

ABT High Level Business Design –Finance Processes Labor Distribution

Business Process Description

Labor Distribution is a means to charge personnel costs (salary and benefits) to more than one organization or project code.

King County budgets for personnel costs (salary and benefits) in the performing “home” organization unit. Some employees provide work to multiple projects or organization units. Salary, paid time off, benefits and, in some cases, overhead costs need to be charged to the projects or organization units for whom the work is performed. Individuals itemize hours worked by project or organization unit. These costs are charged against the organization unit or project receiving the service, not the “home” organization budget. The “home” organization includes a budget “contra”, reflecting an estimate of the salary and benefit costs expected to be charged out. The net of the original “home” organization budget and the “contra” should cover any costs not charged out by the “home” organization.

Not all County organizations use labor distribution. There is a need to control which “home” organizations can charge to which other organizations or projects. ARMS and IBIS process labor distribution differently.

Recommended Business Process Design

The recommended design approach is to pass payroll transactions (salary, benefits and deductions) from PeopleSoft Time and Labor to the Oracle General Ledger summarized by general ledger code combination (Fund, Cost Center, Account, Activity). A custom Labor Distribution Interface program will collect project/grant related payable time transactions from PeopleSoft and calculate rates based on hours and dollars paid. The amounts will be summarized by pay period, and project/grant code combination (Project, Organization, Task Expenditure Type & Award) before passing the transactions to Oracle Project/Grant accounting. In addition, a custom labor detail reporting database will collect pay details (by employee, date, and pay code) for use in reporting and billing. The Project/Grant module will generate General ledger offset transactions to the “home” cost center based on accounting rules established for a particular project/grant coding combination.

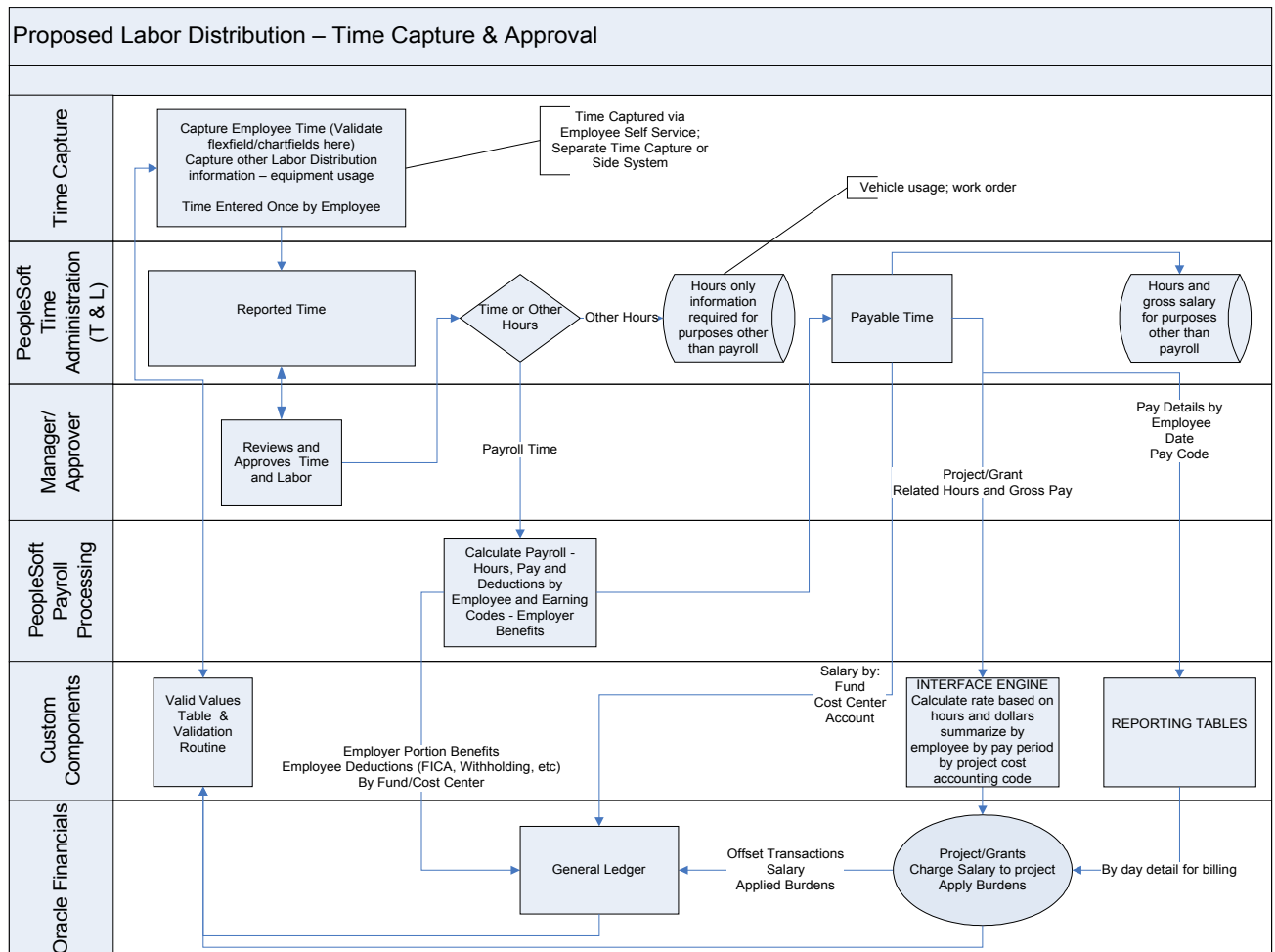
This design uses the PeopleSoft Time and Labor module as the primary repository for labor data collection (other time management systems will interface with PeopleSoft Time and Labor). The time captured would include details of hours worked against the employee “home” cost centers and other project/tasks and/or work orders. Time entry would capture the hours against different pay elements including standard hours, overtime hours and working out of class, broken down by

