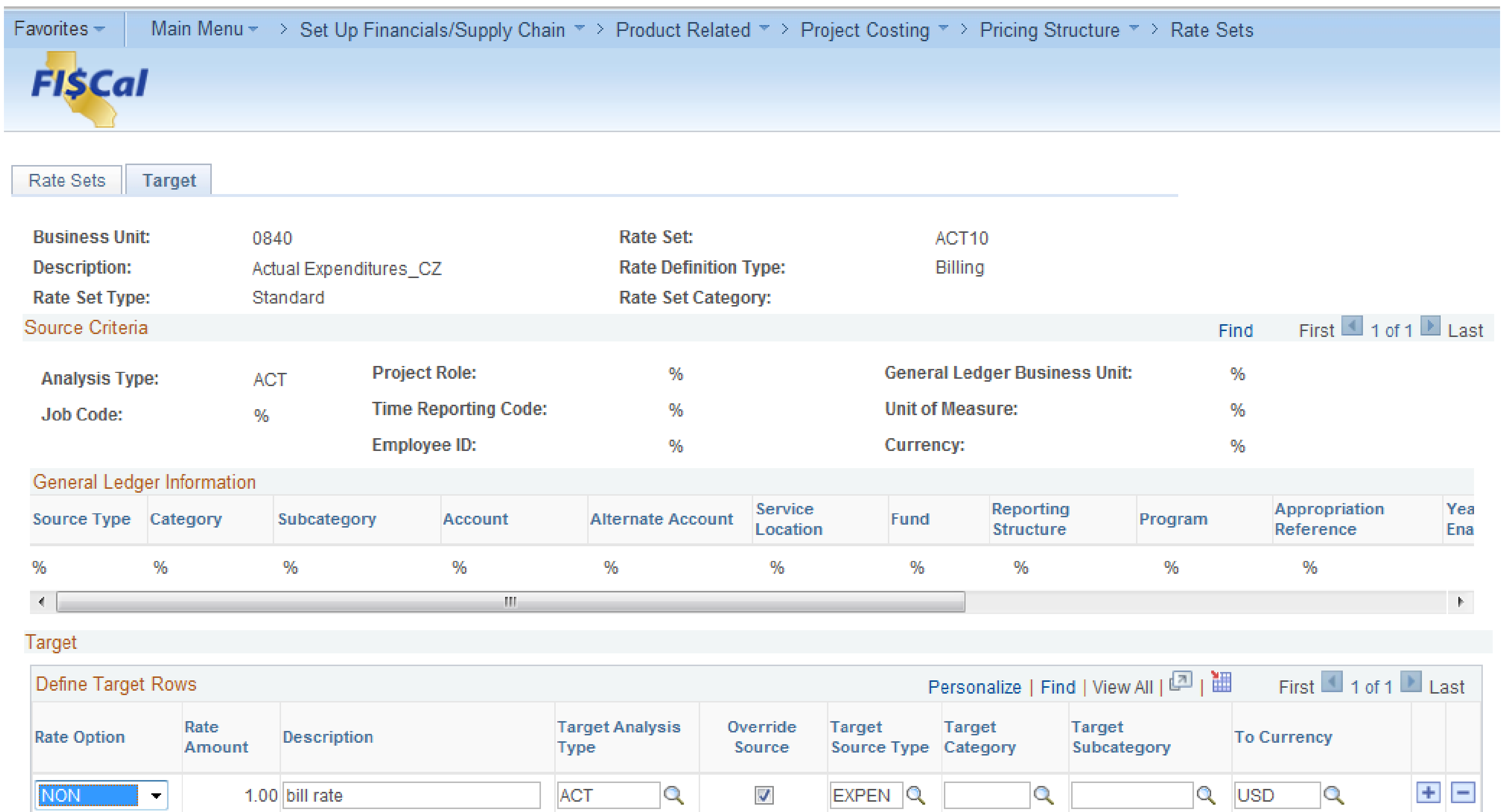
Collect, Distribute, and Price Project Cost - Demonstration

- Rate Set Criteria for Incoming Transactions



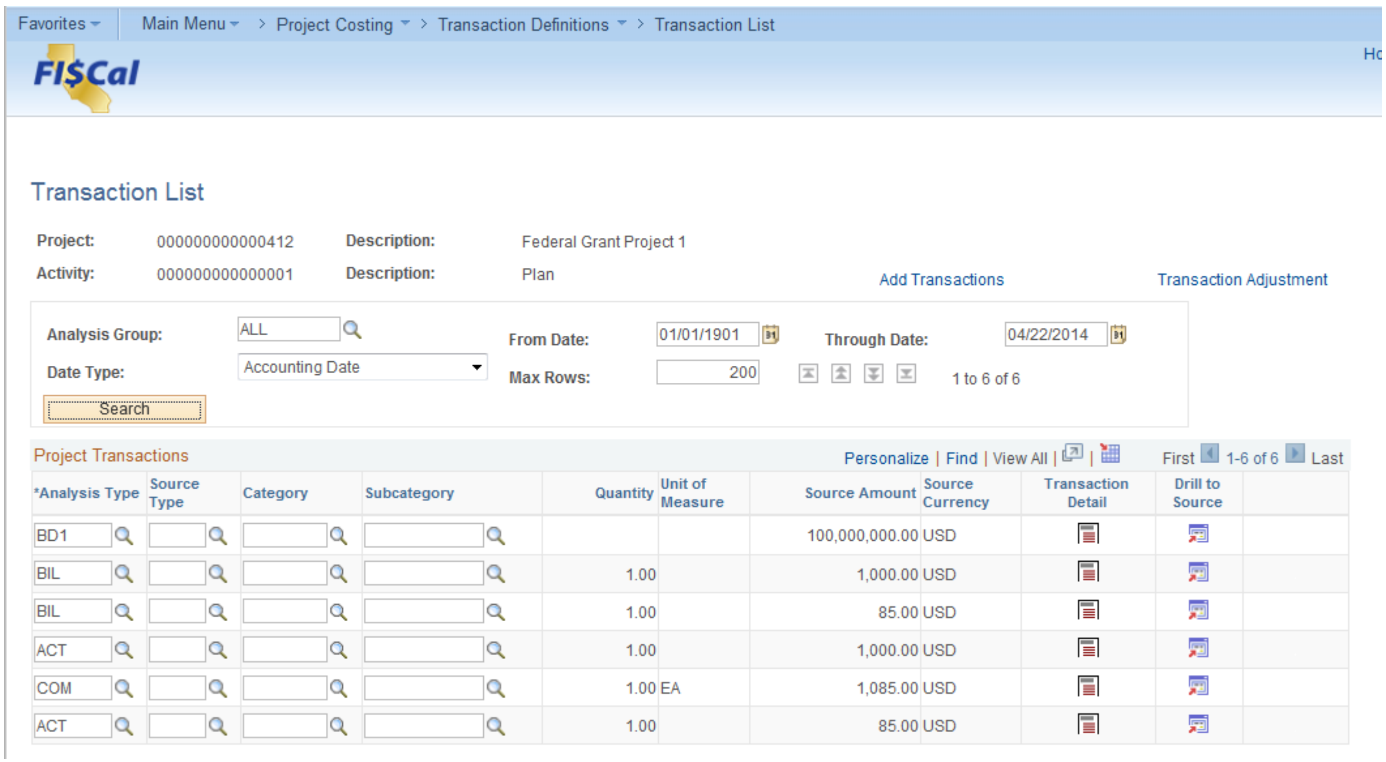
Collect, Distribute, and Price Project Cost - Demonstration

