Commonwealth of Pennsylvania
SAP Account Code
March 2002
Objectives

• Present Commonwealth’s SAP Account Code Structure
• Introduction of SAP Terminology
• Introduction of SAP Master Data-FI, FM, and CO/PS
• Introduction of Integration between Modules and with FM
• Understanding of the data elements that comprise the SAP coding block
SAP and Governmental Accounting

• Multiple Basis of Accounting
• Industry Solution for Public Sector IS-PS 4.62
Basis of Accounting

- **Financial Accounting (FI)**: Modified Accrual & Full Accrual
- **Funds Management (FM)**: Budgetary Basis-actuals and commitments (encumbrances)
- **Controlling (CO)**: Managerial Accounting-revenues and expenditures
Financial Accounting

• Funds Management (FM)
  • FM supports budgetary controls over committing and spending funds.
  • FM supports budget execution, including reporting and monitoring of actual activity.
  • FM provides a budgetary view (actuals + commitments) of transactions by fund, program, organization, and nature of expense, revenue or budget.
  • FM is a component vital to meeting the requirements of governmental accounting; budgetary reporting and control; and financial reporting requirements including GASB 34.
Financial Accounting (Cont’d)

• Special Purpose Ledger (SL)
  • SL is a sub-ledger which provides summary information from multiple applications at a level of detail that is user defined. Using the FI-SL installation programs, databases are created according to the needs of the Commonwealth.
  • To meet government accounting requirements, SAP has provided a tool called Split Processor that allows SL to split FI transactions by Business Area and Fund. Therefore, a financial statement by Business Area and Fund can be generated for an organization’s legal external reporting.
  • The SL and split processor are two components vital to meeting the requirements of governmental financial reporting requirements including GASB 34.
Budgetary Accounting & Control

Financial Accounting (GAAP)

Funds & Functions/Programs

Grant Accounting, Control & Billing

Main Accounting Ledger

FI (SL)

Budgetary Subledger

Costing & Project Subledgers

FI (FM)

CO / PS

Cost Accounting & Control
Organizational Elements

• **Company Code (Financial Accounting - FI)**
  – The Company Code is the organizational unit for which a complete self-contained set of accounts can be drawn up for purposes of required external reporting.
  – The Company Code also contains attributes or settings that impact master data and/or transactions within the Company Code.
  – Field Length: 4

**There will be one Company Code for the Commonwealth.**

**Company Code = COPA**
Organizational Elements (Cont’d)

• **Controlling Area (Controlling - CO)**
  
  – A Controlling Area is the organizational unit within an institution, used to represent a closed system for managerial accounting purposes. A controlling area may include one or more company codes, which must use the same operative chart of accounts as the controlling area.
  
  – The Controlling Area also contains attributes or settings that impact master data and/or transactions within the CO Area.
  
  – Field Length: 4

There will be one Controlling Area for the Commonwealth.

Controlling Area = COPA
Organizational Elements (Cont’d)

• **Funds Management Area (Funds Management - FM)**
  - A Funds Management Area is the organizational unit within an institution, used to represent a closed system for funds management, budgeting, and budget execution. A Funds Management Area may include one or more company codes and one or more controlling areas.
  - The Funds Management Area also contains attributes or settings that impact master data and/or transactions within the FM Area.
  - Field Length: 4

There will be one Funds Management Area for the Commonwealth.

Funds Management Area = COPA
Company Code-CoPA

Funds Management Area-CoPA

Controlling Area-CoPA
Organizational Elements (Cont’d)

• **Business Area (Financial Accounting-FI)**
  Business areas are units, within an institution, for which a balance sheet and income statement can be produced. It represents a separate area of operations or responsibilities within an organization.