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the project the employee worked on. Any additional labor distribution information including Equipment usage, etc. may also be captured using the third party Time Entry system.

The labor detail reporting database would provide daily employee labor hours for audit, reporting and billing purposes.

Employee benefits, paid time off and other overheads will be charged back to the projects through established burden schedules within Oracle Projects/Grants.



Assumptions

- Actual time worked will be entered via a Time Entry system, which would include PeopleSoft Time and Labor and other third party Time Entry systems. The time captured would include details of hours worked against the employee “home” cost centers and other project/tasks and/or work orders. Time Entry would capture the hours against

different pay elements including standard hours, overtime hours and working out of class, broken down by the project the employee worked on.

- Any additional labor distribution information including vehicle usage, equipment usage or work order may also be captured using the Time Entry system and passed to the labor detail database and interfaced to appropriate systems.
- Vehicle and equipment usage amounts will be provided by the FASTER system which will pass transactions to Oracle Project/Grant accounting.
- All the “Reported Time” would be interfaced to the PeopleSoft Time and Labor module. Any additional approvals for the time reported would be processed within the PeopleSoft Time and Labor module.
- Any labor data correction will be processed within the PeopleSoft Time and Labor module and interfaced back to the custom labor distribution module.

Modules supporting process

- Oracle General Ledger
- Oracle Project/Grant Accounting
- PeopleSoft Time and Labor
- Other Time Entry Systems
- Custom Labor Distribution Interface
- Labor Detail Reporting Database

HLBD Session Summary

SEE SEPARATE DOCUMENT – [Labor Distribution Design Options](#); available on ABT SharePoint site.

Functional Gaps

- None Identified

Issues

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- Validation of project coding values at time entry; including limiting valid values to an individual user
- Task coding limitation and possible use of shortcuts for time entry

Organizational Impacts

- Project/grant time entry will be the same as time entry for payroll processing; not currently true for current ARMS agencies.

Roles and Responsibility

Process Step	Who Performs	Comment
Enter time	Agency Staff	Few staff currently enter time online.
Approve time	Agency Supervisors & Managers	Few currently use online approval of time entry
Maintain TRC to account crosswalk	Central Finance Staff	
Process payroll to GL	Central Finance Staff	
Process Labor Distribution to Project Grants	Central Finance Staff	
Calculate burden rates	Agency Finance Staff	
Set up and maintain burden rate tables in Project/Grants	Central Finance Staff	
Cost vehicle and equipment hours and create transactions to interface to Financials	Fleet System	
Import vehicle and equipment transactions	Central Finance Staff	

Procure to Pay

Business Process Description

The procure-to-pay business process supports the identification of sources, establishing prices, ordering and paying for goods & services from external vendors.

The process to procure goods and services should maximize value for the County's money in compliance with the Revised Code of Washington and County code.

Recommended Business Process Design

Purchases of goods or services under \$2,500 or otherwise exempt from purchase order/contract requirements will be handled by:

- Processing vendor invoices with Oracle Accounts Payable.
- Procurement cards (P-card). P-card information will be imported into Oracle iExpenses to provide account coding, review and approval before payment.

Employer expense claims and petty cash reimbursement will be processed using Oracle iExpense.

County Procurement and Contract Services will establish contracts with vendors for goods and services that are widely used across the County.

Agency users will initiate online requisitions for goods & services (over \$2,500 or \$1,000 for capitalized purchases)

- If a purchase agreement is in place for the good or service Oracle Purchasing will automatically generate the purchase order.
- If the County does not already have a purchase agreement in place:
 - for goods & services between \$2,500 and \$24,999 in value, when users will obtain three quotes from potential vendors and include the quote information and recommended vendor in an online requisition; central Finance procurement services will create a purchase order and send it to the vendor to place the order.
 - for goods & services with a value of \$25,000 or more, central Finance procurement services will manage the competitive process to identify the appropriate supplier for the goods or services.

All requisitions will be routed electronically for approval. Approvers shall authorize the disbursement of funds. Oracle Approvals Management Engine (AME) will be implemented to provide greater flexibility in approval routing.

Oracle purchasing and payables modules will be set up to take advantage of the streamlined business process for transaction types identified by Finance & Business Operations Division, including evaluated receipt settlement and electronic payment methods.

