
Management Accounting / Master Data Workshop

ERP TERMS

ACTIVITY TYPE	Master record identifying activities performed in a cost center (e.g. plumber, electrician).
ACTIVITY ALLOCATION	Method of allocation using Activity Type. I.e. Plumber rate \$20/hr, Hours worked 5, Cost Center charged \$100.
ASSESSMENT ALLOCATION	Allocation of costs from a sender cost object to a receiver by summary totals.
COMMITMENT ITEM	Master record description of revenues and expenditures used in the budget/actual reporting.
CONTROLLING (CO)	Module supporting management's decision-making processes. Detailed planning and reporting are by cost objects in this module.
COST ALLOCATIONS	Methods of allocating costs from sender cost objects to a receiver cost objects.
COST CENTER	Master record organization unit to represent the management structure and is associated with funding.
COST CENTER GROUP	Hierarchical organization view representing the management structure. Grouping of Cost Centers.

ERM TERMS USED IN THIS WORKSHOP

COST OBJECT	Generic term used to represent Cost Centers, WBS elements & Internal Orders.
DISTRIBUTION ALLOCATION	Detailed allocation of costs from a sender cost object to a receiver cost object utilizing primary cost elements.
FINANCE (FI)	Module supporting accounts receivable, accounts payable, assets, treasury and external reporting.
FUNDS CENTER	Master record organizational unit within a Funds Management Area (FM) to which a budget can be assigned.
FUND	Master record identifying unique occurrence of a cash or treasury fund.
FUNDS MANAGEMENT (FM)	Module used to budget revenues and expenditures, control fund movements and budget authority.
INTERNAL ORDER	Master record used to monitor revenues and expenditures for unique occurrences (e.g. New Year's Celebration).
INTERNAL ORDER GROUP	Hierarchical view of the internal order structure.

ERM TERMS USED IN THIS WORKSHOP

MASTER DATA (MASTER RECORD)	Records containing information that is always used in the same way. (i.e. Information identifying funds centers, cost centers, activity types, etc.)
OVERHEAD ALLOCATION	Method of charging indirect cost rate (percent) of costs from a sender cost object to a receiver cost object.
PRIMARY COST ELEMENT	Master record description of revenues and expenditures. One to one relationship with a general ledger account.
PROJECT DEFINITION/ WORK BREAKDOWN STRUCTURE (WBS)	Stores Identification information for grant and capital project. (i.e. CFDA, award or capital project number.)
SECONDARY COST ELEMENT	Master record description of allocations used only in the Controlling module.
STATISTICAL(STAT) KEY FIGURE	Records statistical data postings to a cost object, used in the Controlling module.
WBS ELEMENT	Master record used to categorize various stages or programs of a project or grant with the associated funding.

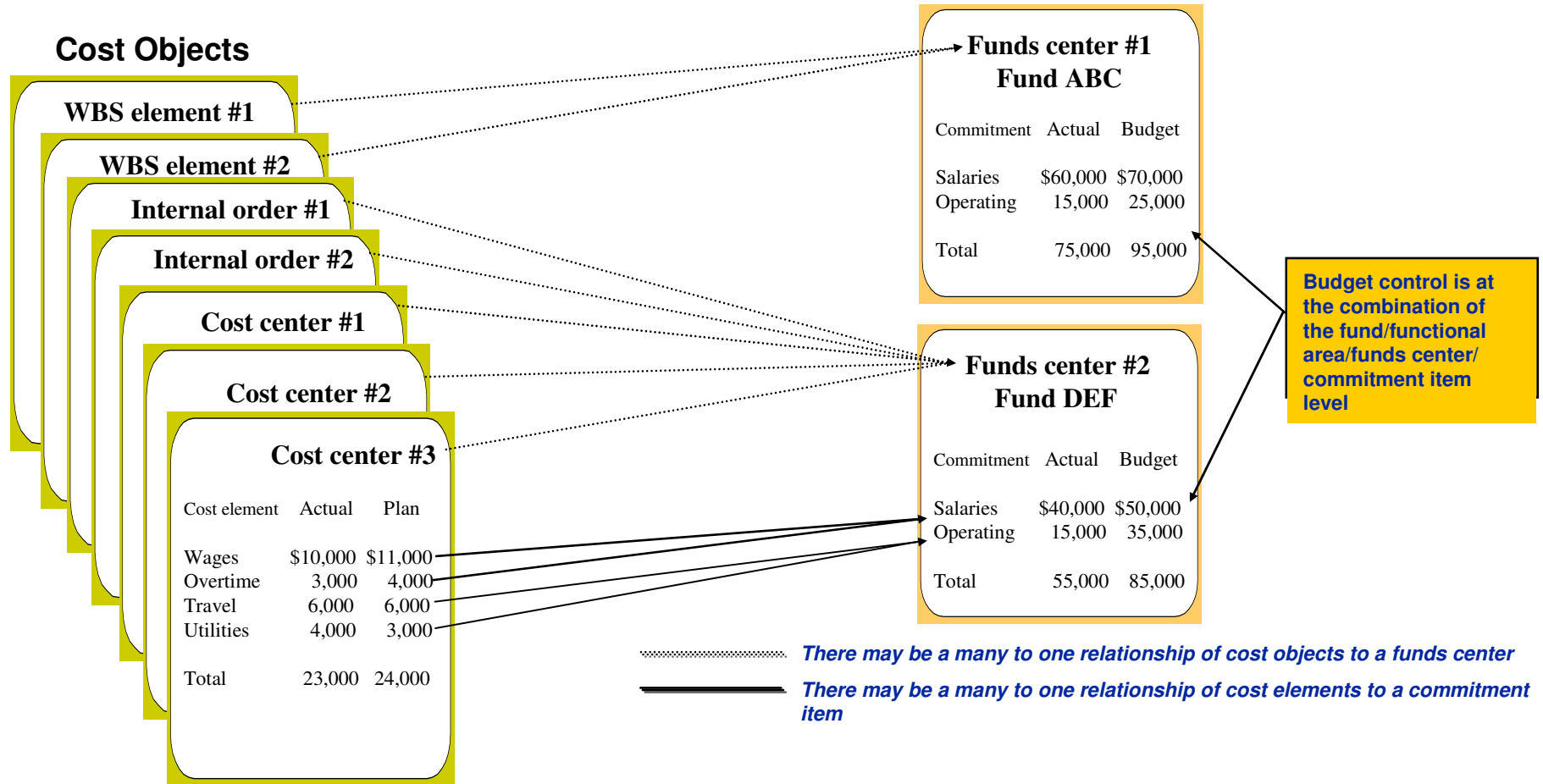
ERM TERMS USED IN THIS WORKSHOP

FUNCTIONAL AREA	Master data used to budget and report on governmental activities.
BUDGET OBJECT (FM)	fund/functional area/fund center/commitment item/funded program holding budget.
POSTING OBJECT (FM)	A fund/functional area/funds center/commitment item/funded program to which actual costs and encumbrances are posted.
AVAILABILITY CONTROL OBJECT (FM)	A fund/functional area/funds center/commitment item/funded program whose budget is compared to expenditures for availability control purposes.
FUNDED PROGRAM	This dimension may be used for program reporting and will be used in the future for program budgeting.
FUND TYPE	Category of fund, i.e. proprietary, fiduciary, and governmental.

RELATIONSHIP OF CO TO FM

Controlling
(Managerial Reporting)

