CA Clarity ™ PPM

Financial Management User Guide
v13.0.00

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Chapter 1: Financial Management Introduction

This section contains the following topics:

Financial Management Components

Financial management includes the following:

- Financial planning. Use financial summaries to specify high-level budget information for investments using financial metrics such as NPV and ROI. You can also use detailed financial plans to accomplish the following goals:

  - Estimate and predict future cost and benefits for investments.

  - Model in detail where cost or benefits for a specific period can occur.

  - Break down cost and benefits by different grouping attributes or criteria

  - Create the budget most suitable for your business needs.

- Transaction processing. Use transactions to capture the total cost of labor, materials, equipment, and other expenses incurred against investments and reflect them on detailed financial plans.

- Chargebacks. Use chargebacks to represent the inter-account transfers of investment or service costs to departments.

How to Get Started with Financial Management

Before you can work with financial management, set up the following at a minimum:

1. Currencies if multicurrency is implemented (see page 47).

2. Entities required for any type of financial processing (see page 13).

3. Fiscal time periods used with financial planning (see page 19).

4. Financial classes used to process transactions (see page 36).

5. Financial cost/rate matrix to populate costs for transactions and financial plans.

6. Access rights to financial management features for users (see page 163).

Financial Management Jobs

The following jobs are typically used for financial management:

- Import Financial Actuals job
- Post Timesheets job
- Rate Matrix Extraction job
- Generate Invoices job
- Post Incident Financials job
- Post Transactions to Financial job
- Update Aggregated Data job
- Purge Temporary Aggregated Data job

See the *Administration Guide* for more information.

Processes for Financial Management

You can create processes to automate certain financial management tasks.

See the *Administration Guide* for more information.

The following are some examples of tasks you can automate:

- Approve or reject budget plans associated with your cost plans.
- Notify project managers and team members of assigned action items.

Best Practices:

- Define your start condition clearly for auto-starting transaction line-related processes. The start condition can accidentally launch several unwanted processes.
- Defining a process to set the partition of a cost plan is unnecessary as cost plans inherit the partition of the investment to which they belong.

Chapter 2: Setting Up Financial Management

This section contains the following topics:

Entities

Creating a financial entity is the first step in setting up financial management. You can define as many entities as you need.

Each entity owns a unique set of locations and departments for which the entities are financially aware. To establish this financial boundary, associate the entities with a geographical OBS for locations and an organizational OBS for departments.

Once an entity is defined, you can create financial plans and establish costs for investments.

Financial controllers can set up defaults at the entity level to suggest the recommended cost plan structure for the organization. For example, they can predefine the fiscal time period type and the grouping attributes for all cost plans. The default values are automatically populated for individual investment cost plans at the time you create them. The project managers can change these defaults for their specific investments.

How to Set Up Financial Entities

Financial setup requires input from your IT or corporate finance department and must accurately reflect how investment costs are tracked.

The following is the recommended order of tasks for setting up an entity:

1. Create an OBS type for a financial department and for a financial location.

   See the *Administration Guide* for more information.

2. Create an entity and associate it with the department OBS and location OBS (see page 14).

3. Create fiscal time periods (see page 20).

4. Create departments for the entity (see page 29).

5. Create locations and assign them to the entity (see page 24).

6. Associate departments with locations (see page 27).

7. Define the financial cost/rate matrix.

8. Define financial classes (see page 36).

9. Define entity home currency and currency defaults (see page 47)

Create Entities

If you are setting up financial management for the first-time, first establish the OBS location and OBS department associations and then create the entity .

If you have previously defined system defaults, the default values are populated when you create an entity. For example, Investment Class, Company Class, and WIP Class are populated by default.

If a cost/rate matrix exists for resources (labor, material, equipment), by default all transactions for these resources use the matrix to determine costs and rates. You can override this default by entering a different cost and rate in the transaction properties.

Follow these steps:

1. Open Administration, and from Finance, click Setup.

   The financial organizational structure appears.

2. Click Entities.

   The entity list appears.

3. Click New.

   The create page appears.

4. In the General section, complete the following fields:

   Entity

   Defines the entity name. You cannot update this value after you create the entity.

Description

Defines the detailed description of the entity.

Short Description

Defines the brief description of the entity.

Fiscal Period Type

Defines the fiscal time period type for the entity. This value sets the default fiscal time period type for all new cost plans created for the entity. You can change this default in the cost plan.

Values:

■   Monthly

■   Quarterly

■   Annually

■   Weekly

■   Semi Monthly

■   13 Periods

Home Currency

Defines the home currency for the entity. You cannot update this field after the entity is created. You can only select currencies if the currency option was enabled as CA Clarity PPM was installed.