- Rate Set Target Rules



Collect, Distribute, and Price Project Cost - Demonstration

- Project Transaction List (w/o Journal Entry)



Favorites | Main Menu > Project Costing > Transaction Definitions > Transaction List

FI$Cal

Transaction List

Project: 000000000000412 Description: Federal Grant Project 1

Activity: 000000000000001 Description: Plan

Add Transactions Transaction Adjustment

Analysis Group: ALL From Date: 01/01/1901 Through Date: 04/22/2014

Date Type: Accounting Date Max Rows: 200 1 to 6 of 6

Search

Project Transactions Personalize | Find | View All | First 1-6 of 6 Last

*Analysis Type	Source Type	Category	Subcategory	Quantity	Unit of Measure	Source Amount	Source Currency	Transaction Detail	Drill to Source
BD1						100,000,000.00	USD		
BIL				1.00		1,000.00	USD		
BIL				1.00		85.00	USD		
ACT				1.00		1,000.00	USD		
COM				1.00	EA	1,085.00	USD		
ACT				1.00		85.00	USD		

Process Project Capitalization Overview

- The **Project Capitalization process** covers all activities related to capitalizing expenditures identified as applicable to be capitalized from Project Costing to the Asset Management (AM) Module.
- This includes the following sub-processes:
  - **Defining Assets**
  - **Relating Transactions to Defined Asset**
  - **Sending the Asset to the AM Module**

Process Project Capitalization

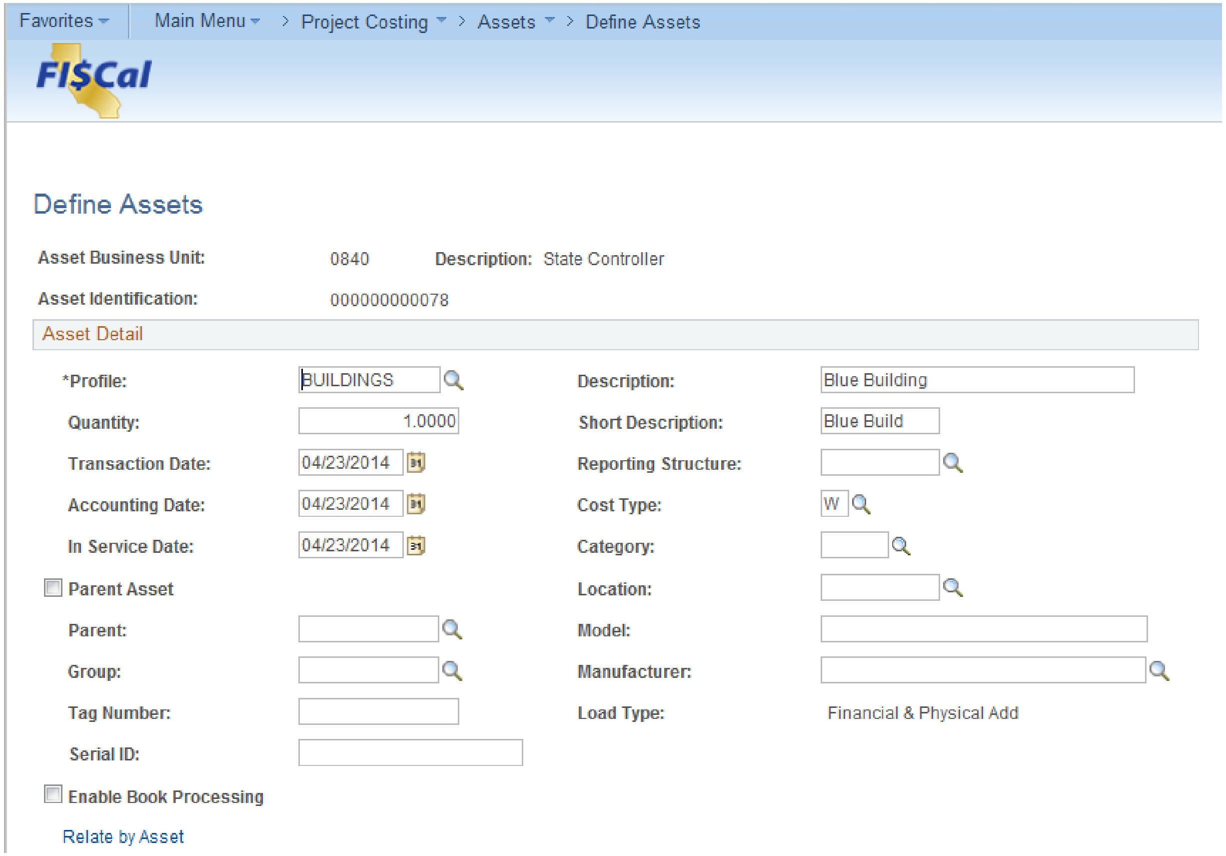
Department Project Processor	Department GL Journal Processor	Department PC Batch Processor	
Define Assets and Associate Asset IDs →	WIP Journal Entries, as needed →	Asset Management Updated →	Manage Asset Lifecycle (AM)
▪ Only if capital project ▪ Asset ID can relate to many Project Activity IDs and vice versa	▪ Only if WIP is accumulated ▪ Made to reclassify expenditures to Balance Sheet in Accrual Ledger	▪ Run PC to AM process ▪ AM will be updated with Project Costing transactions ▪ Completed transactions can be managed in AM	▪ Asset is managed through Asset Management module

Key Impacts

- Integration between Project Costing and Asset Management allows for automated tracking of WIP in Projects, and automated interfacing of assets to Asset Management when the asset is ready to be capitalized

