LESSON 12: Managing Project Systems

Lesson 12 Learning Objectives

- Upon completion of this lesson, you should be able to:

  - Understand the management of project related PO's

  - Understand the use of different types of Work Breakdown Structures (WBS) and how they may affect AuC (CIP) periodic settlement

  - Understand the Final Settlement process

  * *AuC = Asset Under Construction*

Project System Procurement

- **Purchase Orders**
  - Any PO results in commitment to WBS (Review report CJI5 for commitments and CJI3 for Actuals)

  - When you clean up your POs at year-end, be sure to address those for projects, also.

  - If you want the costs to be recorded for a WBS, you **MUST** put the WBS on the payment cost assignment.

Parking WBS

- The parking WBS is used only for temporary project cost capture, the ultimate classification of expenditures in a parking WBS have not been determined.

- A parking WBS can be identified by a "Z" in the final five characters. Ex. C.A400.0001.BZ000 with priority field having value "R."

- A parking WBS will not be settled at period end or project close.

- All parking WBS should be reviewed periodically to determine appropriate posting or possible reclass.

- Use FV50 to reclass costs from a parking WBS to a capital WBS.

- Besides being used for temporary cost capture, a parking WBS is also used for Revenue (if any) and cash posting if Cash tracking by Project is required.

Expense, Capital, Pass Through WBS

- Expense Projects starting with identifier "E" is used to capture expenditures that <u>will not</u> be settled to an AUC and ultimately <u>will not settle</u> to a capital asset. Ex. E.A200.0001.AB000.

- Pass through Projects starting with identifier "P" is used to capture expenditures that <u>will not</u> be settled to an AUC and ultimately <u>will not settle</u> to a capital asset. Ex. P.A200.0001.AB000 . The difference between this and Expense projects is that the Pass Through has assets captured in separate books and not in the SCEIS system.

- Capital Projects starting with identifier "C" is used to capture expenditures that <u>will</u> be settled to an AUC and ultimately <u>will settle</u> to a capital asset. Ex. C.A200.0001.AB000 with no value for Priority field.
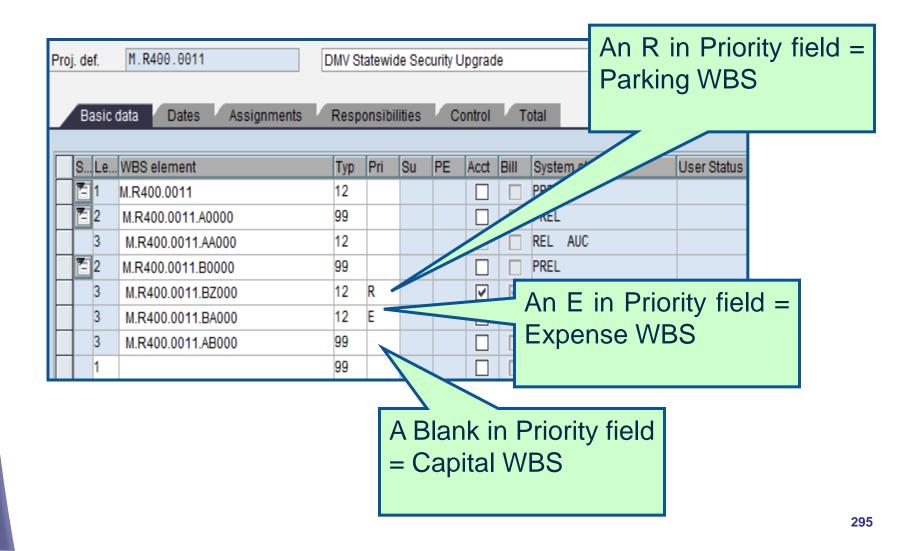
Mixed Projects

- Projects that begin with the identifier M *for* Mixed Projects, can have WBS that are designated as an Expense, Parking or a Capital WBS in their data structure. This is determined by the Priority field.

- The decision making process of whether a WBS should be capital or expense happens at the time of WBS Release.