Default Billing Currency

Defines the default billing currency for viewing cost plans.

Reporting Currency

Defines the default currency used for reporting. You cannot update this field after the entity is created.

Location OBS

Defines the location OBS associated with the entity.

Department OBS

Defines the department OBS associated with the entity.

5.   In the Defaults section, complete the following fields:

Investment Class

Defines the investment class for the entity used for reporting purposes.

Company Class

Defines the default company class.

WIP Class

Defines the default work-in-progress class.

6. In the Labor Rate and Cost Defaults section, complete the following fields:

Rate Source

Defines a cost/rate matrix to use for labor.

Cost Source

Defines a cost/rate matrix to use for labor.

Source Location

Defines the source for the rate and cost as coming from either the resource location or project location.

Exchange Rate Type

Defines the exchange rate type to use for labor.

Values: Average, Fixed, or Spot

7. In the Material Rate Defaults section, complete the following fields:

Rate Source

Defines a cost/rate matrix to use for materials.

Exchange Rate Type

Defines the exchange rate type to use for material.

Values: Average, Fixed, or Spot.

8. In the Equipment Rate Defaults section, complete the following fields:

Rate Source

Defines a cost/rate matrix to use for equipment.

Exchange Rate Type

Defines the exchange rate type to use for equipment.

Values: Select Average, Fixed, or Spot.

9. In the Expense Rate Defaults section, complete the following fields:

Rate Source

Defines a cost/rate matrix to use for expenses.

Exchange Rate Type

Defines the exchange rate type to use for expenses.

Values: Select Average, Fixed, or Spot.

10. Save the changes.

    The entity is created.

Edit Entities

You can change the general information for an entity after you create it. You can delete an entity as long as it is not associated with any department or location.

Follow these steps:

1. Open the entity.

    The entity properties appear.

2. Edit tor review he following fields:

    Entity

    Defines the entity name. You cannot update this value after you create the entity.

    Description

    Defines the detailed description of the entity.

    Short Description

    Defines the brief description of the entity.

    Fiscal Period Type

    Defines the fiscal time period type for the entity. This value sets the default fiscal time period type for all new cost plans created for the entity. You can change this default in the cost plan.

    Values:

    - Monthly

    - Quarterly

    - Annually

    - Weekly

    - Semi Monthly

    - 13 Periods

    Home Currency

    Defines the home currency for the entity. You cannot update this field after the entity is created. You can only select currencies if the currency option was enabled as CA Clarity PPM was installed.

Default Billing Currency

Defines the default billing currency for viewing cost plans.

Reporting Currency

Defines the default currency used for reporting. You cannot update this field after the entity is created.

Location OBS

Defines the location OBS associated with the entity.

Department OBS

Defines the department OBS associated with the entity.

3. In the Defaults section, edit the following fields:

Investment Class

Defines the investment class for the entity used for reporting purposes.

Company Class

Defines the default company class.

WIP Class

Defines the default work-in-progress class.

4. Edit the following fields in the Labor Rate and Cost Defaults section:

Rate Source

Defines a cost/rate matrix to use for labor.

Cost Source

Defines a cost/rate matrix to use for labor.

Source Location

Defines the source for the rate and cost as coming from either the resource location or project location.

Exchange Rate Type

Defines the exchange rate type to use for labor.

Values: Average, Fixed, or Spot

5. In the Material Rate Defaults section, edit the following fields:

Rate Source

Defines a cost/rate matrix to use for materials.

Exchange Rate Type

Defines the exchange rate type to use for material.

Values: Average, Fixed, or Spot.

6. In the Equipment Rate Defaults section, edit the following fields:

    Rate Source

      Defines a cost/rate matrix to use for equipment.

    Exchange Rate Type

      Defines the exchange rate type to use for equipment.

      Values: Select Average, Fixed, or Spot.

7. In the Expense Rate Defaults section, edit the following fields:

    Rate Source

      Defines a cost/rate matrix to use for expenses.

    Exchange Rate Type

      Defines the exchange rate type to use for expenses.

      Values: Select Average, Fixed, or Spot.

8. Save the changes.

Fiscal Time Periods for Entities

Fiscal time periods are the dates you specify as a unit for financial processing. Before you can perform detailed financial planning tasks or set up chargeback rules, you must define active fiscal time periods for an entity.

When creating time periods, the period, year, and date range you select automatically creates a series of time periods.

Example

If the time period is monthly, enter January 1 as the start date and December 31 as the finish date. Doing so creates time periods for each month in the specified year.

Create Fiscal Time Periods

Follow these steps:

1. With the entity open, click Fiscal Time Periods.

   The fiscal time periods list appears.