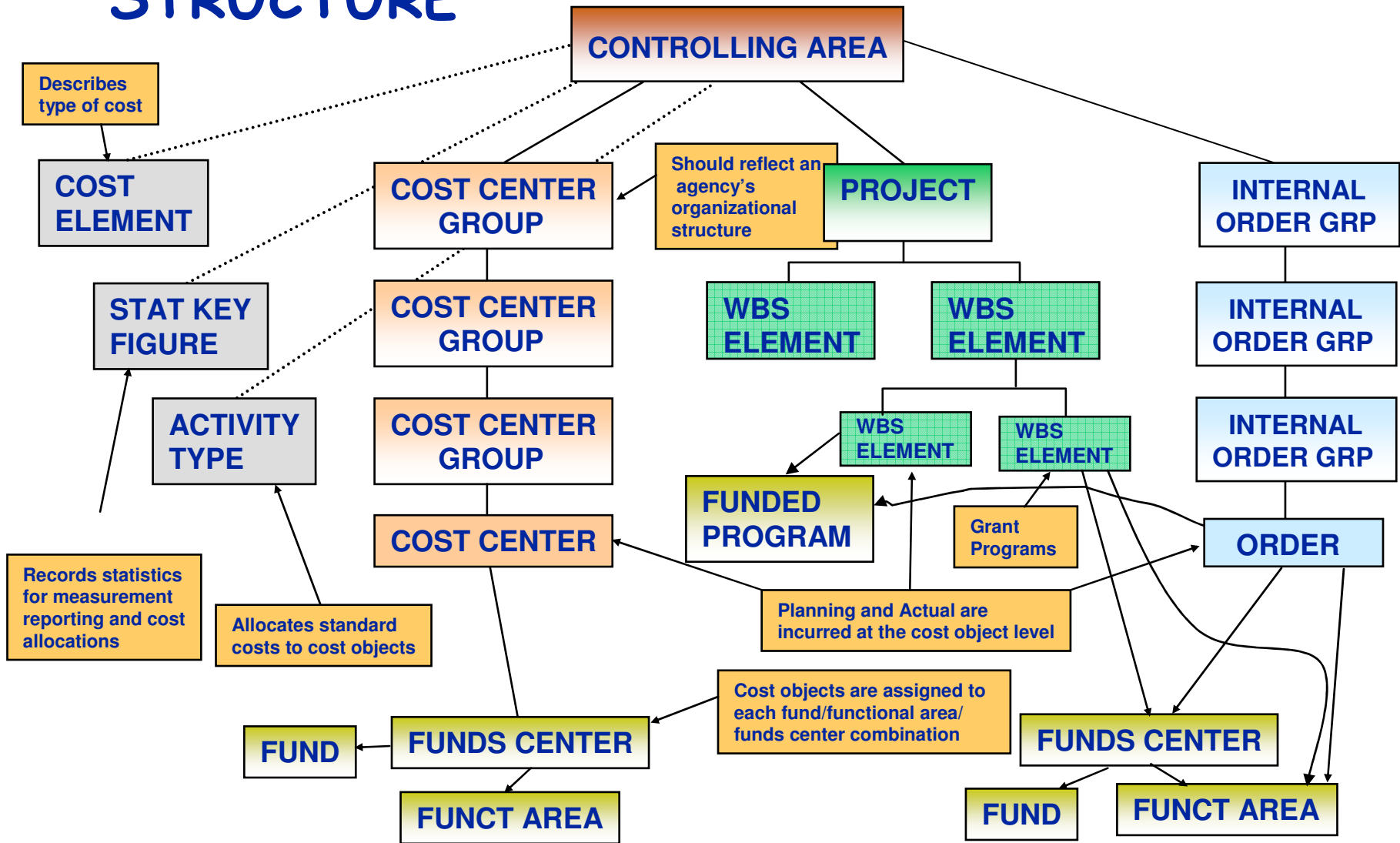
Funds Management
(Budget Control)



COST ELEMENTS

- Classifies the cost type and is usually inferred from the G/L account, i.e. revenue or expenditure.
- Used to record revenues and expenditures to cost centers, WBS elements, and internal orders.
- Secondary cost elements are used to allocate costs from a sender to a receiver.
- Planning in cost centers, WBS elements and internal orders will be to cost elements.
- Management reporting may be by cost element.
- There may be a one to one or a many to one relationship to a commitment item in FM.