Defined Field Length: 2

Business Areas will represent Commonwealth Agencies. The majority of agencies will retain the last 2 digits of their current agency number as their Business Area. Current agencies number 001 thru 009 will be renumbered as follows to avoid the use of preceding zeros.
Organizational Elements (Cont’d)

Re-numbered Agencies-Business Areas

• BA 99 Governor's Office (old Department 001)
• BA 92 Department of the Auditor General (old Department 002)
• BA 73 Treasury Department (old Department 003)
• BA 68 Department of Agriculture (old Department 004)
• BA 75 Department of Banking (old Department 005)
• BA 66 Pennsylvania Securities Commission (old Department 006)
• BA 67 Department of Health (old Department 007)
• BA 78 Department of Transportation (old Department 008)
• BA 79 Insurance Department (old Department 009)
Business Area
Agency

There will be multiple Business Areas representing Agencies in the CC-CoPA

Business Area is part of CO master data-Cost Centers, Internal Orders, WBS Elements.
General Ledger Accounting (GL)

- **Chart of Accounts**
  - The Chart of Accounts is a collection of general ledger accounts. Each company code is assigned to a chart of accounts, and the controlling area is assigned to the same chart of accounts.
  - Field Length: 4

**There will be one Chart of Accounts for the Commonwealth.**

**Chart of Accounts = COPA**
General Ledger Accounting (Cont’d)

• **General Ledger Accounts**
  – The General Ledger Accounts (GL Accounts) are the structures that classify debit and credit values for accounting transactions in the FI module and form the basis for creating balance sheets and income statements.
  – Within the master data of all GL Account is a link to Funds Management Commitment Items. A GL has only one Commitment Item assigned to it, but a Commitment Item can have many G/L’s assigned to it.

• Field Length: 7
General Ledger Accounting (Cont’d)

Commonwealth G/L Types

1 - Asset Accounts
2 - Liability Accounts
3 - Reserves, Unreserved, Equity Accounts
4 - Revenue Accounts
5 - Cost of Goods Sold
6 – Expense Accounts
7 - GAAP only accounts
9 – The number is reserved for CO Secondary postings

The 200 transfers will be accounted for using CO secondary cost elements.
General Ledger Accounting (Cont’d)

Commonwealth Expense G/L Breakdown

61-Personnel Services
62-Inventory Consumption Account
63-Operational Expense
64-Fixed Asset
66-Grants
67-Bad Debt Expense
68-Depreciation
CC-CoPA
Business Area-Agency
Chart Of Accounts
Assets-G/L
Liabilities-G/L
Reserves-G/L
Revenues-G/L
Cost of Goods Sold-G/L
Expenditures-G/L
GAAP Only-G/L

FM Area-CoPA

CO Area is assigned to the Chart of Accounts
Accounts Payable (AP)/Accounts Receivable (AR)

• **Vendor Master Record**
  
  – The vendor master record contains all the information about a vendor that is needed to be able to conduct business with them. Each Vendor Master Record is assigned to a specific Liability GL Account.
  – One Central Vendor Master file.
  – Field Length: 6 - 10

• **Customer Master Record**
  
  – The customer master record contains all the information about a customer that is needed to be able to conduct business with them. Each Customer Master Record is assigned to a specific Asset GL Account.
  – One Central Customer Master file.
  – Field Length: up to 10
Controlling

• An application component that contains all accounting functions necessary for effective managerial accounting which represents internal financial information for managers.

• For governments, one main purpose of the Controlling module is to provide a means of allocating expenditures or revenues to their ultimate funding source. IS-PS 4.62 enhances CO functionality to meet those unique governmental requirements.
Controlling Cont’d

• **Revenue Elements**
  – Revenue elements are used to classify revenues in Controlling. They are linked to revenue GL accounts on a one-for-one basis and have the same number and description.
  – Field Length: 7

• **Cost Elements**
  – Cost elements are used to classify costs in CO according to object of expenditure.
  – Primary Cost Elements represent expenditure GL Accounts in CO. They are linked to Expenditure GL accounts on a one-for-one basis and have the same number and description.
  – Secondary cost elements are used for internal allocations within a controlling area, retaining visibility in the original cost object. These cost elements are not directly linked to an Expenditure GL account. The 200 transfers will be accounted for using CO secondary cost elements.
  – Field Length: 7
Controlling Cont’d

• **Cost Center and Cost Center Hierarchy**
  
  – A Cost Center is an organizational unit within a controlling area that represents a revenue and cost collector for more permanent activities or areas of responsibility. A cost center will be linked to a company code, a business area, a functional area, and a fund center allowing all these codes to be automatically defaulted when a user enters a cost center in a document. Costs and revenues posted to a cost center can thus be automatically posted to the company code, business area, and fund center linked to the cost center.