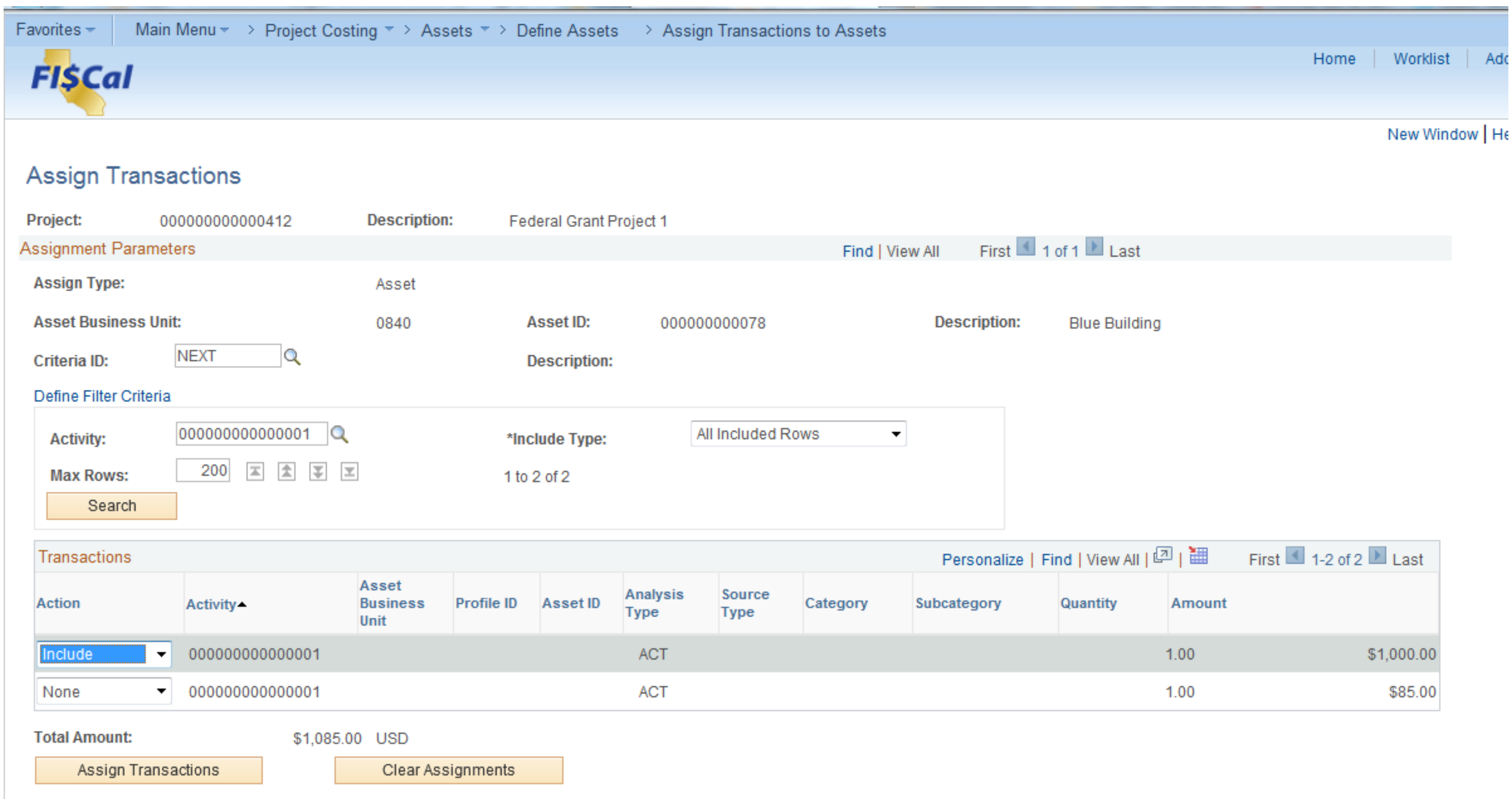
Process Project Capitalization - Demonstration

- Defining a WIP Asset in Project Costing



Process Project Capitalization - Demonstration

- Assigning Transactions to the WIP Asset



Wave 2 implications

Properly structuring a project now will reduce the conversion effort going forward. Since Contracts and Grants functionality is targeted for Wave 2, please keep the following items in mind when creating a project structure in Wave 1:

- Project Activities are vehicles for billing customers; however, an Activity can belong to only one contract (customer) at a time. This implies one billable customer per Activity.
- Projects associated with Grants should align Project Activities with the spending categories for the grant
- Since Project Invoices are entered manually in Wave 1, FI$Cal cannot track what has already been billed versus what is available to be billed
    - Can be tracked offline using the Project Transaction Listing Report

Technology Considerations – Interfaces

Interface	Definition
Inbound Project Transaction Interface	Brings in non-PeopleSoft transactions, such as statistical units, that are applicable to reporting.
Inbound Project Interface	Facilitates the creation of new projects/activities from external systems.
Labor Distribution to PC	FI$Cal Internal Interface to load directly charged Project Labor.

Technology Considerations – Conversions

Conversion	Definition
Projects	Automated conversion of project structure, and team members from legacy systems. Financial conversion for Projects, including Budget, Actuals, and Open Encumbrances, is included within the GL and Commitment Control conversion process

Data Protection Overview

- All data that is received, retained, and transmitted by FI$Cal protected by:
  - Business Unit
  - Encryption
  - Role Based Access
- In addition, data classified as PII, sensitive, and confidential will receive the additional protection of:
  - Masked
  - Tracking when added, updated, deleted, and read
  - Role Based Access, such as Confidential User

Data Protection – Key Terms

Conversion	Definition
Public Information	Information maintained by state agencies that is not exempt from disclosure under the provisions of state or federal laws.
Confidential Information	Information maintained by state agencies that is exempt from disclosure under the provisions of state or federal laws.
Sensitive Information	Information maintained **by state agencies** that requires special precautions to protect from unauthorized use, access, disclosure, modification, loss, or deletion. Sensitive information may be either public or confidential.
Personally Identifiable Information	Information that identifies or describes an individual. This information must be protected from inappropriate access, use, or disclosure and must be made accessible to data subjects upon request.

Data Protection Processes & Fields

Process Name	Field Description
Create and Maintain Projects	Project ID
Create and Maintain Projects	Description
Create and Maintain Projects	Integration Template
Create and Maintain Projects	Project Type
Create and Maintain Projects	Project Status
Create and Maintain Projects	User Defined Field 1
Create and Maintain Projects	User Defined Field 2
Create and Maintain Projects	User Defined Field 3
Create and Maintain Projects	Project Activity
Business Processes	Analysis Type
Business Processes	Resource Type
Business Processes	Resource Category
Business Processes	Resource Sub Category

Public

FI$Cal Standard Protection Framework

Standard Data Protection level For:

Confidential (Protected under the Public Records Act), Electronic Protected Health Information (e/PHI), Federal Tax Information, Notice Triggering Information, Payment Card Industry, Personally Identifiable Information (PII) and Sensitive Information, the following is the Standard Data Protection Level:

1. Mandates that Govern the Collection of this Field – State Administrative Manual (SAM).
2. Federal Tax Information Labeling – None.
3. FI$Cal Standard Protection Method(s):
   - Business Level Security.
   - Encryption.
   - Masked (SSN, TIN, and Payment Card).
   - Role Based.
4. FI$Cal Standard Actions to be Tracked:
   - Add, Delete, Update and Read.
5. FI$Cal Standard Data Retention: Average 7 Years. (No data disposal planned for FI$Cal currently).