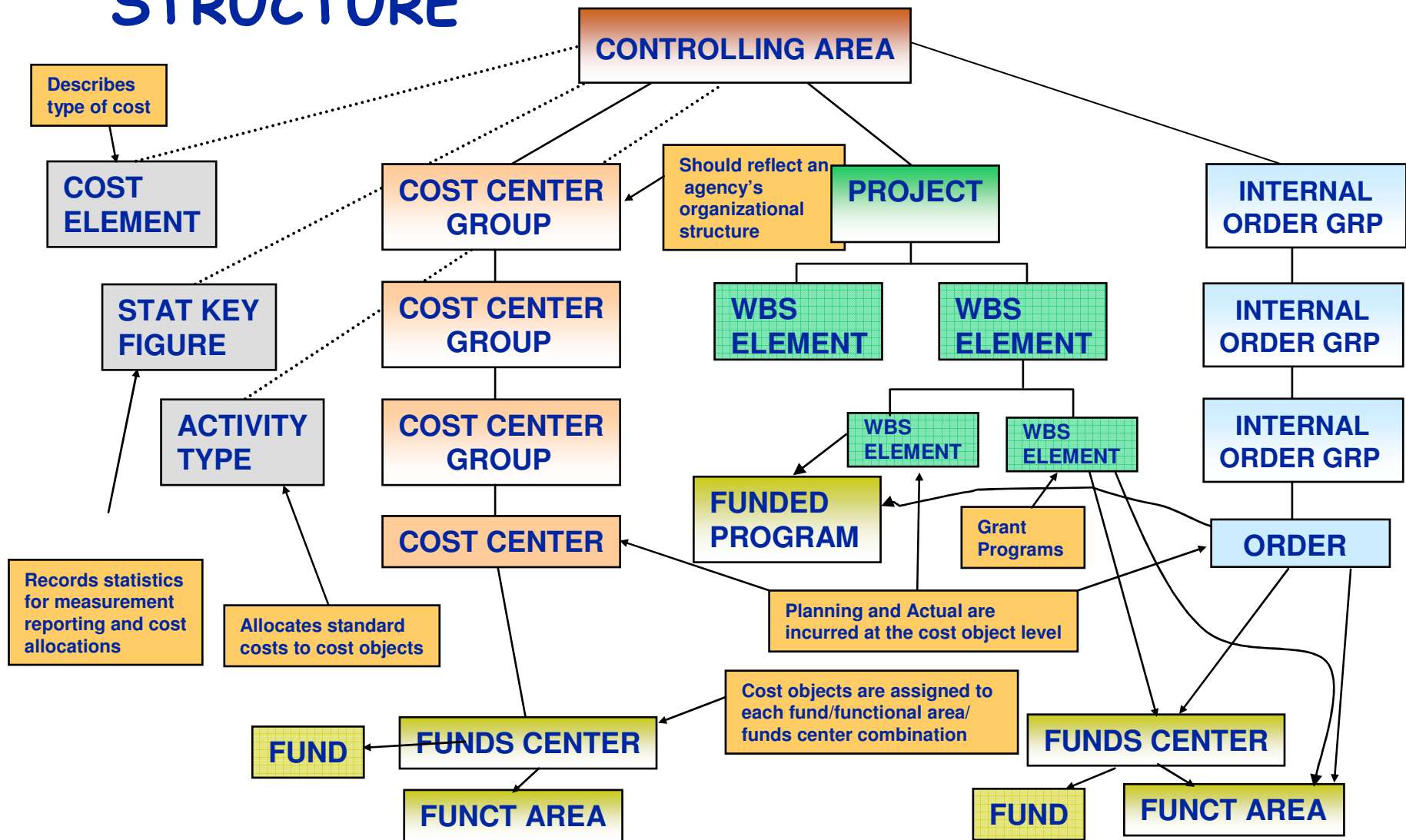
CONTROLLING MASTER DATA ORG STRUCTURE



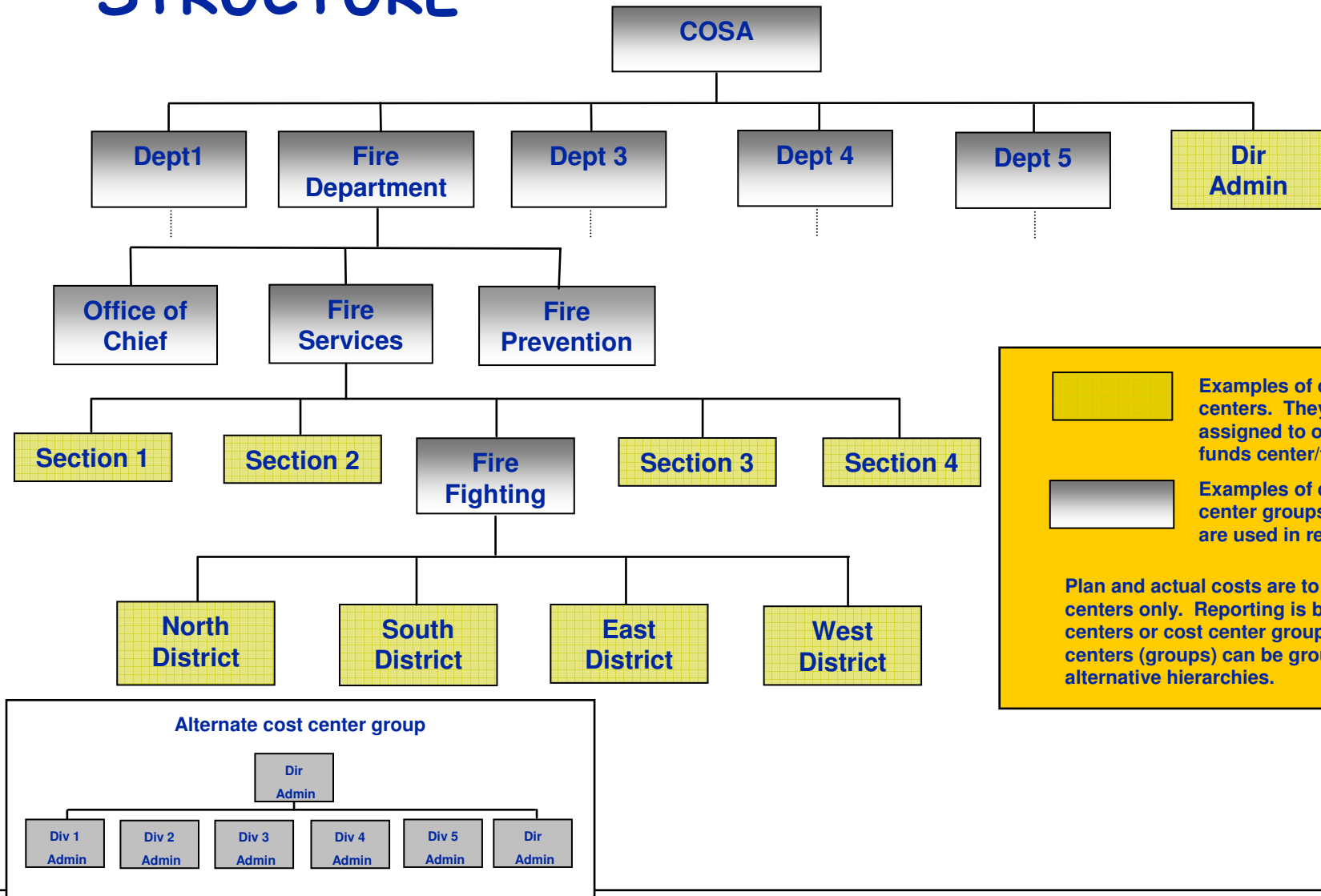
SECTION ONE


COST CENTERS


CONTROLLING MASTER DATA ORG STRUCTURE



SAMPLE STANDARD COST CENTER STRUCTURE



 Examples of cost centers. They are assigned to only one funds center/fund.

 Examples of cost center groups. They are used in reporting.

Plan and actual costs are to cost centers only. Reporting is by cost centers or cost center groups. Cost centers (groups) can be grouped in alternative hierarchies.

COST CENTER GROUPS

- Hierarchical structure of cost center organization.
- Can include many cost centers pointing to different funds centers/funds.
- Can have multiple levels of cost center groups.
- Costs cannot be charged directly to a cost center group.
- Costs can be allocated via groups.
- Actual to Plan comparisons can be reported by groups.

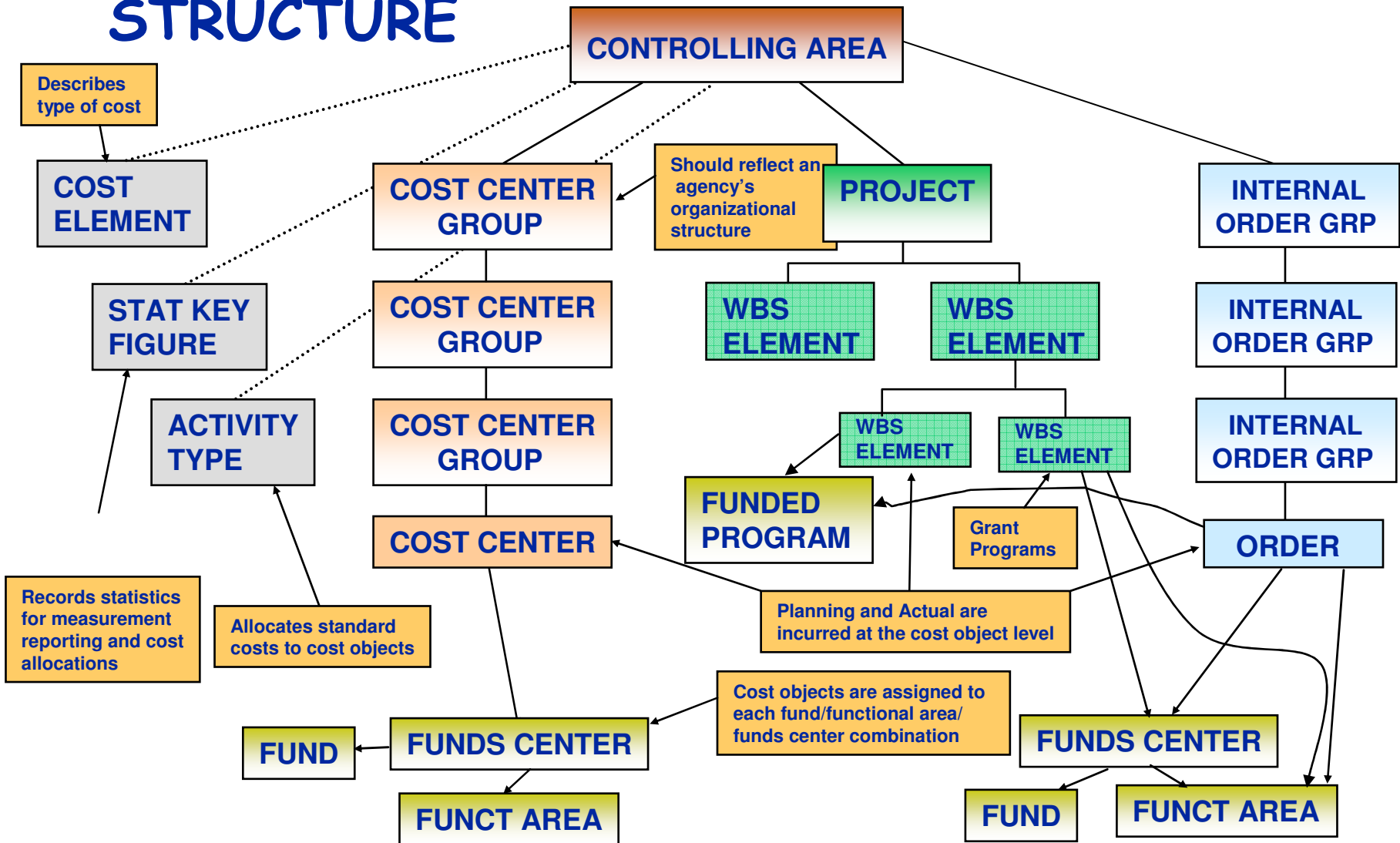
COST CENTERS

- Organizational unit that represents a defined location of cost incurred.
- A cost center should not be mapped to more than one funds center/fund.
- A cost center should not belong to more than one fund.
- A cost center should not belong to more than one governmental activity.
- There may be a one to one or many to one relationship with a funds center.
- Cost centers are configured to represent the organizational structure of the county to capture costs associated with personnel and their support.
- Expenditures can be planned and incurred in a cost center and variances analyzed.
- Cost centers are not created for short term periods.
- Costs can be allocated from a cost center to another cost object.
- Assets will be assigned to cost centers. The responsible cost center for the asset will receive the depreciation expense.

SECTION TWO

WBS Elements

CONTROLLING MASTER DATA ORG STRUCTURE



PROJECTS

- Grants, capital work or large maintenance jobs are created as projects.
- Projects can be managed from start to finish through different phases or time periods.
- Planned to actual expenditure comparisons can be reported and variances analyzed.
- Projects are created for a specified time period and capture costs for special interests.