2. Click New.

   The create page appears.

3. Complete the following fields:

   Period Type

   Defines the period type, such a monthly or quarterly. Once you create this time period, you cannot change the type.

   Values: 13 Periods, Weekly, Semi Monthly, Monthly, Quarterly, Annually

   Fiscal Year

   Defines the fiscal year.

   Time Period Description

   Defines the placeholder description for the set of time periods being created.

   Start Date

   Defines the start date for the period or range of time periods. You cannot edit the start date once saved.

   Finish Date

   Defines the ending date for the time period or range of time periods. You cannot edit the finish date once saved.

4. Save the changes.

   All fiscal time periods within the date range are created with a status of "Inactive".

Activate Fiscal Time Periods

You can deactivate or delete a fiscal time period only if it is not used in a cost plan or referenced in a transaction.

Follow these steps:

1. Open the entity and the fiscal time periods to be activated.

    The fiscal time periods list appears.

2. Select each fiscal time period to be activated.

3. Open the Actions menu, and from General, click Activate.

    A checkmark appears in the Active column for the fiscal time period.

4. Save the changes.

    The fiscal time periods are now active.

Edit Fiscal Time Periods

You can edit the name, start date, finish date, and year of inactive fiscal time periods. You can edit these attributes as long as there are no overlaps across, or gaps between the time periods. Once activated, you can only edit the name and description of a time period.

Follow these steps:

1. Open the entity and the fiscal time periods.

    The fiscal time periods list appears.

2. Edit the following fields as needed:

    Period Name

    Defines the fiscal time period name. You cannot edit the name once saved.

    Fiscal Year

    Defines the fiscal year.

    Time Period Description

    Defines the placeholder description for the set of time periods being created.

    Start Date

    Defines the start date for the period or range of time periods. You cannot edit the start date once saved.

    Finish Date

    Defines the ending date for the time period or range of time periods. You cannot edit the finish date once saved.

3. Save the changes.

Plan Defaults

Use plan defaults to define default settings for all project and investment cost plans. Budget Plans inherit the grouping attributes from cost plans.

With plan defaults, you can do the following:

- Establish grouping attributes for cost plan line item details.

- Set a period type for defining cost plans.

- Establish starting and ending periods for cost plans.

- Lock plans to prevent managers from changing the grouping attributes on their cost plans.

- Add a freeze date to govern the time periods at cost, benefit, and budget planning level.

If you set plan defaults for period type, plan start and end periods, and grouping attributes, these default values are auto-populated when defining cost plans. Project managers can change these values in the cost plans unless the plan structure is locked.

If you do not set any plan defaults, the period type is auto-populated from the entity when defining cost plans. The plan start and end periods are auto-populated from the investment start and end dates.

Create Plan Defaults for Entities

Follow these steps:

1. With the entity open, click Plan Defaults.

   The create page appears.

2. Complete the following fields:

   Period Type

   Defines the type of period on which cost plans for this entity are based, such as monthly or quarterly.

   Default: The period type used in chargebacks for debit and credit rules.

   Plan Start Period and Plan End Period

   Defines the default start and end time periods for cost plans.

   Freeze Date

   Defines the freeze date. You cannot edit a plan for time periods before the freeze date.

Lock Plan Structure

Specifies whether you want to prevent managers from overriding plan defaults when defining cost plans. You can select this field only if you have some grouping attributes selected.

Default: Cleared

Grouping Attributes

Defines the categories for designing the cost plan and benefit plan line item detail structure.

Values: Charge Code, Department, Input Type Code, Location, Resource, Resource Class, Role, Transaction Class, User Value 1, and User Value 2

3. Save the changes.

Edit Plan Defaults for Entities

Changes to plan defaults apply only to new cost plans, not existing ones.

Follow these steps:

1. With the entity open, click Plan Defaults.

    The entity plan defaults appear.

2. Edit the following fields:

    Period Type

    Defines the type of period on which cost plans for this entity are based, such as monthly or quarterly.

    Default: The period type used in chargebacks for debit and credit rules.

    Plan Start Period and Plan End Period

    Defines the default start and end time periods for cost plans.

    Freeze Date

    Defines the freeze date. You cannot edit a plan for time periods before the freeze date.

    Lock Plan Structure

    Specifies whether you want to prevent managers from overriding plan defaults when defining cost plans. You can select this field only if you have some grouping attributes selected.

    Default: Cleared

Grouping Attributes

Defines the categories for designing the cost plan and benefit plan line item detail structure.