Project – Typical M Project with Different Types of WBS

S...	Le...	WBS element	Typ	Pri	Su	PE	Acct	Bill	System st		User Status
	1	M.R400.0011	12				☐	☐	PREL		
	2	M.R400.0011.A0000	99				☐		REL		
	3	M.R400.0011.AA000	12					☐	REL AUC		
	2	M.R400.0011.B0000	99				☐	☐	PREL		
	3	M.R400.0011.BZ000	12	R			☑				
	3	M.R400.0011.BA000	12	E							
	3	M.R400.0011.AB000	99				☐				
	1		99				☐				

Proj. def. M.R400.0011   DMV Statewide Security Upgrade

Basic data | Dates | Assignments | Responsibilities | Control | Total

An R in Priority field = Parking WBS

An E in Priority field = Expense WBS

A Blank in Priority field = Capital WBS

Period End Settlement

- Executed by SCEIS **centrally** every period end.

- This could and probably will be done as part of a monthly closing cycle.

- Costs move from project to AuC (CIP), so expense is not overstated.

- Period end settlement is where capital WBS are relieved of their cost and AuC gets the posting.
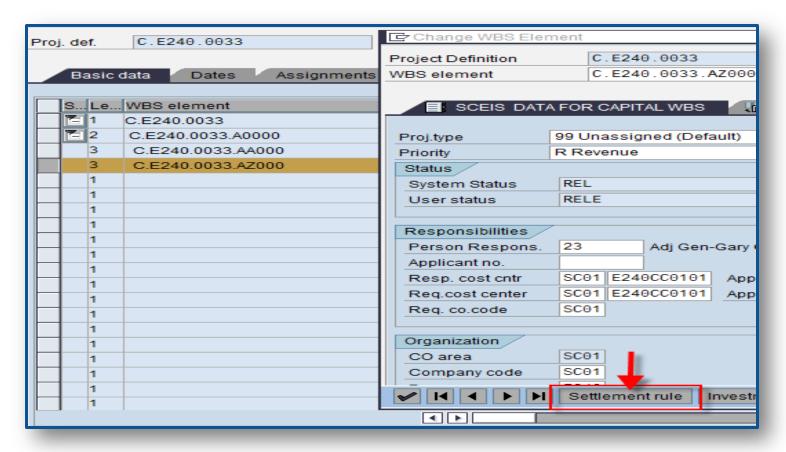
Parking WBS Settlement Profile

- A parking WBS will not be settled at period end or project close.

- Use CJ02 to ensure that all Parking WBS's have Settlement Profile Z003.
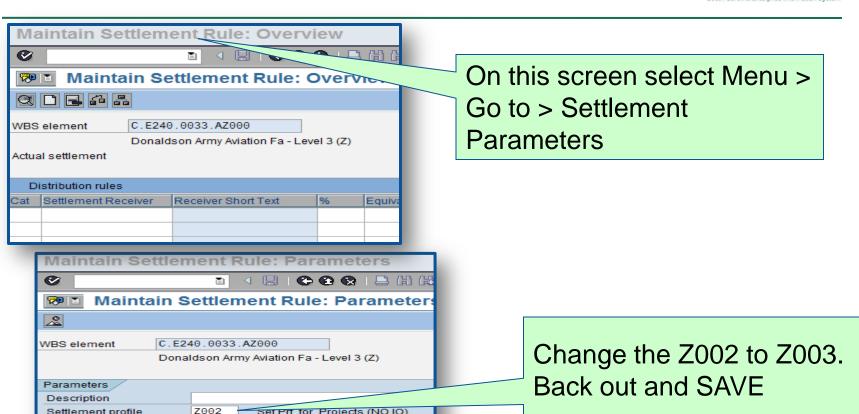
Parking WBS Settlement Profile

Type in the project in CJ02. When the WBS screen comes up, double click on the AZ WBS's settlement rule as displayed below:

Parking WBS Settlement Profile cont

On this screen select Menu > Go to > Settlement Parameters

Change the Z002 to Z003. Back out and SAVE

We are essentially telling the system that this WBS should NOT be settled.

Capitalization to an Asset

- The Final Settlement process will be executed centrally by the CGO for FY2011.

- Agencies must notify the CGO of any **projects that are complete** and a settlement to an asset is required.

- You must **set up the asset shell** and give that information to the CGO with your request.

Capitalization to an Asset cont.

- Prior to capitalization of any project, agencies should review all expenditures in the expense WBS to determine if any should be capitalized. If so, move to a capital WBS.

- Parking WBS should be reviewed to determine if any parked expenditures should be capitalized.

Lesson 12 Summary

- You should now be able to:
  - Understand the management of project related PO's
  - Understand the use of different types of WBS and how they may affect AuC (CIP) periodic settlement
  - Understand the Final Settlement process