Oracle purchasing will use XML to create Purchase Order documents to be e-mailed or faxed to vendors.

Procurement and Contract Services Section will use Oracle Procurement Contracts module, Sourcing module and iSupplier module to implement streamlined business processes and increase visibility of procurement processing.

Daily Business Intelligence will be implemented to assist in the management of the procurement processes based on predefined Key Performance Indicators (KPIs).

Assumptions

- Accounts Payable will maximize the use of electronic payment methods.
- Finance & Business Operations Division will complete the work to establish Procurement Card policy and procedures
- Finance & Business Operations Division will identify types of payments for which they will allow evaluated receipt settlement (ERS). ERS is a streamlined business process that eliminates the need to enter a vendor invoice into the system and matches receipts and purchase orders to validate payment eligibility.
- The county will not use Oracle service contracts at this time; it is designed primarily to support contract workers and the full functionality is realized when integrated with Oracle time entry and accounts payable.
- Encumbrances will be used. Requisitions will create “commitments” that will be converted to “obligations” when a purchase agreement is created and subsequently liquidated when a payables transaction is processed.

Modules supporting process

- Purchasing
- iProcurement
- Sourcing
- iSupplier Portal
- Procurement Contracts

- Accounts Payable
- iExpenses
- Daily Business Intelligence for Procurement

HLBD Session Summary

(Finance HLBD session presentations and notes are available to ABT SMEs on the ABT SharePoint site)

iExpense/PCard/Payables

- Purchasing card – demonstrated the use of a P-card as a payment method towards an existing iProcurement purchase request. The requisition(s) is included on the purchase order and sent to the vendor to reference on their payment information. P-card files can be downloaded from the vendor and routed for review and approval using Oracle functionality. Participants looked at using Oracle’s P-card functionality for ad hoc purchases, to import the details from the P-card vendor, and the added step of providing a review and approval of appropriate account coding when a requisition or purchase order is not required.
- One-time vendors – the County disburses high volume, low dollar payments to one-time vendors (e.g. jurors). Participants discussed using the one-time vendor flag functionality in Oracle during the creation of a vendor record. An alternative approach using descriptive flexfields (DFFs) to capture the payee name and address was also discussed. Such functionality would require the modification of the check printing process to access and populate the warrant with the payee information contained in the descriptive flexfields.
- Employee travel expense – demonstrated iExpense functionality for users to enter reimbursement claims online. Oracle provides the ability to establish per diem and mileage reimbursement rates as well as the capability to indicate which expenses require receipts. The functionality may also integrate with AME.
- Electronic payment methods – demonstrated ability to set up vendors to receive electronic payments and the functionality to generate a “bank ready” transaction file from accounts payable.

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- Petty Cash – we can create a separate template in iExpense to handle requests for petty cash reimbursement.
- XML Publisher – discussed ability to use XML publisher to create warrant document templates including MICR coding line (currently use 3rd party tool).
- Payables Invoice – demonstrated manual entry of an invoice and matching it to a purchase order.

iProcurement

- Online catalogue – through iProcurement functionality we can make available multiple online stores with approved goods and prices from vendor websites available for purchase by County staff.
- Online Blanket Purchase Agreements – demonstrated ability to provide users accessibility to contractually negotiated items. Users can search for a needed item and add it to the iProcurement shopping cart. The requisition is forwarded for approval and a blanket release can be automatically generated.
- Encumbrance – demonstrated ability to encumber funds at time of requisition or purchase order as well as define budget advisories or restrictions by account number in Oracle Purchasing and iProcurement.
- Requisition approval – demonstrated requisition approval routing by dollar threshold and document types, including Oracle functionality to address when an approver is out of the office. AME routing can include manual additions of names for review and approval.

Purchasing

- Blanket Purchase Agreements – demonstrated both automatic and manual creation of blanket releases through iProcurement and Purchasing modules. Once a blanket agreement has been approved, Oracle functionality permits warnings to be displayed for items requisitioned which are contained on an existing blanket. Using workflows in Oracle, it is possible to automatically create releases for approved requisitions.
- Receipts – demonstrated receiving goods and services against blanket releases and purchase orders.

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- AP/PO match – demonstrated ability for Oracle Purchasing and iProcurement to use two- and three-way matches as a receipt for progress payments, contracts, and goods received.
- Tolerances – we can establish receipt and invoice tolerances in Oracle Purchasing and iProcurement. Demonstrated relationship between tolerances and additional charges (e.g. fuel tax, hazmat fees, rental tax, etc.).
- Supplier Lists – we can create approved supplier lists for use with Oracle’s RFQ functionality to automatically populate and generate multiple quotes for the same item(s).

Oracle Approvals Management (AME)

- Approval Rules – demonstrated approval routing rules by type (e.g. requisition, purchase order, invoice, etc.). Oracle AME functionality enables approval management for organizational structure changes; re-routing for time-off of approving personnel; and user additions. Rules can be dated and prioritized to reflect changes in the approval requirements.
- Integration – AME functionality can be integrated with multiple Oracle applications.

iSupplier Portal

The Oracle iSupplier Portal is the foundational module for the other advanced procurement modules (Sourcing, iProcurement, Contracts, Services Procurement, Purchasing, Daily Business Intelligence for Procurement).