Values: Charge Code, Department, Input Type Code, Location, Resource, Resource Class, Role, Transaction Class, User Value 1, and User Value 2

3. Save the changes.

Locations

Locations represent the geographical locations (or departments) where a company conducts its business. Locations, such as a city, state, or country are uniquely associated with one entity. If you have defined multiple entities that share the same physical location, define separate locations for each entity.

Each location can have an address, telephone number, and manager name.

By Example: Uniquely Named Locations for Multiple Entities

Forward Inc has a wholly owned subsidiary named FI Back Office Systems. Forward Inc maintains two separate general ledgers for each business. When setting up the financial structure, Forward Inc created two entities-one for itself and another for the wholly owned subsidiary. Both companies have offices in the same geographical location. To create entities and associate the same location uniquely to each entity, Forward Inc created two location OBSs. They were named frd_locations for the Forward Inc entity and fi_locations for the Fi Back Office Systems entity. Forward also created city locations for each entity location using unique identifiers and names.

Once setup, Forward Inc associated their business units, departments, and groups to the locations. Similarly, FI Back Office Systems did the same.

You can associate a location with many departments. You can associate a department with many locations. Locations can be parent locations to other locations, such as a country is a parent to a state or a region. This hierarchy automatically creates the OBS structure for the corresponding department OBS and location OBS.

Create Locations

Use the following procedure to create a location and to associate it to an entity.

Follow these steps:

1. Open Administration, and from Finance, click Setup.

   The financial organizational structure appears.

2. Click Locations.

   The locations list page appears.

3. Click New.

   The create page appears.

4. Complete the following fields:

   Location Name

   Defines the location name.

   Limits: 32 characters

   Location ID

   Defines the unique identifier for the location. This field cannot be edited after it is saved.

   Entity

   Specifies the entity to which this location belongs. This field cannot be edited after it is saved.

   Parent Location

   Specifies the location to which this location belongs.

   Description

   Defines the detailed description.

   Address1, Address2, Address3

   Defines the location address in three available lines.

   City

   Defines the city for the location.

   State

   Defines the state for the location.

   Postal Code

   Defines the ZIP Code for the location.

   Country

   Defines the country for the location.

   Phone

   Defines the telephone number for the location.

   Fax

   Defines the facsimile number for the location.

Manager

Defines the name of the manager of the location.

5. Save the changes.

Edit Locations

You cannot delete a location if it is used or associated with any one of the following:

- Department
- Supplemental customer information
- Entity
- System defaults
- Unposted transactions or transactions under adjustment
- Resources
- Chargebacks or GL Allocation

Follow these steps:

1. Open the location.

    The properties page appears.

2. Edit the following fields:

    Location Name

    Defines the location name.

    Limits: 32 characters

    Parent Location

    Specifies the location to which this location belongs.

    Description

    Defines the detailed description.

    Address1, Address2, Address3

    Defines the location address in three available lines.

    City

    Defines the city for the location.

    State

    Defines the state for the location.

Postal Code

Defines the ZIP Code for the location.

Country

Defines the country for the location.

Phone

Defines the telephone number for the location.

Fax

Defines the facsimile number for the location.

Manager

Defines the name of the manager of the location.

3. Save the changes.

View Sub-locations of Parent Locations

If the location is a parent to other locations, you can view a list of these locations and edit them as desired.

Follow these steps:

1. Open the location.

   The location properties appear.

2. Open the Properties menu and click Sub-locations.

   The sub-locations list appears.

3. Click a sub-location link to view or edit the properties of the selected location.

Associate Departments with Locations

You can associate a location with one or more departments. Before you can do that, verify that you have created departments and associated them to the same entity as the location.

Follow these steps:

1. Open the location.

   The location properties appear.

2. Open the Properties menu and click Departments.

   The departments list appears.

3. Click Add.

   The add departments page appears.

4. Select the check box next to each department you want to associate with the location and click Add.

   The selected departments are associated with the location.

Remove Department Associations From Locations

If all of the following are true for the department, you can remove the association between a department and location.

- Financially enabled investments are not using it.

  See the *Project Management User Guide* for more information.

- Financial transactions are not associated to it.

- A financially enabled resource is not using it.

  See the *Resource Management User Guide* for more information.

Departments

Departments represent units in the organizational structure of your company.

A department can be set up as one of the following:

- IT Provider. The department owns investments or services that other departments can subscribe to.

- IT customer. The department subscribes to investments or services provided by an IT provider department.

Use the following process to manage your departments and subdepartments:

- Create departments (see page 29).
- Edit departments, if needed (see page 31).
- Define the department budget (see page 32).
- Manage department locations (see page 33).
- Manage department resources (see page 33).
- Manage department investments (see page 35).