Public	Confidential	PII	Sensitive

All data elements identified thus far for Project Costing are classified as Public.

Data Protection – Next Steps

- FI$Cal is expecting this framework confirmed by Wave 1 departments will also meet the data protection requirements of Wave 2 departments
- Opportunity to request additional data protection in Wave 2 task TECH201: Review Data Classification and Protection Framework

Session Recap

- Key Considerations
- Future Action Items
- Action Items
- Concerns

Question and Answer

FI$Cal Project Information:

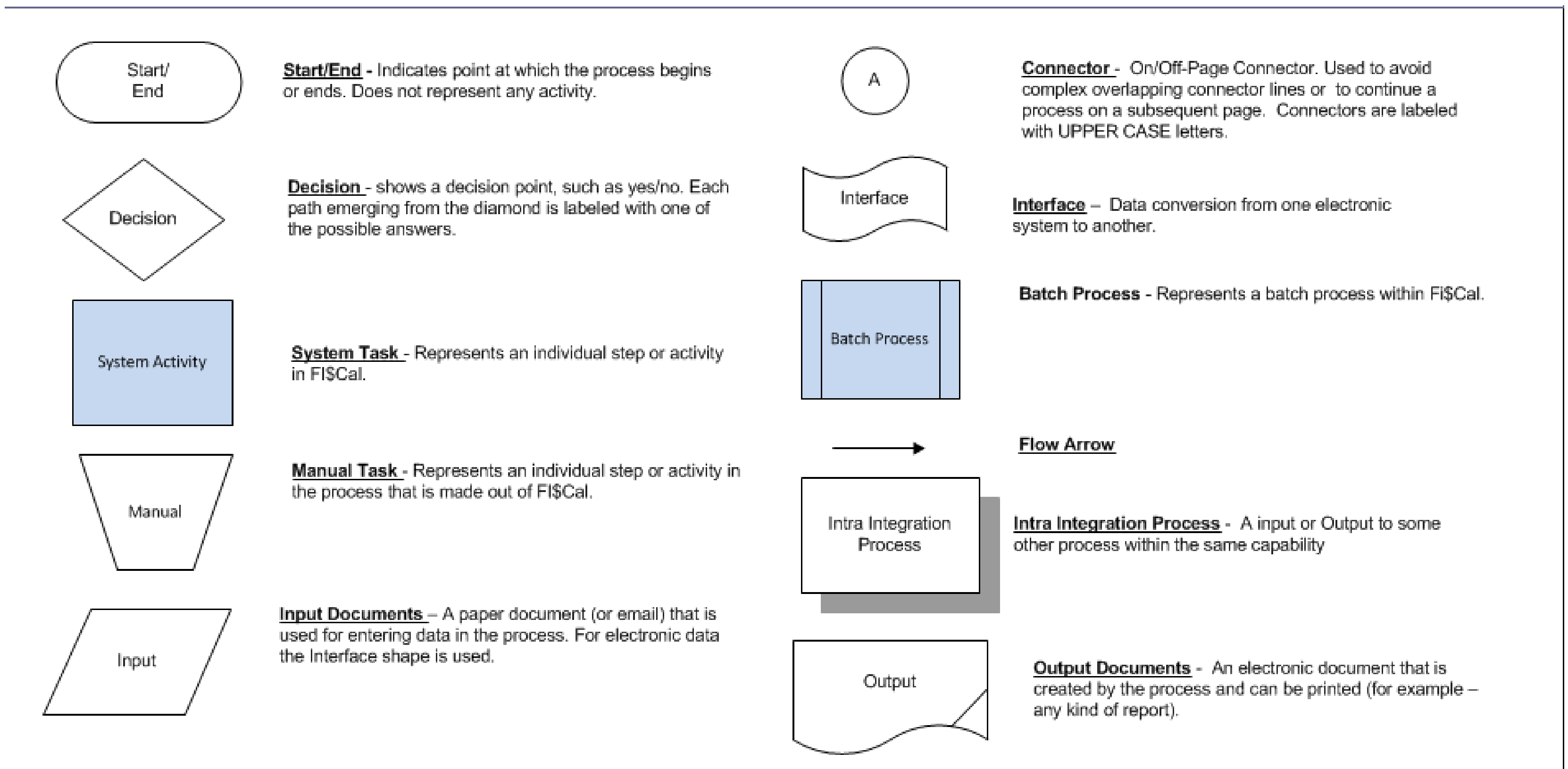
http://www.fiscal.ca.gov/

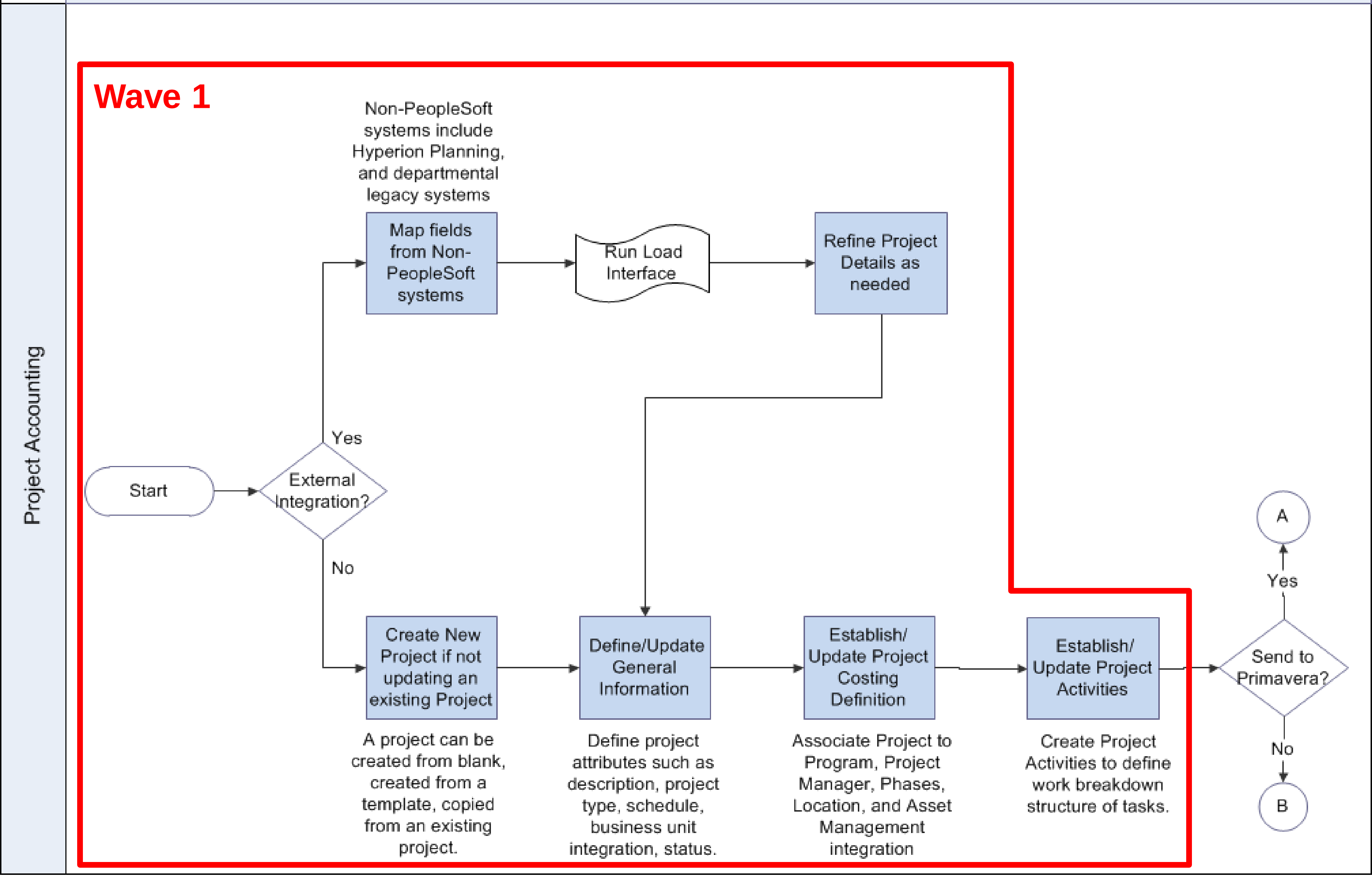
or e-mail the FI$Cal Project Team at:

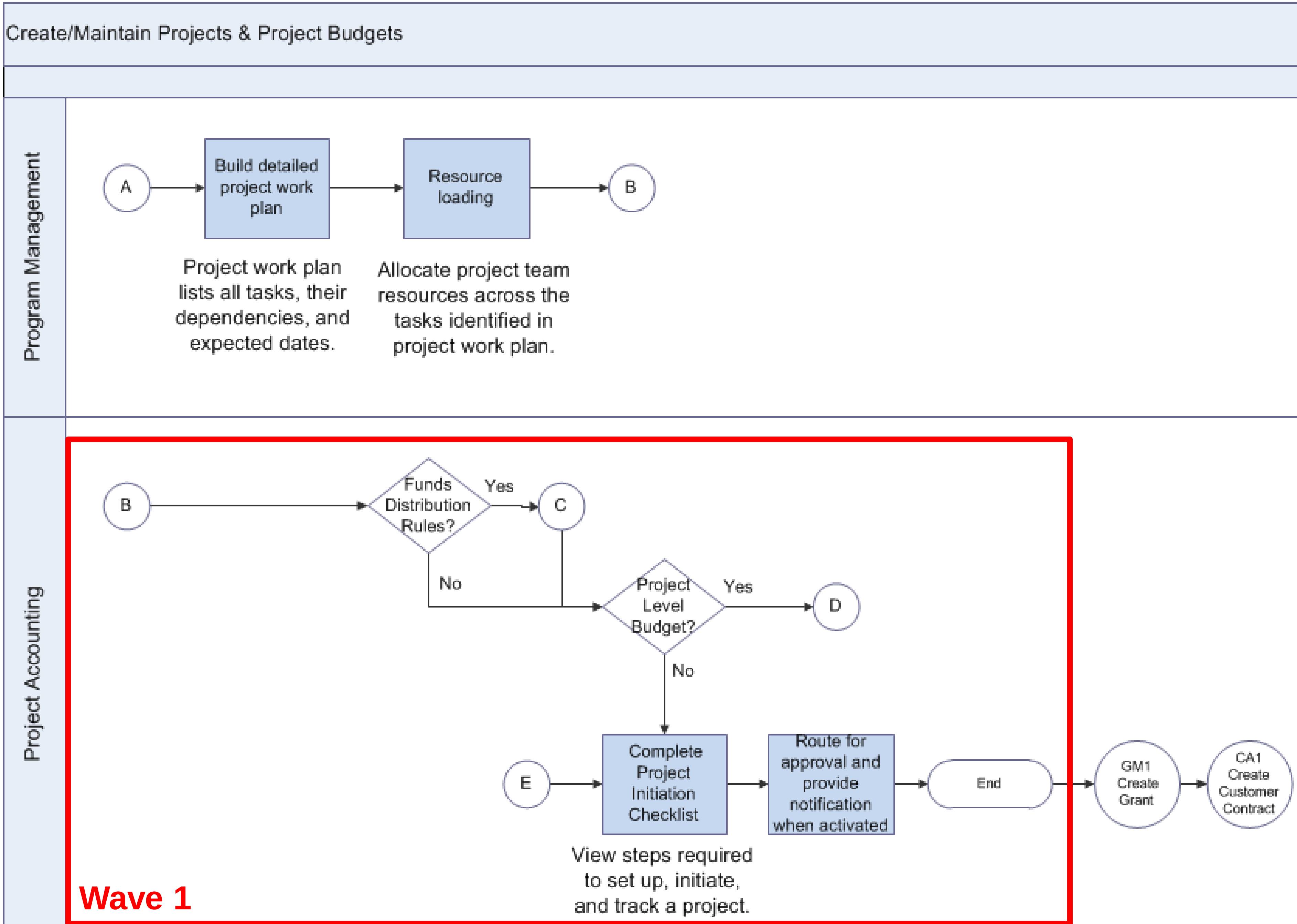
fiscal.cmo@fiscal.ca.gov

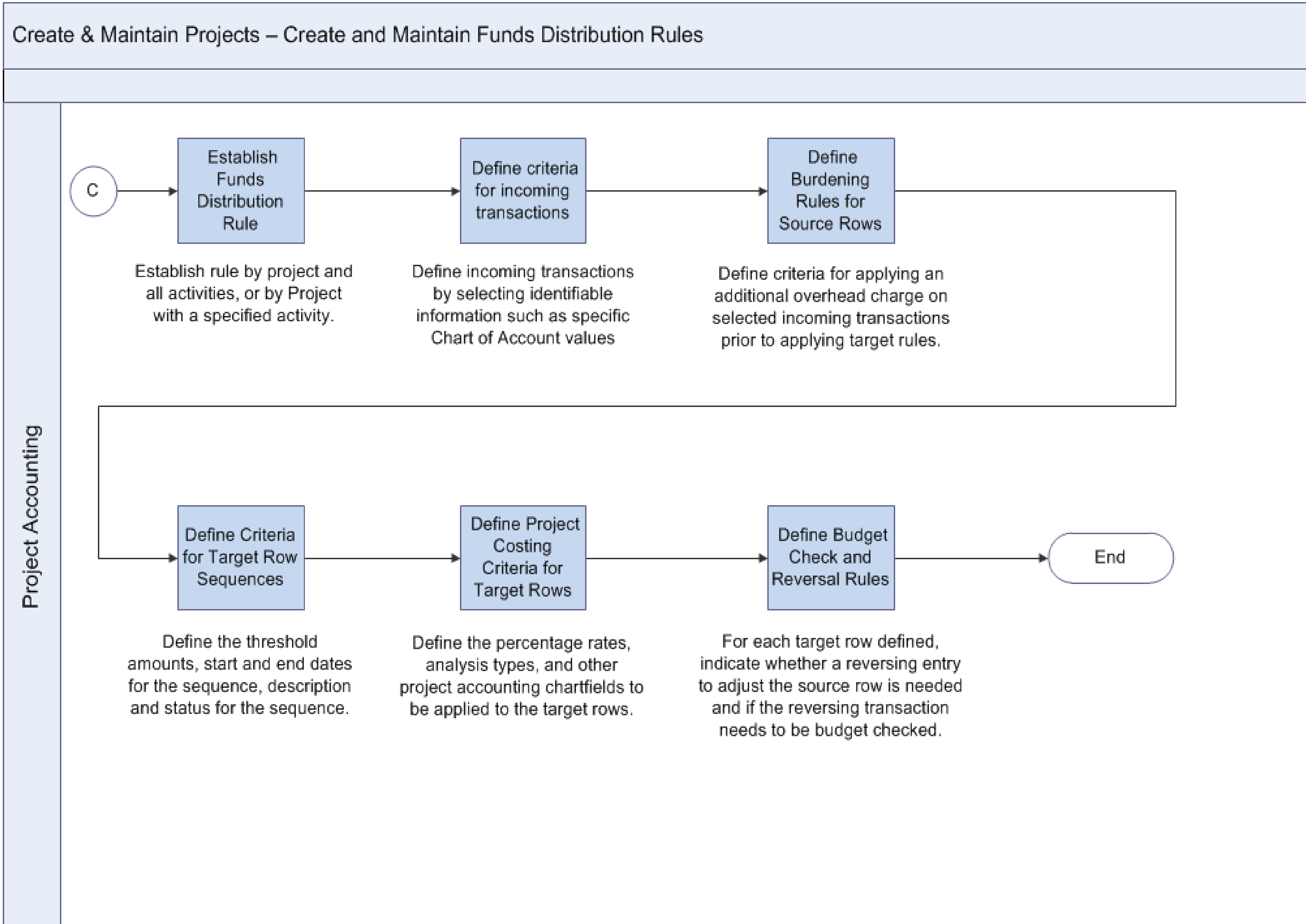
Appendix

Guide to Symbols in Flows

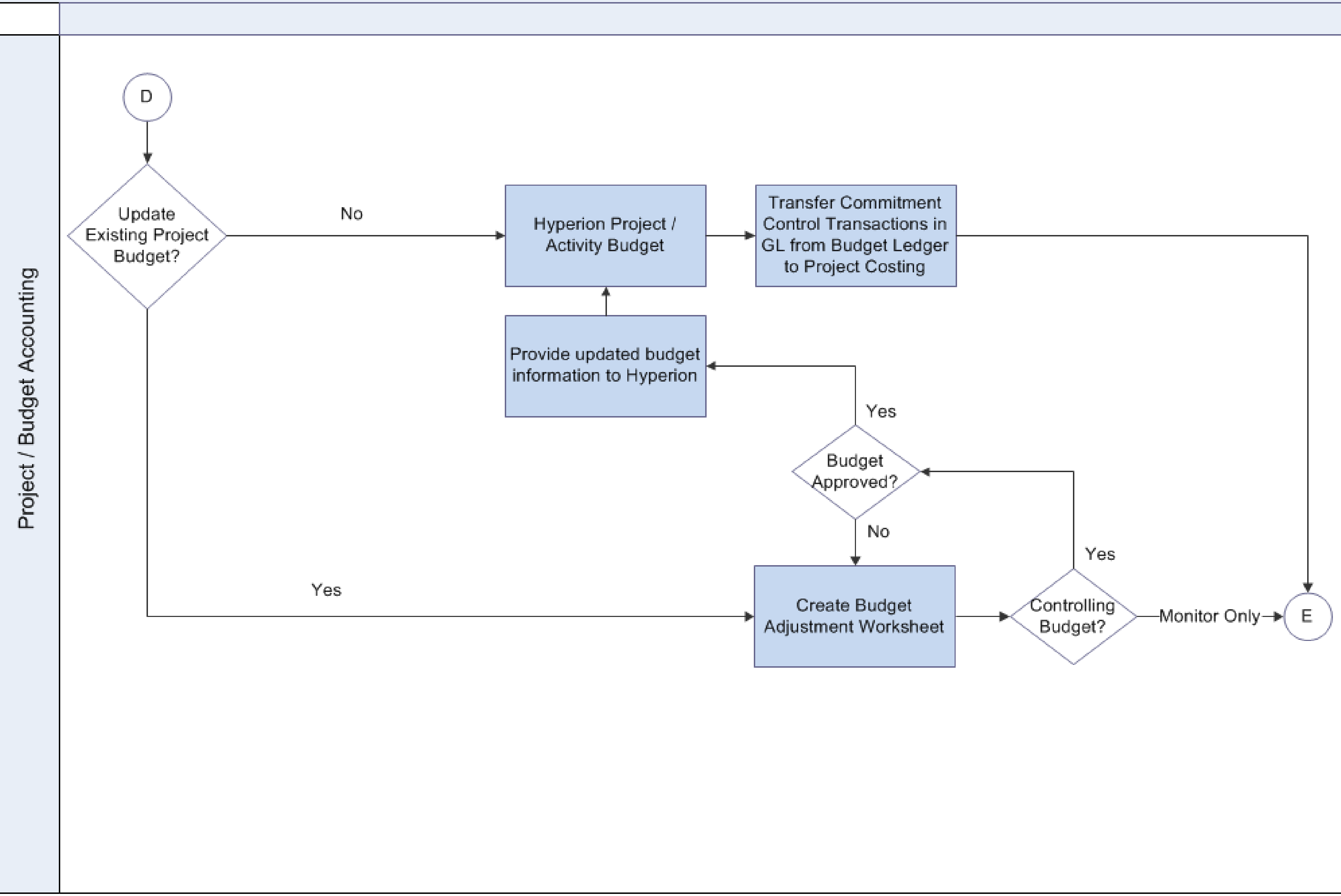



Project Accounting
Wave 1
Non-PeopleSoft systems include Hyperion Planning, and departmental legacy systems
Map fields from Non-PeopleSoft systems
Run Load Interface
Refine Project Details as needed
Start
External Integration?
Yes
No
Create New Project if not updating an existing Project
Define/Update General Information
Establish/ Update Project Costing Definition
Establish/ Update Project Activities
Send to Primavera?
Yes
No
A
B
A project can be created from blank, created from a template, copied from an existing project.
Define project attributes such as description, project type, schedule, business unit integration, status.
Associate Project to Program, Project Manager, Phases, Location, and Asset Management integration
Create Project Activities to define work breakdown structure of tasks.