  – A standard hierarchy of cost centers is required for the controlling area and is used by drill-down reports. Each level or node of the standard hierarchy is a cost center group. A cost center group can include cost centers or other cost center groups, but not both. In addition Cost Centers may optionally belong to additional alternative hierarchies that can also be used by drill-down reports.

  – Field Length: 10
Controlling Cont’d
Cost Centers

18 1 0100 123

Agency Defined
Organization
Secretary or Deputy Secretary
Agency (same as Business Area number)
Controlling Cont’d

• Internal Orders
  – Internal orders are used to plan, collect, monitor, and settle the actual costs of specific operations and tasks performed. They allow users to control their costs throughout the entire life-cycle of the order (from initial creation through planning and posting of actual costs right up to final settlement).
  – Internal orders will be used for:
    • Maintenance cost collection
    • FMIS cost function for all PennDOT postings except federal grants Field Length: 6, Format: 8-xxxx, where “xxxx” is the existing FMIS cost function number
    • Costs with pre-determined life i.e., dockets, claims, cases, missions
    • Federal Grants
  – Non-Grant Internal Order numbers will be system generated, with some exceptions for unique business process requirements
  – Field Length: 12
Controlling Cont’d
Federal Grant Internal Orders

- The grant number (characters 2 – 6) will be the existing 5-digit grant number used in ICS.
- The program measure (characters 7 – 10) will be a modified version of the existing 5-digit program measure number in ICS.
- The class (characters 11 – 12) will be new numbers used to group Internal Orders to make up individual line items for Federal reporting purposes if necessary.
Project System (PS)

- An application component that provides a close and constant cost monitoring of internal and external projects, which can be shared by all departments involved.
- **Work Breakdown Structure Element (WBS Element) and WBS Element Group**
  - A WBS element is an element in a project work breakdown structure (WBS) and is used as a cost collector for activities with discrete start and end dates. At least one WBS element must exist in a project. A WBS element can be linked to a company code, a business area, and a cost center allowing these codes to be defaulted when a user enters a WBS Element in a document. Costs posted to a WBS Element can be automatically posted to the company code, business area, and cost center linked to the WBS Element. Additionally, collected costs may be automatically transferred to cost centers, GL Accounts, or Assets Under Construction (AUC) periodically.
  - WBS Elements can be grouped together into WBS Element Groups for reporting.
  - Field Length: 24
Project System Cont’d

- **Project Definition**
  - A project definition forms the outline of the project because it contains the basic organizational data that is valid for the entire project, such as: Controlling area, Business area, and Company code. When a work breakdown structure is created, the corresponding project definition is created automatically.
  - Field Length: 24
Project System Cont’d

DGS

Project Definition

A 0910 0034

Sequential Number
Facility/Institution Number
A for Agency, C for Capital Project, or Q for Furniture & Fixtures

WBS Element

WBS Elements will be structured based on phase, part, activity, and point.
Project System Cont’d
PennDOT

Project Definition

WBS Element

WBS Elements will be structured based on organization, sub-project, phase, and participating code.

WBS elements will also be used for the FMIS cost function for all PennDOT postings to federal grants
Field Length: 6, Format: 8-xxxx, where “xxxx” is the existing FMIS cost function number
Funds Management (FM)

• **Commitment Item and Commitment Item Hierarchy**
  – Commitment items represent budget and fund accounting classifications of GL Accounts and Cost Elements in the Funds Management Module. They are used to reflect the type of revenues and expenditures being budgeted and also to detail balances for each fund in FM.
  – A standard hierarchy for commitment items is used in drill-down reporting.
  – Field Length: 7

**Commonwealth Commitment Items**

4-Revenue Commitment Items

6-Expense Commitment Items

9-CO Secondary Commitment Items
General Ledger/Commitment Items Relationship

GL Accounts

6311010 Travel-Lodging
6311020 Travel-Subsistence
6311030 Travel-Mileage
6311040 Travel-Transportation
6311999 Travel-Other