FI: PS - WBS Element(s)



Definition

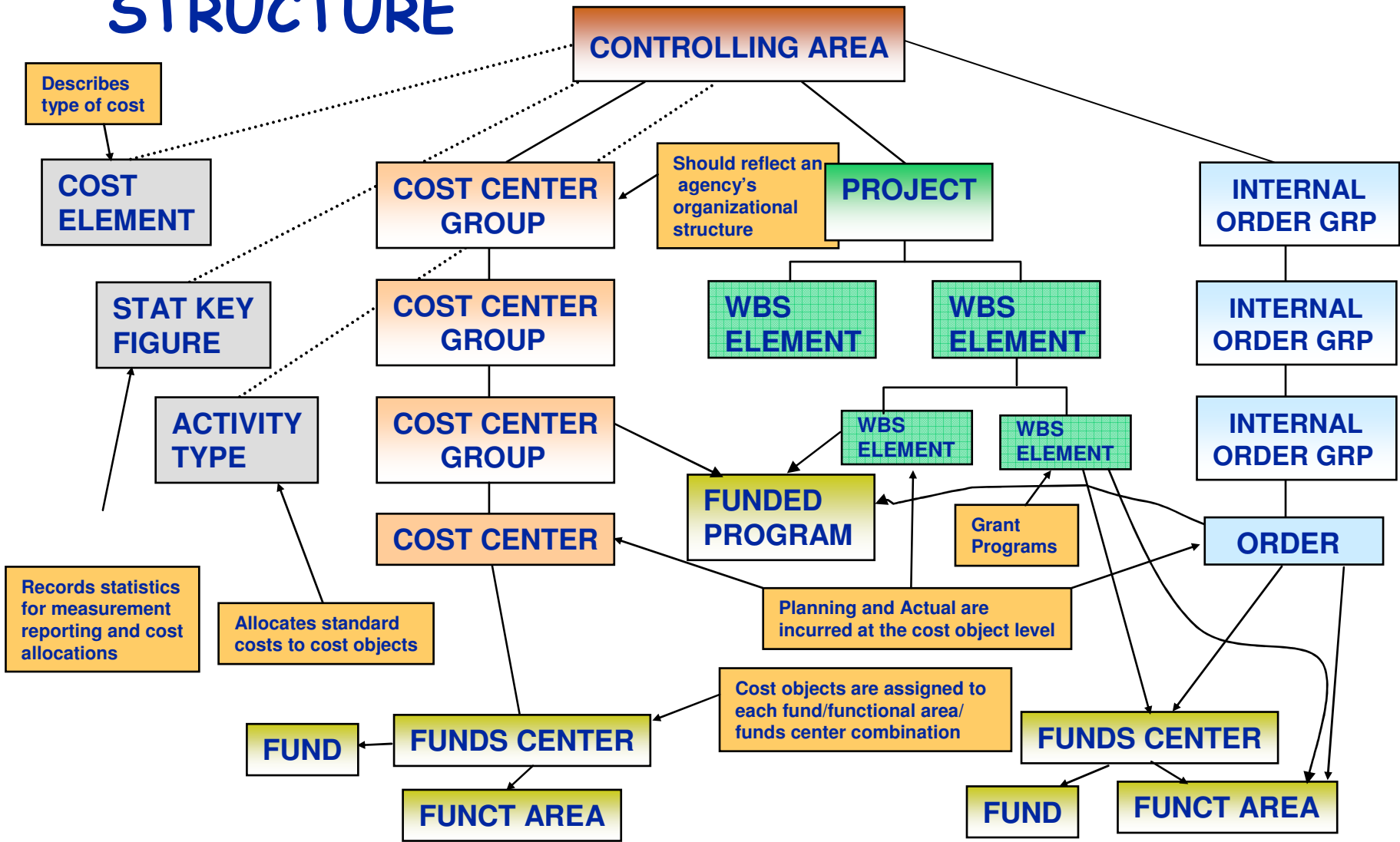
- The individual structure elements in the work breakdown structure (WBS) hierarchy.
- A concrete task, or partial task, which can be subdivided.
- Provides linkage with other organization structures in Finance and Logistics such as company codes, business area, cost center, plant, etc.

WBS ELEMENTS

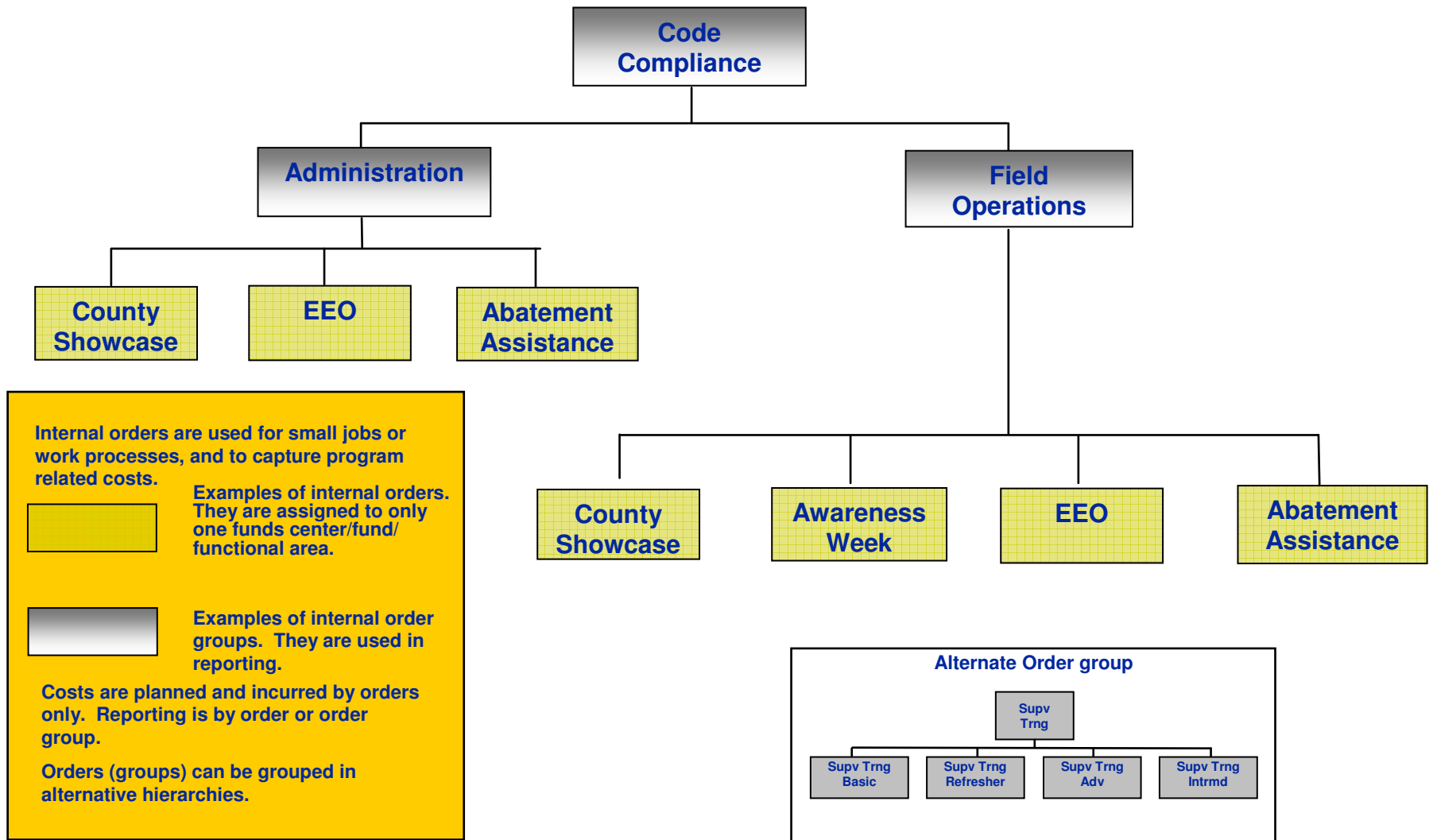
- WBS elements will be created to represent the various work plans or phases within a grant, capital work or large maintenance job.
- A WBS element should not belong to more than one fund.
- A WBS element should not belong to more than one governmental activity.
- There may be a one to one or many to one relationship with a funds center.
- WBS elements can be managed from start to finish through different phases or time periods.
- Expenditures can be planned and incurred in a WBS element and variances analyzed.
- Costs can be periodically settled to another cost object such as capital asset under construction or another WBS element.
- WBS elements are arranged in a hierarchical structure to facilitate cost segregation and reporting.

SECTION THREE
INTERNAL ORDER

CONTROLLING MASTER DATA ORG STRUCTURE



SAMPLE INTERNAL ORDER STRUCTURE



INTERNAL ORDER GROUPS

- Hierarchical structure of internal order organization.
- Can be used to capture program and subprogram expenditures and revenues.
- Can include many orders pointing to different funds centers/funds.
- Can have multiple levels of order groups.
- Cost cannot be charged directly to an internal order group.
- Costs can be allocated via groups.
- Actual to Plan comparisons can be reported by groups.
- Groups reflect reporting needs.

INTERNAL ORDERS

- Internal orders are created for short term periods or to capture costs for special interests.
- Internal orders can be used to report program/subprogram costs.
- Internal orders can be used for simple tasks such as small maintenance jobs.
- An internal order should not belong to more than one fund.
- An internal order should not belong to more than one governmental activity.
- There may be a one to one or many to one relationship with a funds center.
- Expenditures can be planned and incurred in an internal order and variances analyzed.
- Costs can be periodically moved to another cost object. For example maintenance work can be charged to an internal order and later moved to the cost center for whom the work was performed.