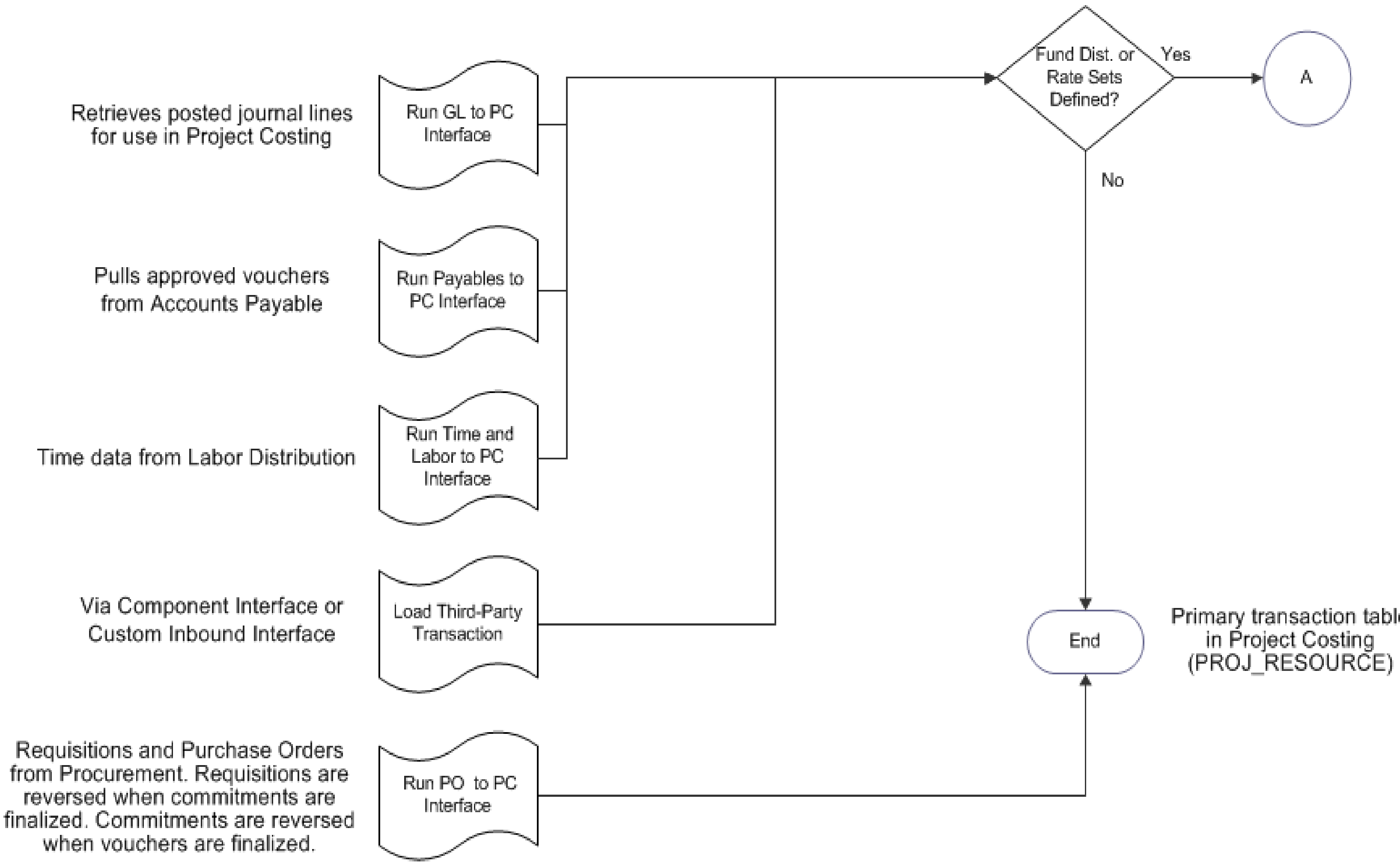

Create/Maintain Projects & Project Budgets
Program Management
A
Build detailed project work plan
Resource loading
B
Project work plan lists all tasks, their dependencies, and expected dates.
Allocate project team resources across the tasks identified in project work plan.
Project Accounting
B
Funds Distribution Rules?
Yes
C
No
Project Level Budget?
Yes
D
No
E
Complete Project Initiation Checklist
Route for approval and provide notification when activated
End
GM1 Create Grant
CA1 Create Customer Contract
View steps required to set up, initiate, and track a project.
Wave 1


Create & Maintain Projects – Create and Maintain Funds Distribution Rules
Project Accounting
C
Establish Funds Distribution Rule
Establish rule by project and all activities, or by Project with a specified activity.
Define criteria for incoming transactions
Define incoming transactions by selecting identifiable information such as specific Chart of Account values
Define Burdening Rules for Source Rows
Define criteria for applying an additional overhead charge on selected incoming transactions prior to applying target rules.
Define Criteria for Target Row Sequences
Define the threshold amounts, start and end dates for the sequence, description and status for the sequence.
Define Project Costing Criteria for Target Rows
Define the percentage rates, analysis types, and other project accounting chartfields to be applied to the target rows.
Define Budget Check and Reversal Rules
For each target row defined, indicate whether a reversing entry to adjust the source row is needed and if the reversing transaction needs to be budget checked.
End