Commitment Item Accounts

6311000 Travel
Funds Management (FM)

- **Fund**
  - A fund represents the lowest level source of funding required for budgeting and monitoring. The fund master includes an Application of Fund and Fund Type fields that are used as grouping criteria. Funds are not in a hierarchy.
  - Field Length: 10
Funds Management (FM)

SAP Fund

10 123 01 333

Agency Defined-Lower level fund, PennDOT program
Fiscal Year
Appropriation-all new appropriation numbers
Ledger

Attribute: Fund Type (3 characters)

001
CoPA Fund-Existing
Funds Management Cont’d

• **Funds Center and Funds Center Hierarchy**
  – Fund centers represent the organizational areas of responsibility for budgetary monitoring and reporting. Funds Centers are in a standard hierarchy which is used in drill-down reporting. For reporting purposes Funds Centers can be organized in alternative hierarchies.
  – CO objects, cost centers, internal orders, WBS elements can be assigned or linked to funds centers.
  – Field Length: 10
    
    | 18 | 1 | 1020 | 000 |
    |----|---|------|-----|
    | Always 0 |
    | Organization |
    | Optional Secretary or Deputy Secretary |
    | Agency (same as Business Area number) |
Funds Management Cont’d

• **Functional Area**
  – Functional Area is a responsible program dimension of a governmental organization. Functional area is not hierarchical. Functional Area is available in FM CO/PS and FI.
  – Field Length: 4

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<th>3</th>
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- Not Defined
- Subcategory
- Category
- Program-Budget and CAFR (7)
Funds Management Cont’d

<table>
<thead>
<tr>
<th>Fund</th>
<th>Fund Center</th>
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<tbody>
<tr>
<td>Commitment</td>
<td>Functional Area</td>
</tr>
<tr>
<td>Item</td>
<td></td>
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</tbody>
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**FM Quadruple**

- When FM is activated *every* transaction that posts to FM (P&L) must contain the FM Quadruple
- All other transactions must have Fund and Functional Area
Functional Area can be a part of CO master data for Cost Centers, Internal Orders, or WBS Elements.
FM Derivation Tool

- The FM Derivation Tool is a flexible tool which manages all FM assignments.
- Simplify data entry-reduces key strokes and errors.
- Derivation rules can be binding or non-binding.
- Derivation rules can be time and date dependent.
- In its simplest form the derivation rule determines what funds center would be used for a given CO object.
- Derivation rules link CO Cost Elements with Commitment Items.
How does this all fit together?
Integration

Creating a Purchase Order

- Cost Center/WBS Element/Internal Order
- Functional Area
- CO Area
- Business Area
- Company Code

- Derived

- Derived

- Derived

- Derived

- Derived

- Derived

- Derived

- Derived

- Derived

- Derived

Data Entry

Data Entry

Data Entry

Data Entry

Vendor

Funds Center

FM Area

Commitment Item

Cost Element

GL Account
Integration

Posting Goods Receipt with reference to Purchase Order

Data Entry

Enter Purchase Order #

Cost Center/WBS Element/Internal Order

Company Code

Function Area

CO Area

Business Area

Data Entry

Vendor

Fund

Funds Center

Derived

FM Area

Derived

GL Account

Commitment Item

Derived

Cost Element

Derived
Integration

Posting Invoice Receipt with reference to Purchase Order

- Enter Purchase Order #
- Confirm Invoice Receipt
- Data Entry
- Cost Center/WBS Element/Internal Order
- Company Code
- Functional Area
- CO Area
- Business Area
- Fund
- Derived
- Vendor
- Derived
- Funds Center
- Derived
- GL Account
- Derived
- Commitment Item
- Derived
- FM Area
- Derived
- Cost Element
Integration
Match Code
Integration
Match Code
Controlling Cont’d
Revenue Code

Current Revenue Code

001 810 - 081 708 - 110

SAP Account Code

Revenue Type

Appropriation

Department

Revenue Class

Fund

GL Account *

SAP Fund

Business Area

GL Account *

SAP Fund Type

* The entire Revenue Code, in accord with GAAP classification, will determine the GL Account to which the Revenue Code will map.