SECTION FOUR

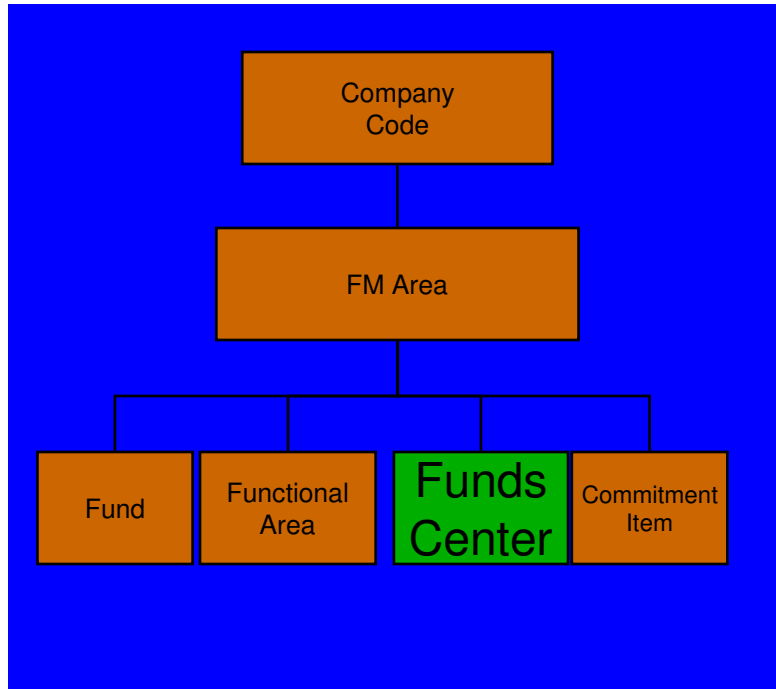
**FUND/FUNDS CENTER/FUNCTIONAL
AREA/COMMITMENT ITEM**

FUNDED PROGRAM

Budget Control Concept in SAP

- Budget Control in SAP is available on a combination of the five master data elements that will be discussed in detail in the next slide.
- The combination of the Fund (fund-all levels), Funds Center, Functional Area, Funded Program and the Commitment Item is known as the budget structure.
- In SAP, Availability Control i.e. Budget Control will be implemented by issuing an error that will prevent a transaction from posting if budget is exceeded.

FI: FM - Funds Center



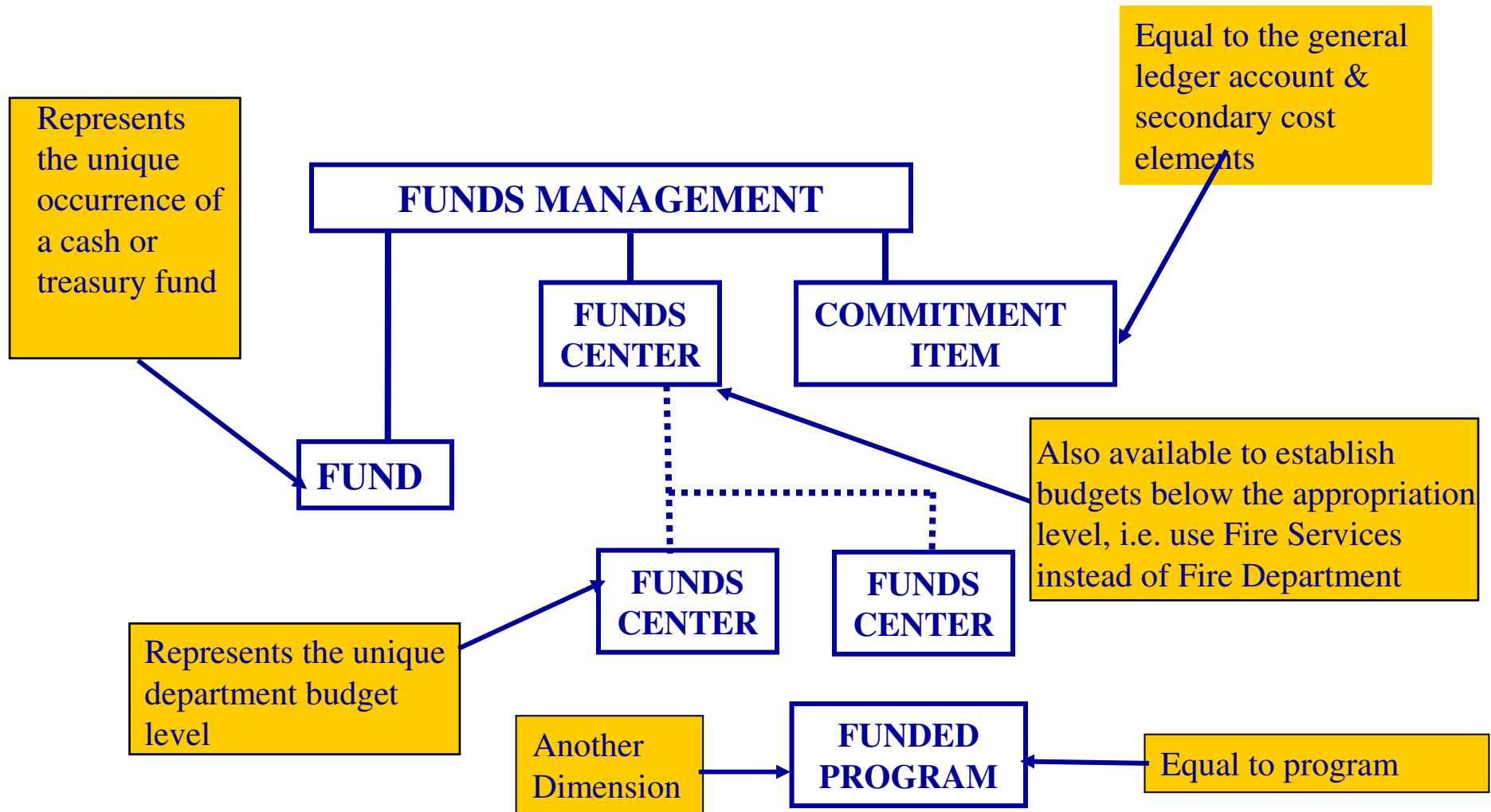
Definition

■ Used to categorize a budget according to the reason for which funds are appropriated (e.g. "Who's spending the money?"). In IS/PS, SAP recommends that this field be used:

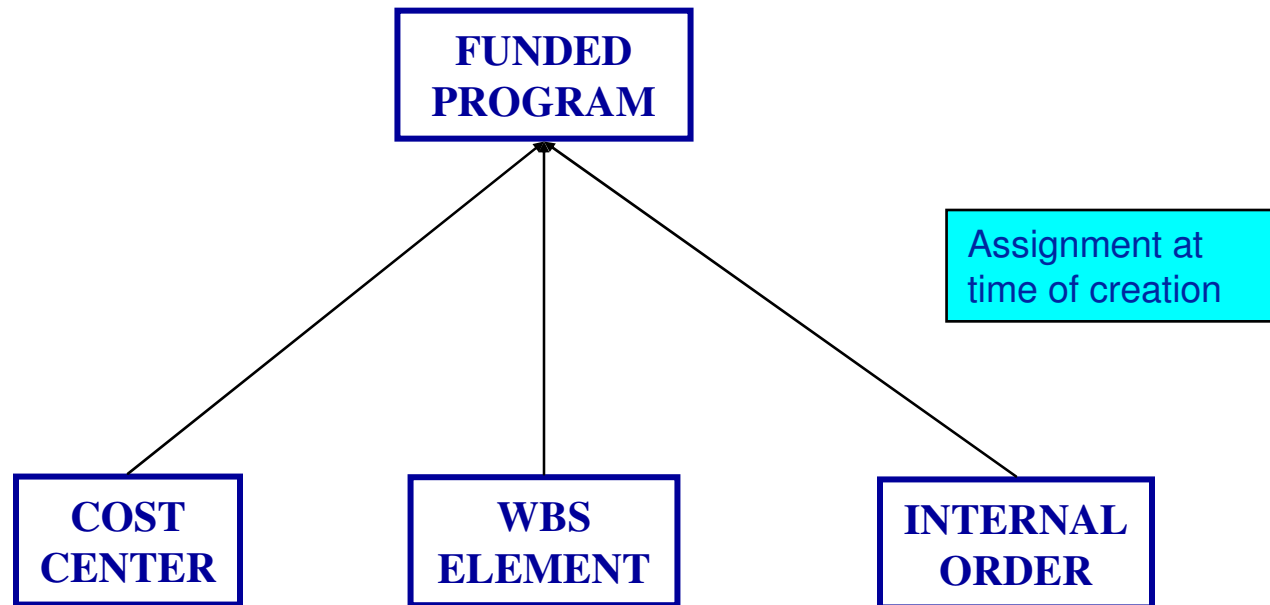
- For Budgeting
- One of the elements for which budgets can be entered)
- Can be written to the IS/PS Fund Accounting Ledger
- Can be derived from other transaction elements such as cost center, internal order, WBS element