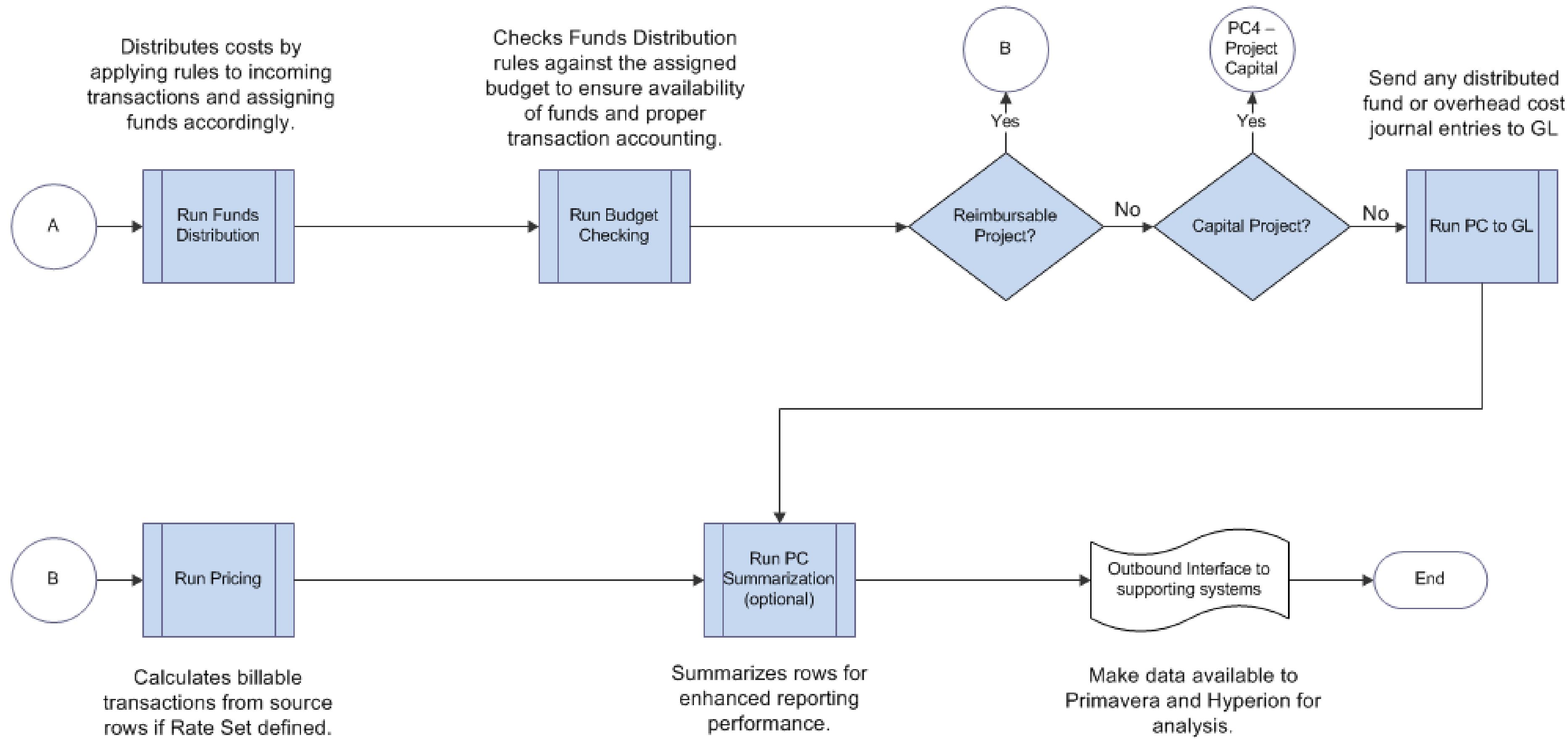
Create/Maintain Projects & Project Budgets



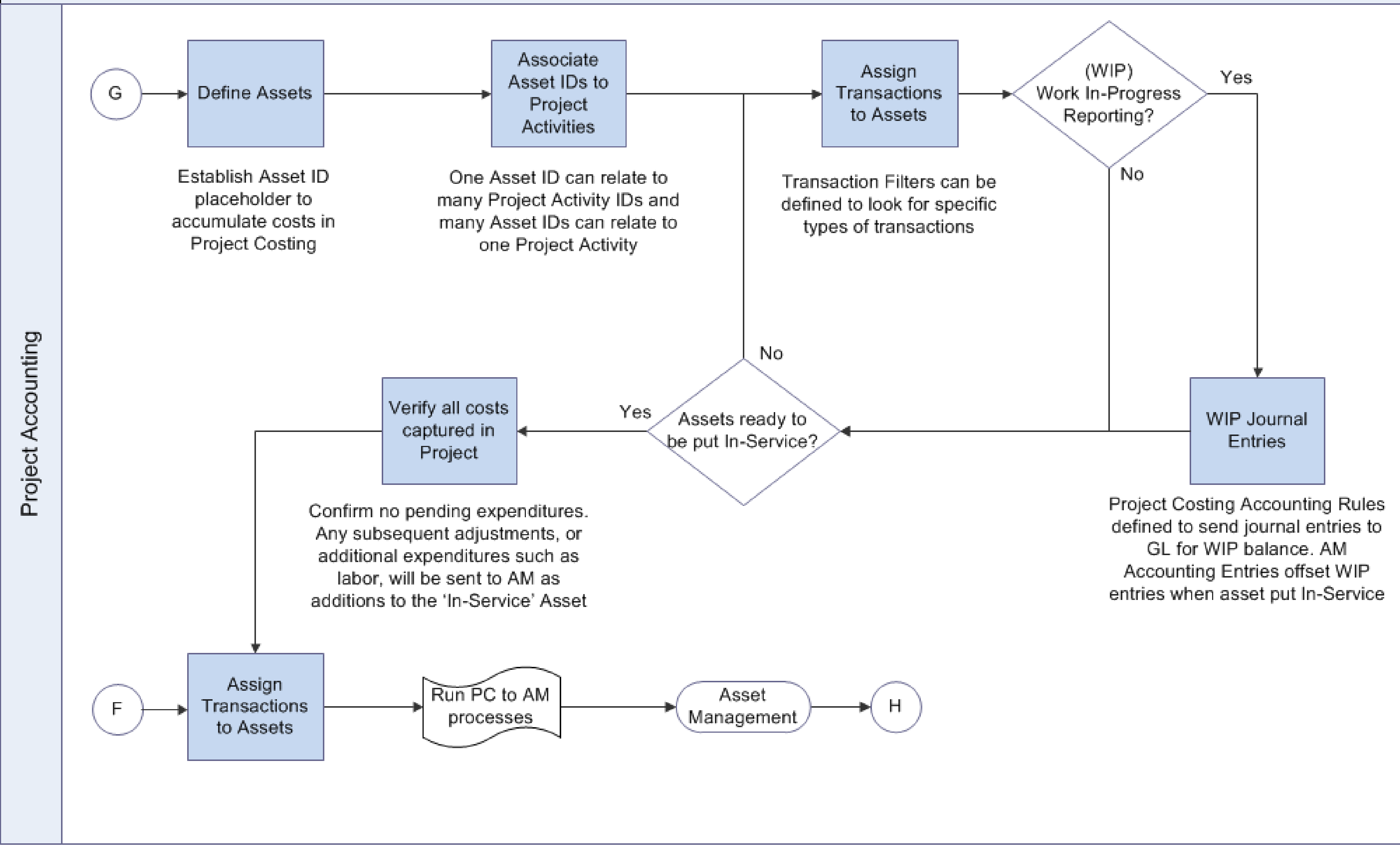
PC3 - Collect, Distribute & Price Cost - Cost Collection



PC3 - Collect, Distribute & Price Cost - Funds Distribution and Pricing



Project Capitalization



ChartField / UCM Codes Cross-reference