- Register iSuppliers – demonstrated invitation and registration for vendor internet access which permits vendors to view current status and updates (optional) of procurement and payable activities within the County. Additional functionality permits the supplier to make online requests for contract change orders. Participants discussed the need to assess Oracle’s functionality that restricts vendor visibility by purchase order, site level, or other criteria.
- Create iSupplier Invoice – demonstrated Oracle functionality that allows vendors to enter invoices online through iSupplier.

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- Update iSupplier Category codes – demonstrated the ability to add, remove and edit Category Codes for suppliers which can be used to build solicitation lists in Oracle Sourcing.

Sourcing

Oracle Sourcing is dependent on iSupplier.

- Approved Supplier List – demonstrated the creation of the approved supplier list and sourcing rules by item, organization, and category. Oracle Sourcing rules streamline the selection and purchase of items when integrated with iProcurement blanket purchase agreement functionality.
- Contract Templates & Deliverables – demonstrated the selection, review, and edit of structured contractual deliverables and Procurement Contract terms and clauses to create a Sourcing RFQ document.
- Sourcing RFQ – demonstrated creation, review, and approval of RFQ/RFI from contract templates. Oracle functionality provides the ability to review and approve the request; identify the level of online visibility for RFQ details and vendor responses; set start and close dates; and include a list of suppliers to be notified of published request using iSupplier manual selection, commodity codes or Sourcing Invitation Lists. We can create a RFQ manually or automatically from an approved requisition.
- Respond to and Awarding Sourcing RFQ – demonstrated functionality for a vendor with access to iSupplier and Sourcing to view and respond to RFQ/RFI invitations. The sourcing buyer can review all quote responses, close, and award the RFQ/RFI. Oracle processes allow the ability to extend and cancel RFQ's.
- Create Contract – demonstrated process to integrate awarded RFQ with Procurement Contracts.
- Autocreate P.O. - Oracle Sourcing permits users the option of creating and approving a purchase order or blanket agreement from the RFQ, including attachments from the Sourcing request.
- Supplier Messaging – demonstrated Sourcing functionality to notify iSuppliers of new invitations to bid or quote for County products and services. Suppliers may view County requests, indicate their desire to respond, and submit their responses online through the

Sourcing module. Updates regarding the status of RFQs, awards, and deliverables can be made available for suppliers to view.

Procurement Contracts

- Create Clauses – we can use this functionality to create, manage, and approve boilerplate contract clauses and templates to be applied to purchase orders and Sourcing documents (e.g. RFQ's, RFI's, RFP's, etc.). Demonstrated the creation and approval of clauses. Oracle can track version history, apply effective dates (start and end dates) for greater control, and allow or prevent updates to the text.
- Create Variables – we can identify variable text options to be inserted into clauses for key words when applied to a purchasing document.
- Create Deliverables – demonstrated the addition of deliverables for contracts and RFQ's. Each deliverable can be assigned a fixed or relative due date and notifications can be turned on to assist in management of the procurement document.

Services Procurement

- Job category associations – demonstrated creation of jobs and association with purchasing categories to establish a list of services that can be used when creating requests and purchase orders in Purchasing and iProcurement.
- Contractor request – iProcurement functionality permits users to create a Contractor Request and suggest suppliers or select one(s) from the Approved Supplier List (ASL) for services previously established as jobs.
- Blanket Agreement/P.O. – demonstrated how to create a blanket agreement using job categories. Any contractor requests matching a blanket agreement will result in an auto-created purchase order and be routed for approval. Oracle functionality permits expenses to be entered on the same P.O.

Functional Gaps

- Use tax on purchases and P-card transactions.
- Amount of P-card purchases by vendor for 1099 reporting.

- P-card cannot use project/grant coding

Issues

- Current concern about whether multiple payment runs are possible.
- Significant effort required to implement NGIP commodity codes in Oracle.
- The effort required to collect vendor information in order to register them in iSupplier.
- Not all suppliers may necessarily have access to iSupplier.
- iSupplier security functionality to restrict vendors access and visibility needs to be explored.
- Need to determine to what extent Approval Management Engine functionality will meet the need of all requisition and purchasing document approvals, such as modifications after approval has been received and purchases that qualify for waivers (sole source, special facilities, special market conditions or emergency).
- May want to investigate the ability to use Oracle functionality to integrate payments made using Fleet issued Voyager credit cards.
- Decision will be required regarding whether we set up one time vendors or use a custom solution with Descriptive Flexfields and develop an extension of the check print program
- Determine whether unpaid expense lines from previous P-card processing can be tied to the original P-card file.
- Need to assess how well Oracle receipts meet Roads field order process requirements. Field orders to track purchases of gravel and other materials for road projects; this process is partially automated and integrated with the ARMS financial system.
- Need to research the year end encumbrance carryover functionality and determine how to best use it.
- Need to evaluate the extent to which attachments to requisitions can replace the need for hard copy files of supporting documentation
- Assessment of county requirements and Oracle functionality for Small and Disadvantaged businesses is needed.