At what level will budget be entered and tracked for the county: Department/Division/Section

FUNDS MANAGEMENT ORG STRUCTURE



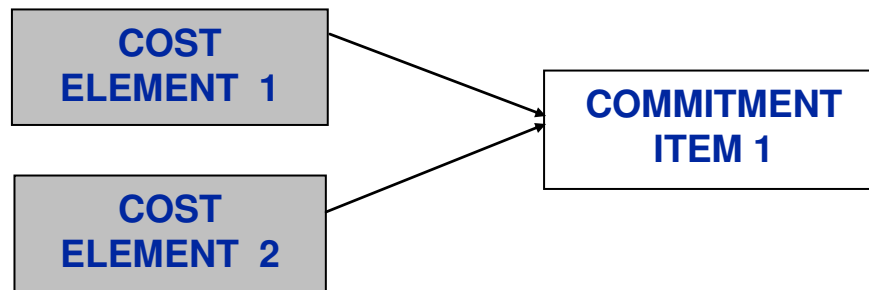
FUNDS MANAGEMENT ORG STRUCTURE



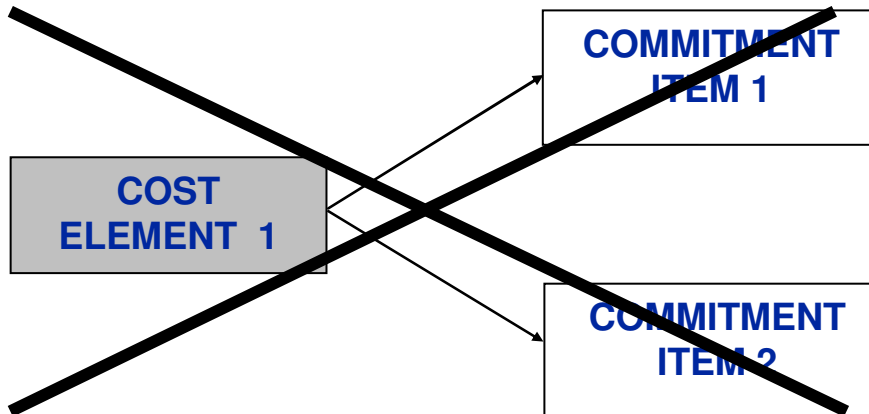
- Funded programs may be used to capture program or subprogram costs.
- Funded program groups may be used to aggregate subprogram costs into program costs.

COST ELEMENT TO COMMITMENT ITEM RELATIONSHIP

- ⇒ A cost element is equal to a General Ledger Account.
- ⇒ A Commitment Item is used in budget/actual variance reporting.



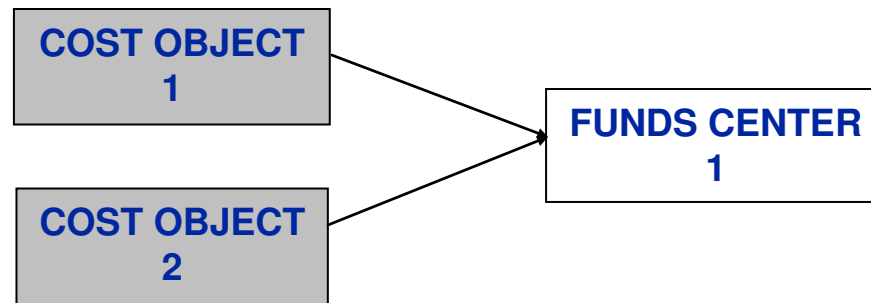
Many cost elements can be linked to one commitment item.



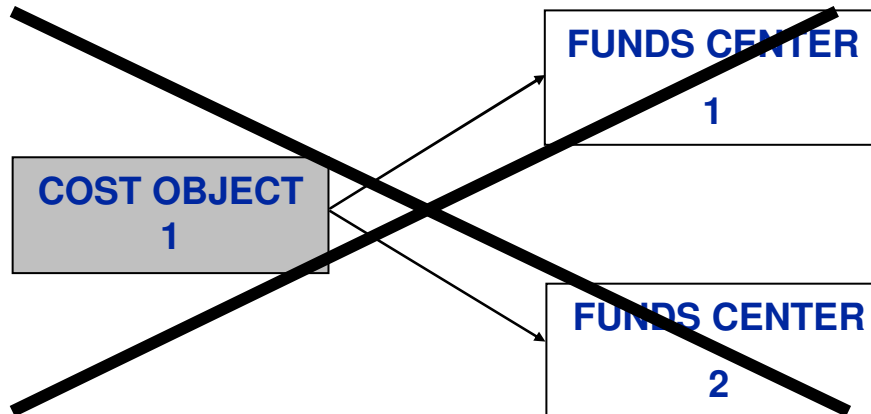
One cost element cannot be linked to more than one commitment item.

COST OBJECT TO FUNDS CENTER RELATIONSHIP

- ◇ A cost object is a cost center, internal order or WBS element.
- ◇ A funds center represents the purpose described in the appropriation act and establishes budget control.



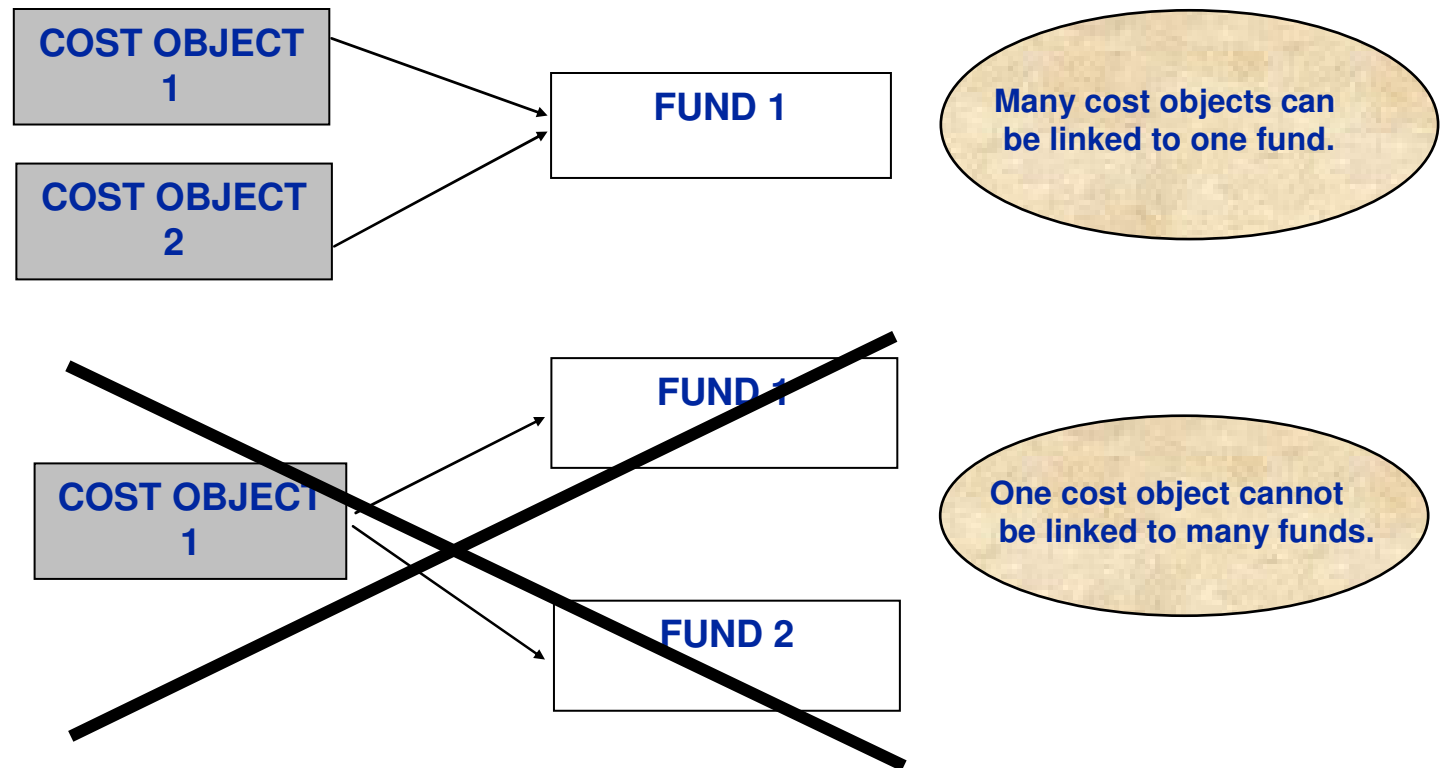
Many cost objects can be linked to one funds center.