How to Get Started with Departments

Set up the following before you can work with departments:

- Create an entity (see page 14).

- (Optional) Associate the department with locations (see page 27).

- (Optional) Associate resources with the department.

    See the *Resource Management User Guide* for more information.

- (Optional) Associate investments with the department.

    See the *Project Management User Guide* for more information.

Create Departments

You create a department by naming it, associating it with an entity, and optionally selecting a parent department, department manager, and business relationship manager. The department hierarchy is established by selecting a parent department.

When you create a department, a corresponding OBS unit is also created based on the selected entity and the parent department.

Follow these steps:

1. Open Navigator, and from Organization, click Departments.

    The list page appears.

2. Click New.

    The create page appears.

3. Complete the following fields:

    Department Name

    Defines the name of the department.

    Department ID

    Defines the unique department ID. Once you create the department, you cannot change this value. Your CA Clarity PPM administrator can set the ID for auto-numbering.

    See the *Studio Developer's Guide* for more information.

    Entity

    Defines the entity used to associate an organizational structure and financial planning defaults with the department. Once the department is created, this field cannot be changed.

Parent Department

Specifies the parent department for this department. Required only if this department is a subdepartment to another department.

Example: The Retail Banking IT department is a parent to the Application Development department.

IT Customer

Displays if the department is a subscriber for investments or services provided or owned by other departments.

IT Provider

Displays if the department owns investments or services that customer departments can subscribe to.

Description

Defines the detailed information about the department.

Department Manager

Specifies the department manager. The user you select as the department manager is automatically granted the *Department - Edit* access right.

Default: This field is populated with the resource ID of the user who created the department.

Business Relationship Manager

Defines the user who is a liaison between this department and other departments. The user selected as the business relationship manager is automatically granted the *Department - View* access right.

Delegate Invoice Approval

Indicates if invoice approval must be delegated to the sub departments. If this option is not selected, no sub departments in that branch can view or approve invoices. All charges are rolled up to the top-level parent department.

4. Save the changes.

View a List of Sub-Departments

You can review the list of sub departments associated with your department.

Follow these steps:

1. Open the department.

    The properties page appears.

2. Open the Properties menu, and click Subdepartments.

    The subdepartments list page appears.

Edit Departments

You can edit a department after creating it. If you have not associated a department with a location, you can delete it. When you delete a department, its sub departments are also deleted.

Follow these steps:

1. Open the department.

   The properties page appears.

2. Edit the following fields:

   Department Name

   Defines the name of the department.

   Parent Department

   Specifies the parent department for this department. Required only if this department is a subdepartment to another department.

   Example: The Retail Banking IT department is a parent to the Application Development department.

   Description

   Defines the detailed information about the department.

   Department Manager

   Specifies the department manager. The user you select as the department manager is automatically granted the *Department - Edit* access right.

   Default: This field is populated with the resource ID of the user who created the department.

   Business Relationship Manager

   Defines the user who is a liaison between this department and other departments. The user selected as the business relationship manager is automatically granted the *Department - View* access right.

3. Save the changes.

Delete Departments

If the following conditions are true for a department, you can delete the department

- The department is not referenced in the financial cost/rate matrix.

- The department does not have associated financial transactions (posted or unposted).

- The department is not set as a default system department.

- A financially enabled resource is not using the department.

- A financially enabled project is not using the department.

- The department is not associated with a location.

Define Department Budgets

You can plan for and track budgeted costs and benefits for your department. You can also set the start and end date over which the budget is experienced. The money flows constantly and evenly over this defined period.

Follow these steps:

1. Open the department.

   The properties page appears.

2. Open the Properties menu and click Budget.

   The budget properties page appears.

3. Complete or review the following fields:

   Currency

   Displays the selected system currency.

   Budget Equals Planned Values

   Indicates whether you want the budget cost and benefit values to be equal to the planned cost and budget values. If you clear this check box, you can manually define the budget values.

   Planned Cost

   Defines the planned costs for the department. This value is distributed between the Planned Cost Start and the Planned Cost Finish dates.

   Planned Cost Start and Planned Cost Finish

   Defines the dates when the planned cost starts and finishes for the department.

   Planned Benefit

   Defines the total planned benefit the department receives.

   Planned Benefit Start and Planned Benefit Finish

   Defines the dates when planned benefit starts and finishes for the department.

Budget Cost

Defines the budgeted cost for the department. This value is distributed between the Budget Cost Start and the Budget Cost Finish dates.

Budget Cost Start and Budget Cost Finish

Defines the dates when the budget cost starts and finishes for the department.

Budget Benefit

Defines the total budgeted benefit the department receives.