Organizational Impacts

- County procurement of goods and services policies may need to be modified to reflect the primary use of iProcurement by agencies to place orders and to reflect the role of “distributed buyers” when using the Purchasing functionality to create contract documents online for procurements exempt from the competitive bidding processes.
- Staff that currently pick up the phone to a vendor and places an order will now use the online iProcurement to create a requisition.
- Decisions are needed for the use of online submission of invoices via iSupplier Portal, Purchase Order/Requisition/Accounts Payable tolerances and over-rides.
- Resources need to be assigned to reconcile the encumbrances.

Roles and Responsibility

Process Step	Who Performs	Comment
Create requisition and expense reimbursement claims	Agency User	
Approve requisition and expense claims	Agency Approver	
Manage competitive bidding	Central Purchasing	
Create Purchase Order/Contract Agreement/Online Catalogues	Central Procurement Services Automated	Central procurement services will create purchase orders, online catalogues and contract agreements resulting from competitive bidding The system will automatically create Purchase Orders where a purchase agreement is in place for the particular good or service included in an online requisition
Receive goods and services	Agency User	
Process vendor invoices and expense claims	Central Payables	

ABT High Level Business Design – Finance Processes

Process Step	Who Performs	Comment
Create and maintain vendors and Approved Supplier lists	Central Procurement Services	New activity would involve invitation and registration of iSuppliers
Reconcile encumbrances	Central Finance	New activity
Process year-end encumbrance	Central Finance Budget Office	
Set up and maintain category codes and items	Central Procurement Services	
Create and manage Sourcing documents	Central Procurement Services	
Create and manage Procurement Contracts templates	Central Procurement Services	
Inquire on requisition/purchase order/release/contract/invoice status	All Users	
Generate and view standard reports	All Users	

Financial Accounting & Reporting General Ledger - Chart of Accounts

Business Process Description

Chart of accounts is the classification coding structure used to record financial transactions.

Recommended Business Process Design

Proposed Accounting Coding Block Elements

GENERAL LEDGER SEGMENTS	
FUND	Use roll up hierarchies to address summary fund
COST CENTER	Use roll up hierarchies to address management reporting and appropriation units (set aside a range of values to be used for GL project reconciliation here or in another segment)
ACCOUNT	Use roll up hierarchies to address summary accounts
ACTIVITY	Classification to capture costs/revenues across cost centers or at a more detailed level below cost center
PROJECT	Used for Integration with Project Costing Module
SECONDARY FUND	Secondary Balancing Segment – values entered automatically by system
BARS FUNCTION	Would be derived from cost center or mapped from project task values
To Be Determined	Field for future use; users will not be allowed to enter values

Assumptions

- All transactions coded to Project/Grants will flow through to the General Ledger using rules established with the account generator.
- BARS function element would not be needed if an alternate method is developed. One approach discussed was to view it as a reporting issue and create a table to contain the rules, rather than building rules in the system to populate a separate coding segment.

Modules supporting process

- Oracle General Ledger

HLBD Session Summary

(Finance HLBD session presentations and notes are available to ABT SMEs on the ABT SharePoint site)

- Reviewed current ARMS and IBIS Chart of Accounts Structures
- Recognized that projects will be accounted for in separate module meaning no project segment would be need in General Ledger
- Discussed need of General Ledger activity segment
- Set of Books as defined by currency, calendar and chart of accounts was discussed; different sets of books can share chart of accounts value sets even though they have a different COA structure.
- The concept of roll up hierarchies was discussed
- Recommended that current practice of controlling the set up of new flexfield values be controlled centrally

Functional Gaps

- None Identified

Issues

- May need separate Set of Books to address School District fiscal year
- Need to establish values in rational ranges of numbers to facilitate validation rules, allocations and hierarchy roll up structures.
- Need to make decisions about size and format (numeric, alphabetic or alphanumeric); need to consider impacts on: existing interfacing systems, as well as, additional coding elements required for project/grant transactions.
- Changing the chart of accounts structure will have a significant impact on data conversion
- Whether cost centers should be restricted to only one fund (currently in IBIS a cost center can be used in multiple funds primarily to tack labor costs)

Organizational Impacts

- Use of separate coding structure for project/grant accounting

ABT High Level Business Design – Finance Processes

- Agencies have an opportunity to create an organization structure that better meets their needs, with the understanding that comparability with historical information is compromised.
- Agencies can make use of the new activity field

Roles and Responsibility

Process Step	Who Performs	Comment
Request new values	Agency Staff	
Approve and set up new values and hierarchies	Central Finance	

Financial Accounting & Reporting General Ledger

Business Process Description

The financial accounting business process supports external financial reporting and internal management reporting, including monitoring budgetary compliance. Financial transactions are classified within the general ledger chart of accounts structure.