One cost object cannot be linked to more than one funds center.

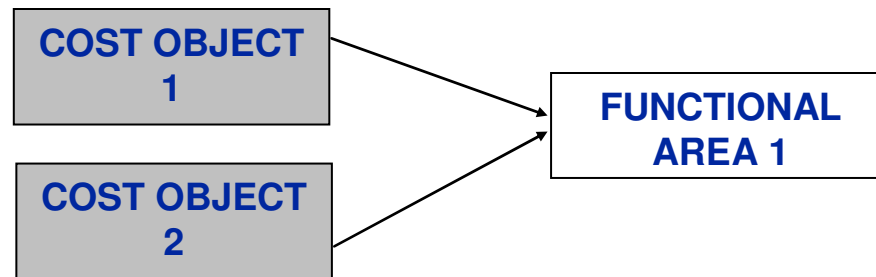
COST OBJECT TO FUND RELATIONSHIP

- ⇒ A cost object is a cost center, internal order or WBS element.
- ⇒ A fund represents the unique occurrence of a cash or treasury fund.
The current comparison is to the current fund, sub fund and project.

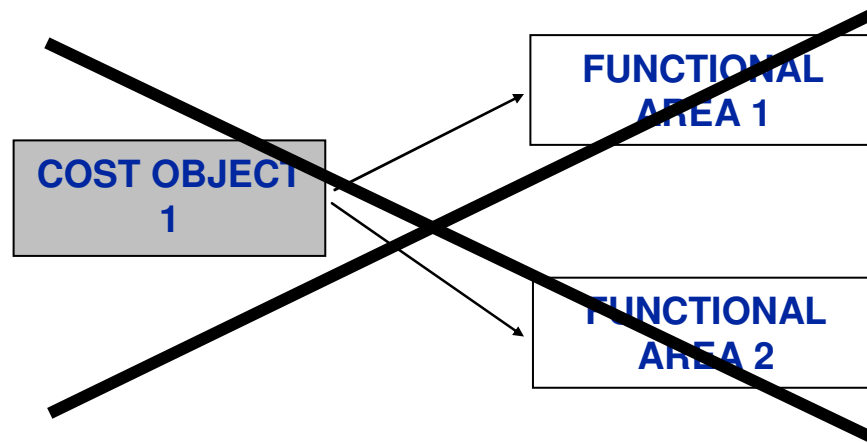


COST OBJECT TO FUNCTIONAL AREA RELATIONSHIP

- ⇒ A cost object is a cost center, internal order or WBS element.
- ⇒ A functional area may be used to identify a CAFR governmental activity.



Many cost objects can be linked to one functional area.

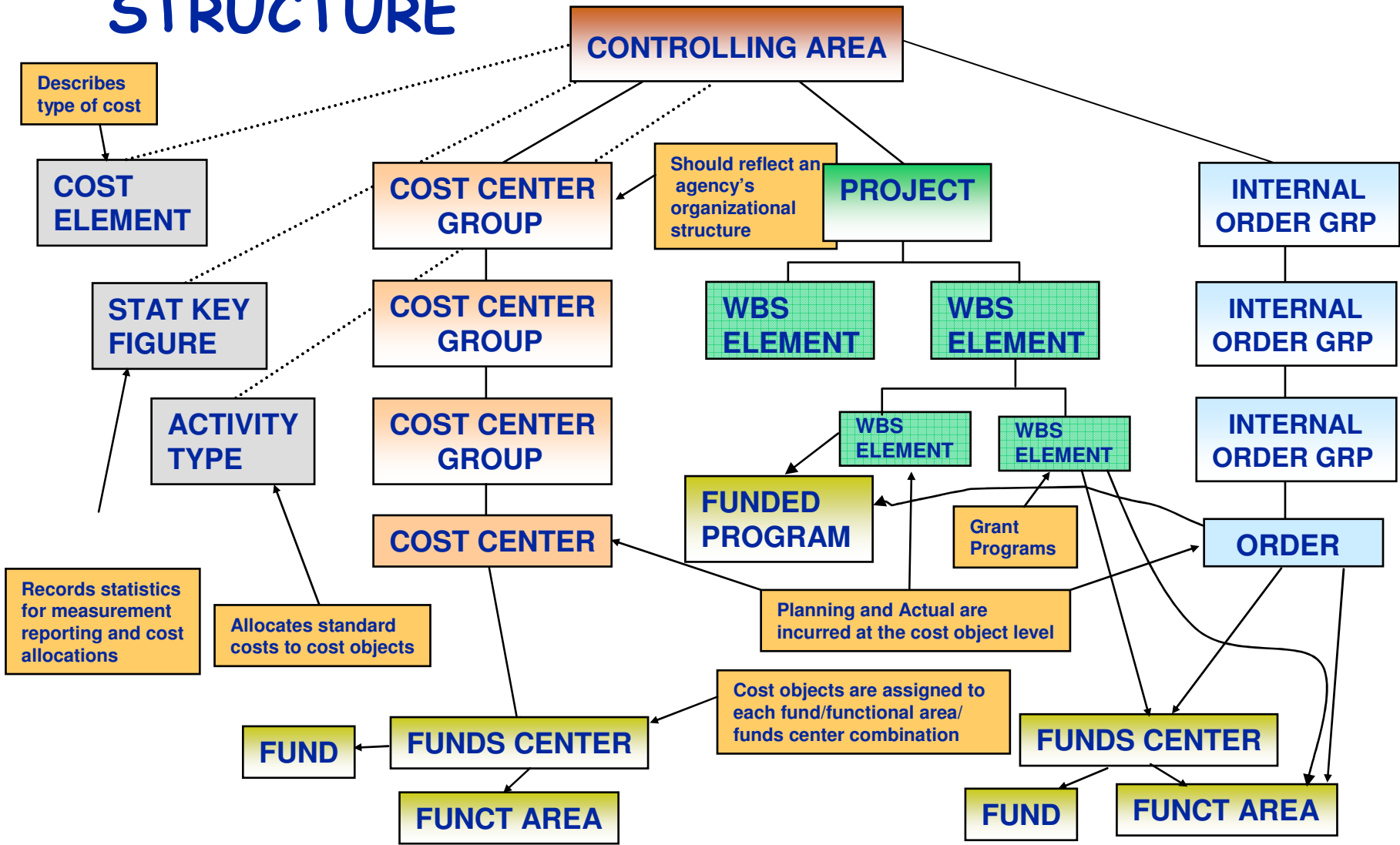


One cost object cannot be linked to many functional areas.

SECTION FIVE

ACTIVITY TYPES

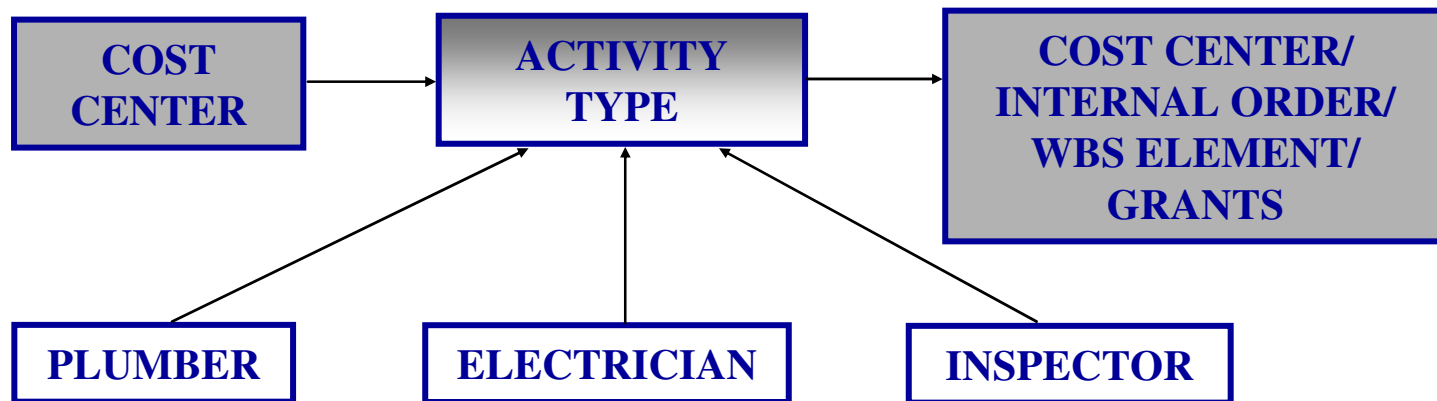
CONTROLLING MASTER DATA ORG STRUCTURE



ACTIVITY TYPES

- Activity types are used to charge standard costs per unit of work such as hours or days. The standard rate includes all direct and support costs associated with the activity. The rate can be different for each cost center.
- Activity type examples include plumbing, engineering, and budgeting.
- The sender will receive a credit and the receiver a charge equal to the quantity unit of measure multiplied by the standard rate. For example, a plumber costs \$20/hr who works 2 hours will result in a charge of \$40 for the service provided.