Budget Benefit Start and Budget Benefit Finish

Defines the dates when budgeted benefit starts and finishes for the department.

4. Save the changes.

Department Locations

You can associate a department to multiple locations. The locations must be from the same entity as the department. You can view these locations, and add or remove them from a department.

Open the department and click Locations to manage locations associated with the department.

See the *Administration Guide* for more information.

If the following conditions are true for the department, you can remove a department and location association:

■ Resources are not using the location and department.

■ Projects are not using the location and department.

■ Posted or unposted transactions are not using the location and department.

Department Resources

Resources become members of a department when you associate them with a department OBS in the resource properties page. A resource can belong to only one department.

See the *Resource Management User Guide* for more information.

Demand for a department comprises of:

■ All the work to which the resources in the department are allocated.

■ All the work that roles are allocated to that is specified as coming from the department.

Capacity is the aggregation of the availability of all resources allocated to the investments in the department.

View Resource Allocation for Departments

You can view the aggregated demand as opposed to capacity for resources in the department and in associated sub departments.

Follow these steps:

1. With the department open, click Resources.

    The department resources page appears.

2. In the Department Resource Aggregation section, review the following fields:

    Department

    Displays the department or any of its sub departments. Click the Resources icon to view the list of resources that are members of the department, or edit resource properties or allocations. Click the Role icon for a department or sub department to view the roles in that department or sub department, or edit role properties or allocations.

    Allocation

    Displays the aggregated full-time employee availability for each time period.

3. In the Department Resources section, view the list of resources associated with the department. Click a resource link to view or edit the properties or allocations for an individual resource.

Plan Resource Capacity

You plan and organize the resource capacity for your department and sub departments as follows:

■ Create new or manage existing capacity planning scenarios.

■ Plan capacity for your resources based on workloads, allocation, and investments.

See the *Resource Management User Guide* for more information.

Follow these steps:

1. With the department open, click Resources.

    The department resources page appears.

2. Open the Scenario menu and use scenarios to plan resource capacity.

Department Investments

Investments are tied to a department when they are associated with a department OBS in the investment properties. An investment can belong to only one department.

See the *Project Management User Guide* for more information.

View Investments Associated with a Department

You can view a list of all investments associated with the selected department and optionally sub departments.

Follow these steps:

1. With the department open, click Investments.

   The investments list appears.

2. Click an investment link to view or edit the investment.

View and Analyze Department Portfolios

You can access your department portfolios, create scenarios, and evaluate the performance of the department from the *Department: Properties* page.

Department portfolios can be of the following types:

- Customer Department Portfolios. The portfolios for departments that fund investments. Customer portfolios allow you to see the costs of shared investments in each related portfolio. If the portfolio type is Customer, all of the investments for which the department is charged are included in the portfolio. Investments are included in the customer department portfolios as long as chargeback rules exist to charge that department.

- Provider Department Portfolios. The portfolios for departments that own the investments. If the portfolio type is Provider, all of the investments that the department owns are included in the portfolio. Investments are included in the provider department portfolios as long as they are owners of those investments.

Department portfolios can be either Provider or Customer but not both at the same time. Departments that own investments and fund investments can potentially have provider and customer department portfolios.

You can create one or more portfolios for your department.

See the *Portfolio Management User Guide* for more information.

Follow these steps:

1. Open the department.

   The properties page appears.

2. Open the Properties menu and click Portfolios.

   The department properties page appears displaying the list of portfolios associated with that department.

3. Click the name of the portfolio to see the portfolio general properties.

4. Click Go to Associated Department to go back to the department properties.

Financial Classes

Use financial classes for the following purposes:

- Categorize resources, companies, investments, and transactions.

- Uniquely describe rules when processing chargeback-related transactions.

- Enable projects for financial processing.

  See the *Project Management User Guide* for more information.

Resource Classes

Use resource classes to categorize financially enabled resources.

Note: You can associate a resource to only one resource class.

Examples of resource classes include:

- Organizational. Executive, management, or staff.

- Geographical category. Local, offshore, or EMEA.

- Skill Level. Principal, senior, or associate.

- Equipment. Computer hardware, software, or office equipment.

- Materials. Specifications, presentations, or user guides.

Create Resource Classes

Follow these steps:

1. Open Administration, and from Finance menu, click Setup.

   The financial organizational structure appears.

2. Click Resource Classes.

   The list page appears.

3. Click New.

   The create page appears.

4. Complete the following fields:

   Resource Class

   Defines a unique resource class ID. This field is display-only after the class is created.

   Description

   Defines the detailed description of the class.

   Resource Type

   Specifies the type for the resource class. This field is display-only after the class is created.