Recommended Business Process Design

General Ledger will be implemented and used to post summarized transactions from other Oracle applications (receivables, payables, inventory, projects, purchasing & assets) and external systems (payroll, investments, fleet management, property tax, operating budget preparation, etc.). General Ledger will also be used to initiate journal entries to reflect reclassifications, charges to other organizations, or other inter-organization or interfund transactions.

Assumptions

- Users will be able to use web based Application Desktop Integrator (ADI) to create journal entries using a preformatted Excel file.
- Maintain summarized data in the General Ledger that reconciles with subsidiary ledgers
- Operating budgetary compliance will occur in the General Ledger
- Encumbrances will be used
- The General Ledger will be kept on a budgetary basis. Non budgetary basis transactions required for external financial reporting by Generally Accepted Accounting Principles (GAAP) will be made using one specific adjustment cost center (current IBIS practice).
- To prevent overlap between the General Ledger and project budgets, budgetary controls are likely to be advisory by cost center and summary account (account class) with the possibility of hard controls applied to total expenditure budgets at the appropriation unit level.
- To accommodate the School district fiscal year (September – August), two sets of books will be established and transactions between them will be maintained.

Modules supporting process

- General Ledger
- Fixed Assets
- Accounts Payable
- Accounts Receivable
- Inventory
- Purchasing
- iProcurement
- Projects

HLBD Session Summary

(Finance HLBD session presentations and notes are available to ABT SMEs on the ABT SharePoint site)

- Journal Entry Approvals – We can specify journals that require approval routing. Demonstrated creation of approval hierarchy and authorization limits. Workflow functionality can be set to notify preparer that no approval response has been made in a specified timeframe.
- Aliases – demonstrated setting up of aliases, but they were not seen to have much value to the County.
- Mass Allocations – demonstrated creation of mass allocation formulas using different segments and amount types as well as the validation, run request and review of mass allocation batches. We can monitor batch status and respond to error notifications prior to posting to the journals.
- Recurring Journals – demonstrated the creation, review, and posting of recurring journal batches and lines using different journal types.
- Interfund Journals – we can employ online approval routing for interfund transfers by using the Approvals Management Engine (AME), which is not available for general Ledger until Oracle version 12.

Functional Gaps

- General Ledger transactions cannot include lines coded to project/grants; may need to have and project/grant structure to support transactions between agencies that are general ledger based (Fund/cost center) versus those that use projects.

Issues

- If the activity classification is used county-wide for account coding, it constrains its usage for agency-specific purposes and would require agencies to use sub-activity thereby reducing their current classification structure from two to one.
- Maintaining a 12 month period versus a 13 month period leaves one period open for possible use to control year end accounting adjustments.
- A decision needs to be made regarding whether to permit cash transfers during an adjustment period, if one is used.
- Need to develop journal entry naming conventions and standards for the type of information to include in descriptions.
- Need to evaluate the extent to which attachments to journal entry transactions can replace the need for hard copy files of supporting documentation

Organizational Impacts

- ARMS users will need to get used to creating transactions online
- User roles will likely have security rules to limit the organizational values to which individual users have access to transact within.

Roles and Responsibility

Functionality	Process Description	Who
Create journal entries	Agency Users	
Approve journal entries	Agency approvers Central Finance Approvers	Central finance will review all manual journal entries for accounting propriety
Post journal entries	Central Finance	

ABT High Level Business Design – Finance Processes

Functionality	Process Description	Who
Import transactions from other modules or systems	Central Finance	
Inquiry on balances and transactions	All GL users	
Generate and view standard reports	All GL users	
Create new system general ledger reports	Central Finance	
Open & close general ledger periods	Central Finance	

Financial Accounting & Reporting Fixed Assets

Business Process Description

Record fixed assets purchased and constructed, support annual personal property physical inventory, calculate depreciation and generate depreciation financial transactions, maintain asset record details, and serve as a subsidiary ledger to the general ledger.

Recommended Business Process Design

Implement standard Oracle functionality and the GASB34/35 extension to maintain the integrity of the original budgetary expenditures.

Assumptions

- All purchased personal property assets will still require a purchase order.
- iProcurement will facilitate automatic creation of Purchase orders when County has a contract with a specified vendor to provide that commodity.
- Specific asset related commodity codes will be associated with appropriate expenditure accounts to automatically activate the asset flag on the payables invoice entry screen.

Modules supporting process

- Fixed Assets
- Accounts Payable
- Purchasing
- iProcurement

HLBD Session Summary

(Finance HLBD session presentations and notes are available to ABT SMEs on the ABT SharePoint site)

- Functional Setup – demonstrated how to establish and use asset books, flexfields, asset categories, asset locations, and asset keys.