ACTIVITY TYPE STRUCTURE



Activity types use standard rates to charge the receiver for goods or services. The standard rates include direct and a portion of indirect costs.

ACTIVITY ALLOCATION

Cost Center #1

	Actual	Plan
Salaries	\$10,000	\$10,000
Travel	6,000	6,000
Utilities	4,000	4,000
Subtotal	20,000	20,000
Units to charge out	500	
Price per unit	\$40	
30 units credit	(1,200)	(1200)
Total	18,800	18,800

Cost Object #1

	Actual	Budget
Material	\$2,000	2000
Travel	1,000	1000
Stationery	1,000	1000
Subtotal	4,000	4000
10 units	400	0
Total	4,400	4000

Cost Object #2

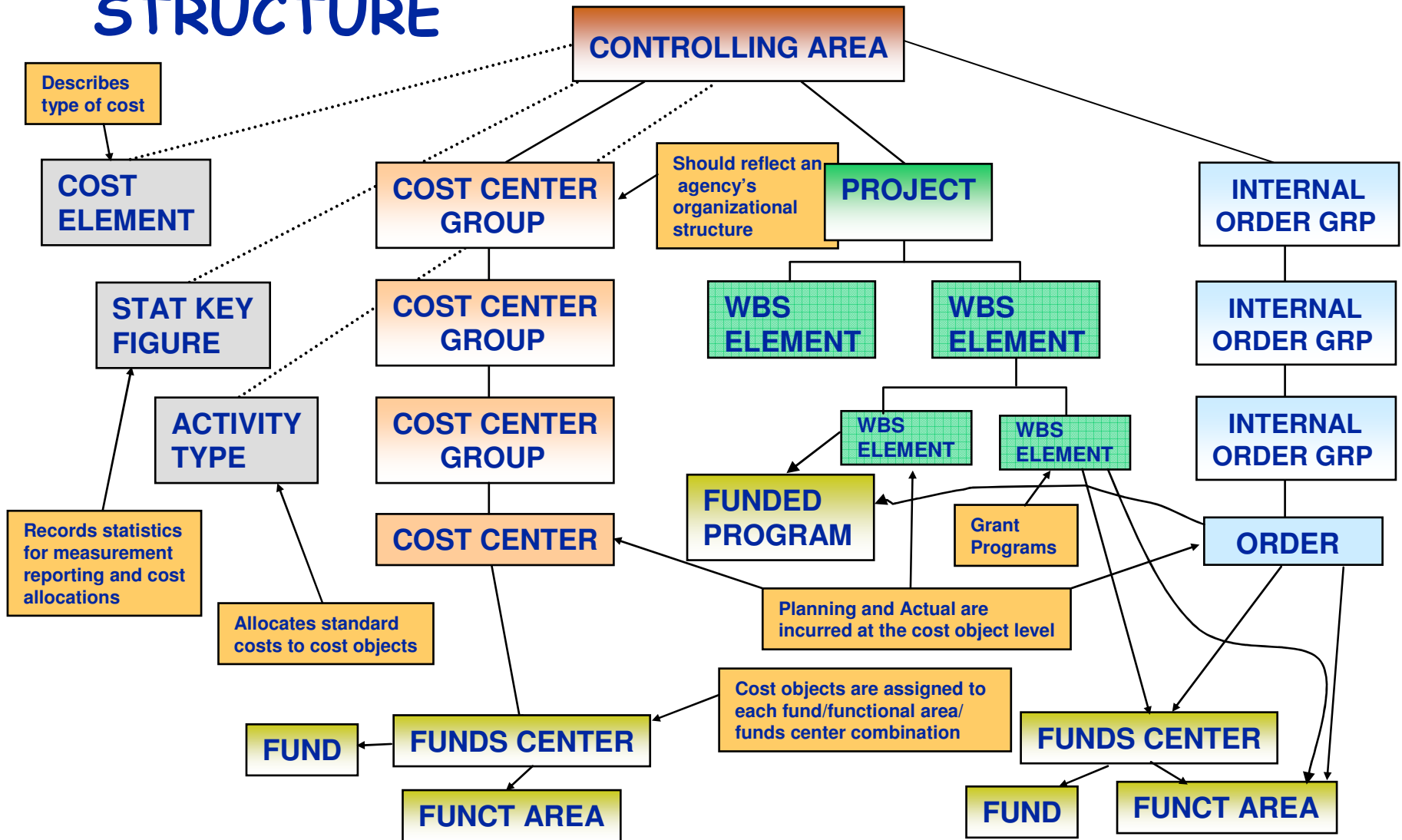
	Actual	Budget
Material	\$4,000	4,000
Travel	2,000	2,000
Stationery	2,000	2,000
Subtotal	8,000	8000
20 units	800	0
Total	8,800	8000

Activity allocations are used to charge costs using a standard rate. The rate is calculated manually and can include direct costs and support costs. A charge goes to the receiver and a credit goes to the sending cost center. *Budget availability may not be affected.*

SECTION SIX

STATISTICAL KEY FIGURES

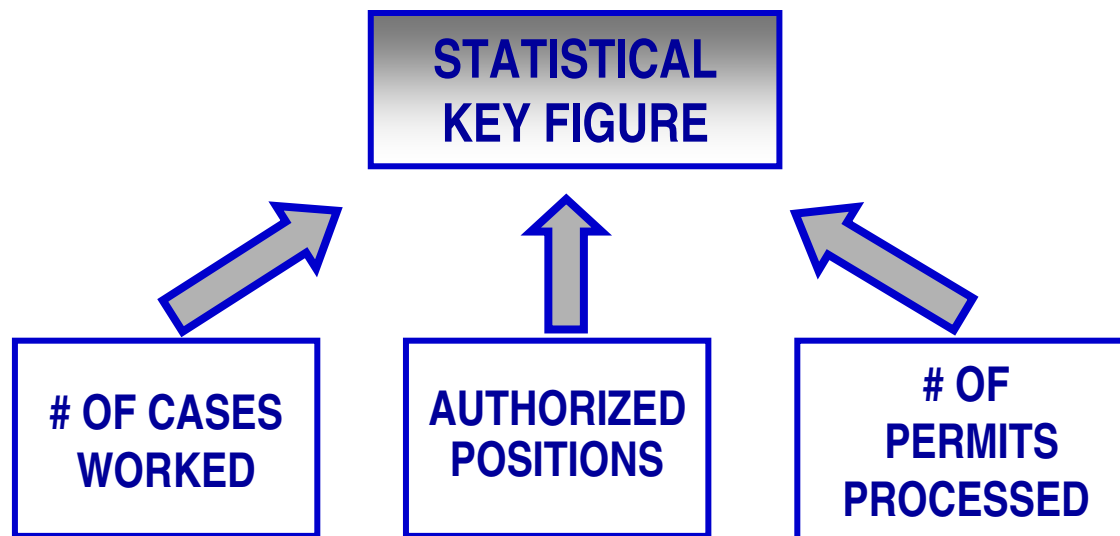
CONTROLLING MASTER DATA ORG STRUCTURE



STATISTICAL KEY FIGURES

- Used to record planned and actual statistical data.
- Statistics can be used to allocate planned and actual costs.
- Reports can be executed providing statistical information.
- Reports can execute simple calculations based upon statistical key figures.

STATISTICAL KEY FIGURES STRUCTURE



STORES VALUES FOR STATISTICAL MEASURES IN THE COST CENTERS, GRANTS, PROJECTS, OR INTERNAL ORDER STRUCTURES.