   Values:

   - Labor

   - Material

   - Equipment

   - Expense

   Active

   Indicates if this resource class is active. An inactive resource class is unavailable for new references on resources, cost plans, and transactions.

5. Click Save.

Edit Resource Classes

If you no longer need a resource class, you can inactivate it.

Follow these steps:

1. Open the resource class.

    The properties page appears.

2. Edit the following fields:

    Description

    Defines the detailed description of the class.

    Active

    Indicates if this resource class is active. An inactive resource class is unavailable for new references on resources, cost plans, and transactions.

3. Save the changes.

Company Classes

Company classes categorize clients, vertical markets, or lines of business within your financial organization and are required when financially enabling a company.

Use company classes for:

■   Associating with a company.

■   Defining cost or rate matrices.

■   Reporting.

Examples of company classes include:

■   Industry. Government, education, consumer, technology

■   Region. North America, South America, EMEA

A company can belong to only one company class at a time.

Important! Do not delete the company class if a company is associated with the company class. Deleting assigned company classes causes validation errors.

Create Company Classes

Follow these steps:

1. Open Administration, and from Finance menu, click Setup.

   The financial organizational structure appears.

2. Click Company Classes.

   The list page appears.

3. Click New.

   The create page appears.

4. Complete the following fields:

   Company Class

   Defines a unique company class ID. This field is display-only after the class is created.

   Limits: 8 characters

   Description

   Defines a detailed description of the class.

   Short Description

   Defines the class description

   Limits: 15 characters

5. Save the changes.

Edit Company Classes

After creating a company class, you can delete it by selecting it from the list page and clicking Delete.

Follow these steps:

1. Open the company class.

   The properties page appears.

2. Edit the following fields:

   Description

   Defines a detailed description of the class.

   Short Description

   Defines the class description

   Limits: 15 characters

3. Save the changes.

Investment Classes

Use investment classes to categorize work logically within an organization. For example, you can use investment classes to categorize investments.

Create Investment Classes

Follow these steps:

1. Open Administration, and from Finance menu, click Setup.

   The financial organizational structure page appears.

2. Click Investment Classes.

   The list page appears.

3. Click New.

   The create page appears.

4. Complete the following fields:

   Class Name

   Defines the name for the class (up to eight characters). This field is display-only after the investment class is created.

   Description

   Defines the detailed description of the class.

   Short Description

   Defines the short description of the class.

5. Save the changes.

Edit Investment Classes

You can delete an investment class by selecting it from the list page and clicking Delete.

Follow these steps:

1. Open the investment class.

   The properties page appears.

2. Edit the following fields:

   Description

   Defines the detailed description of the class.

   Short Description

   Defines the short description of the class.

3. Save the changes.

Work in Process Classes

Use work-in-process (WIP) classes to categorize companies and investments. WIP is also used to indicate methods of revenue recognition. You can use the WIP class to define the rates and costs for transactions, and to group transactions for posting to the general ledger. For projects, you can use them to calculate recognized revenue.

Important! If the WIP class is currently associated with a company, investment, or transaction, do not delete the WIP class.

Create WIP Classes

Follow these steps:

1. Open Administration, and from Finance menu, click Setup.

    The financial organizational structure appears.

2. Click Work in Process Classes.

    The list page appears.

3. Click New.

    The create page appears.

4. Complete the following fields:

    Work In Process Class

    Defines the name for the class. Display-only after the class is created.

    Limits: 8 characters

    Description

    Defines the detailed description of the class.

    Short Description

    Defines the short description of the class.

5. Save the changes.

Edit WIP Classes

To delete a WIP class, select the class from the list page, and click Delete.

Follow these steps:

1. Open the WIP class.

    The properties page appears.

2. Edit the following fields:

   Description

   Defines the detailed description of the class.

   Short Description

   Defines the short description of the class.

3. Save the changes.

Transaction Classes

Transaction classes are user-defined values that group transaction types. For example, to categorize the labor transaction type for financial reporting and analysis in your organization, add the following transaction classes:

- Consulting

- Development

- Sales

Some other examples of transaction classes include the following:

- Hardware for equipment

- Software for material

- Travel for expense

Define at least one transaction class for each of the following transaction types:

Transaction Type	System Identifier
Labor. Used to capture people hours associated with costs.	L
Material. Used to capture asset costs.	M
Equipment. Used to capture physical asset costs.	Q
Expense. Used to capture all other costs.	X

Every transaction is associated with a transaction class. This association is useful when applying costs to investments in an organization.

Create Transaction Classes

Follow these steps:

1. Open Administration, and from Finance menu, click Setup.

   The financial organizational structure appears.

2. Click Transaction Classes.

   The list page appears.