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- Creation of Asset – demonstrated the creation, review, and posting of assets using the mass additions functionality through the transfer of data from other Oracle applications and external systems interfacing with Oracle. Assets can be identified on invoice distributions manually using an asset flag or automatically through asset categories, Expense Items, and P.O. items associated with an asset category. We can also create fixed assets manually using the Asset Workbench and Quick Additions.
- Merge and Split Assets – we can both merge separate asset lines into a single cost and asset, and split one line with multiple units into several units to create separate assets.
- Transfer of Asset – demonstrated the ability to re-assign assets to a different location, employee and depreciation account.
- Retirement of Asset – Oracle Fixed Assets functionality allows an asset or group of assets to be retired in whole or part. Further functionality permits users to re-instate retired assets under certain conditions and automatically creates journal entries for depreciation expense.
- Depreciation – demonstrated option to close depreciation periods and ability to override depreciation amounts automatically calculated by Oracle.

Functional Gaps

- None identified

Issues

- County's is currently working on changing the asset capitalization threshold from \$1,000 to \$5,000.
- Need to determine the value of using multiple asset books
- Need to determine how infrastructure will be reflected in the Fixed Asset System
- Need to decide on how to track personal and real property items purchased during a capital project
- Fleet and Personnel Property would like asset statistical and activity reports such as data entry by user, number of new asset records, or data entry by transaction type.

ABT High Level Business Design – Finance Processes

- Service fees and other charges related to asset disposition are not treated consistently across agencies
- When an asset is traded for another asset, trade-in amounts are often not reported correctly as a disposition of the original asset

Organizational Impacts

- Need to decide how to use and set up values for the Asset flexfields:
 - Asset Category
 - Asset Location
 - Asset Key
- IBIS agencies will need to adapt to having integration of asset purchases and capital projects with the asset system; the current processes are manual.
- ARMS agencies will need to adapt to having capital projects integrated with the asset system; the current process is manual.
- Central Finance will need to execute the various processes required to import assets from payables and project costing.

Roles and Responsibility

Process Step	Who Performs	Comment
Order personal property via iProcurement requisition	Agency Staff	
Create & maintain asset flexfield values	Central Finance	
Execute Real Property Purchases and notify central finance accounts payable	Facilities Staff	
Activate asset flag on real property purchase invoices	Central Finance	
Manage Asset Workbench	Central Finance	
Flag constructed assets as put in service	Agency Project Managers	

ABT High Level Business Design – Finance Processes

Process Step	Who Performs	Comment
Add additional information to asset record	Agency Asset Staff	
Execute asset module related processes	Central Finance	
Create physical inventory reports	Fleet Personal Property Management	
Conduct and report physical inventory results	Agency Asset Staff	
Notify Fleet Personal Property Management of asset transfer or disposition	Agency Asset Staff	
Enter asset transfer or disposition in asset system	Fleet Personal Property Management	
Notify central Finance of donated assets	Agency Asset Staff	
Add donated assets to system	Central Finance	
Annual physical inventory report to Council	Fleet Personal Property Management	
Query Asset Records and run asset reports	Agency Asset Staff	

Project and Grant Accounting

Business Process Description

Accumulate and report detailed cost and revenue information by work breakdown structure for county projects and grants, including: multi-year, construction projects (capital projects); on-going program related activities (operating projects); and grant funded activities.

Recommended Business Process Design

Project/Grant Costing and Grant billing functionality will be used at a minimum for all grant funded and capital projects; it will also be used for all projects that are billed out to external customers. It may also be used for operating projects. Encumbrances will be used and capital project budgets will be monitored in Project Costing.

Salary charges will be interfaced each pay period summarized by project account code (Project, Organization, Expenditure Type, Task & Award) from PeopleSoft Time and Labor via a custom labor distribution process. Burden rates will be used to apply indirect costs to a project, including paid time off, benefits and administrative overhead.

Project templates will be established to facilitate ease of new project set up and to ensure consistency.

Project costing is integrated with General Ledger to ensure all financial transactions are reflected for external financial reporting.

Project/Grant billing generates invoices that are passed to Account Receivable for issuance and tracking of payments.

Assumptions

- Grant Accounting module will be used countywide for grant funded activities.
- Project Costing will be use countywide for capital projects.

Modules supporting process

- Grants Accounting/Billing
- Project Costing
- General Ledger

- Fixed Assets
- Accounts Payable
- Purchasing
- iProcurement
- Receivables
- Labor Distribution

HLBD Session Summary

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- Project Types – demonstrated a capital sponsored project with the use of funding patterns and a capital non-sponsored project with a Work Breakdown Structure (WBS) involving multiple department/division responsibilities. We can manage both externally and internally funded capital projects.
- Work Breakdown Structure – we can establish any number of tiers needed to manage and report projects.
- Expenditures – Oracle functionality permits multiple expense categories and types and enables us to institute transaction controls for allowable costs. Demonstrated the creation of usages, purchase orders and payable invoices using funding patterns. Demonstrated Oracle functionality to split and/or transfer project costs as needed.
- Budgetary Controls – we can use budgetary and expenditure controls at the lowest task level.
- Costing – we can establish multiple burden rates, cost structures and schedules (both firm and provisional).
- Billing & Revenue – demonstrated Oracle functionality to create and approve receivable invoices for grants by cost and event.
- Awards – we can distinguish between federal, state, and private types of awards. Demonstrated the creation of an award proposal and budgetary development with

- approval routing. Demonstrated allowable cost schedules for awards. Controls can be instituted to track future funds not yet available for use.
- Assets and Depreciation – we can place assets in service on varied dates and create different depreciation schedules. Oracle Project interfaces new assets with Oracle Assets.
 - Review – demonstrated functionality to track and view project expenditures and project status at both high and detailed levels. We can also review and track award progress and status.

Functional Gaps

- None identified

Issues

- In order to use a project it must have a minimal budget (\$1).
- Need to determine how to calculate unrecoverable burden costs from a grantor on a project
- Need to better understand how grant program income can be appropriately recorded and tracked.
- Need to determine how to record and report BARS expenditure function relative to project based expenditures.
- Interested in integration with MS Project or other project management software.
- The complex and divergent process involving work authorizations used for project billing makes it difficult to correct errors and leads to inefficiencies during period-end processing.
- Some detail information required for Grants are currently tracked using side systems and will now be able to be tracked in the Grants module.
- Need to determine if we will use alphabetic values for expenditure types, numeric values or some hybrid.
- Will need to develop customer invoices; invoices may need to get detailed information from the custom labor distribution detail tables.

- We may need to separate out vehicle and equipment replacement cost rates from the base rate to be able to use allowed cost functionality

Organizational Impacts

The Projects/Grants module is complex and will take a significant amount of work to understand how to build projects to best use the available functionality. In some cases, an organization may choose to utilize Project/Grants to conduct all operating and capital financial activities.

- IBIS agencies will need to calculate and use burden rates; currently they use monthly mass allocation of actual amounts to distribute paid time off and benefits.
- Agencies will need to develop a set of project templates
- To best use the Grant functionality and funding rules should be determined in advance and put into the system.
- Project/Grants budget changes are reflected not as budget transactions, but as new versions of the budget.
- Account generator rules will need to be developed to ensure complete and accurate recoding of all project transactions in general ledger.
- A new required activity is reconciliation of Project/Grants to the General Ledger
- Budgetary control is complex with checking by award amount, project budget and General Ledger budget, if applicable.

Roles and Responsibility

Functionality	Process Description	Who
Create project templates	Central Finance	
Create new projects	Agency Finance or Project Managers	
Determine burden rates	Agency Finance or Project Managers	
Enter burden rate schedules in system	Central Finance	
Maintain general ledger accounting rules	Central Finance	

ABT High Level Business Design – Finance Processes

Functionality	Process Description	Who
Set up customer	Central Finance - AR	
Generate project invoices	Central Finance - AR	
Print and send invoices	Central Finance - AR	
Process receivable payments	Central Finance - AR	
Flag capital project to indicate asset as placed in service	Agency Project Manager	
Load capital budget	Central Finance	
Adjust capital budget	Agency Project Manager	Need to put in place process to ensure appropriate budget authorization
Enter expenditure or revenue transfers (project to project)	Agency Project Manager or Finance Staff	
Set up awards	Agency Finance Staff	
Enter project funding patterns	Agency Finance Staff	
Set up and maintain expenditure types	Central Finance	
Create allowed cost schedules	Agency Finance Staff	
Create transaction controls	Agency Finance Staff	
Order & receive goods & service for projects	Agency Project Administrative Staff	
Approve requisitions for project goods & Services	Project Manager or other Agency authorized user	
Pay for project goods & services	Central Finance Accounts Payable	
Enter time worked on project	Project Staff	

Financial Accounting & Reporting Interagency Billings

Business Process Description

Various county agencies provide services to other county agencies. Financial transactions are needed to reimburse the service providing agency (or “home” organizational unit) for the cost of the services provided. Charges can be fixed fee or variable based on the cost of providing the service. In some cases the same services are also billed out to external (non-county) customers.

Current interagency billings include:

- Central Service Costs
- Building Rent
- Radio Communication Fund Charges
- Permit Fees
- Purchasing Bid Advertisement Fees
- Copy Center & Print Shop Charges
- Internal Service Fund charges:
 - Finance
 - Facilities
 - Information Technology
 - Telecommunications
 - Safety & Claims fund (Workers Compensation)
 - Information Resource Management

Recommended Business Process Design

No final design is proposed due to the complexity of the relationship of general ledger and project accounting.

Recurring journal entries and mass allocations were discussed in the context of general ledger only based solutions.

Assumptions

None at this time

Modules supporting process

- General Ledger
- Project/Grant Accounting

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Functional Gaps

- Oracle does not provide standard functionality equivalent to the ARMS work authorization or automated interfund transfers through AIRS accounts receivable.

Issues

- Agencies may need to establish a minimal project accounting structure to be able to make charges to other agencies projects.
- Need to ensure that both sides of the transaction are able to provide appropriate account coding and agree to the amounts before transactions are posted.
- In some case we need to be able to provide a way to capture the cost (salaries, supplies, contract services) of providing the services in order to support the amount charged for the services.

Organizational Impacts – To be determined

Roles and Responsibility – To be determined