3. Click New.

   The create page appears.

4. Complete the following fields:

   Transaction Class

   Defines the unique ID for the class. This field is display-only after the class is created.

   Limits: Eight characters.

   Description

   Defines the detailed description of the class.

   Short Description

   Defines the short description of the class.

   Transaction Type

   Defines the transaction type. This field is display-only when editing the class.

   Values:

   - Labor
   - Materials
   - Equipment
   - Expense

5. Save the changes.

Edit Transaction Classes

To delete a transaction class, select it from the list page, and click Delete.

Follow these steps:

1. Open the transaction class.

   The properties page appears.

2. Edit the following fields as needed:

   Description

   Defines the detailed description of the class.

   Short Description

   Defines the short description of the class.

3. Save the changes.

Financial Management System Defaults

You can set system-level defaults for financial classes, cost and rate matrices, and other financial settings. They help simplify the financial setup where most investments follow the same financial setup.

Set up the following financial information before setting system-level financial defaults:

- Entity (see page 13)
- Department (see page 28)
- Location (see page 24)
- Financial Classes (see page 36)
- Cost and Rate Matrices (see page 53)
- Currencies (see page 47)

Setting up system-level defaults is not required to process financial transactions.

You can override these defaults at the entity level or investment-level. Investment-level defaults take precedence over system or entity level defaults. If defaults are not set at any level, enter them if necessary when processing transactions or creating new investments.

Set File Maintenance Defaults

Set system-level defaults for processing financial transactions or for financially enabling new investments.

Follow these steps:

1. Open Administration, and from Finance menu, click Setup.

   The financial organizational structure appears.

2. Click Defaults.

   The financial management defaults appear.

3. In the File Maintenance section, complete the following fields:

   Entity

   Defines a default entity to use for financial management.

   Location

   Defines the default location to use for financial management.

   Department

   Defines the default department to use for financial management.

   Investment Class

   Defines the default investment class to use for financial management.

   WIP Class

   Defines the default work-in-progress class to use for financial management.

   Company Class

   Defines the default company class to use for financial management.

4. Save the changes.

Set Project Transaction Entry Defaults

For each resource type, you can set up default rate and cost sources to use for transactions.

Important! Updating default transaction entry settings do not affect investments that are already financially enabled. These investments are processed based on settings defined when they were first financially enabled.

Follow these steps:

1. With the financial management defaults open, in the Project section, click Project Transaction Entry Defaults.

   The transaction entry page appears.

2. In the Labor section, complete the following fields:

   Rate Source

   Defines the rate source used to determine the rate to bill or charge for labor.

   Cost Source

   Defines the cost source used to determine the labor costs.

Source Location

Indicates that the source for the rate and cost comes from the employee (that is, resource) or investment location. If the default source location is set at the entity level, the system uses the entity setting to determine the source location.

Exchange Rate Type

Defines the exchange rate type to use for processing transactions.

Values: Average, Fixed, or Spot

3. In the Material section, complete the following fields:

Rate Source

Defines the rate source used to determine the rate to bill or charge for material.

Source Location

Indicates that the source for the rate comes from the investment location.

Exchange Rate Type

Defines the exchange rate type to use for processing transactions.

Values: Average, Fixed, or Spot

4. In the Equipment section, complete the following fields:

Rate Source

Defines the rate source used to determine the rate to bill or charge for equipment.

Source Location

Indicates that the source for the rate comes from the investment location.

Exchange Rate Type

Defines the exchange rate type to use for processing transactions.

Values: Average, Fixed, or Spot

5. In the Expense section, complete the following fields:

Rate Source

Defines the rate source used to determine the rate to bill or charge for expenses incurred.

Source Location

Indicates that the source for the rate comes from the investment location.

Exchange Rate Type

Defines the exchange rate type for processing transactions.

Values: Average, Fixed, or Spot

6. Save the changes.

View Default Currency

If multicurrency is enabled, you can view the default system currency. Multicurrency is enabled when you install CA Clarity PPM. To view whether CA Clarity PPM is installed as a multicurrency system and the default system currency, review the Currency section in the financial management defaults.

Currencies

To perform currency conversions, set up conversion rates. The currency code you select becomes the default system currency for all CA Clarity PPM financial pages. Once you set a system currency, you cannot change it. Before you can use a currency in a conversion rate, activate the currency.

Set up system currency before you can do any of the following tasks:

■   Create entities and import them through the XML Open Gateway.

■   Define financial properties and financial summaries for investments.

■   Change your system from single-currency to multi-currency.

Activate Currencies

You can complete this procedure only if CA Clarity PPM is set up as a multicurrency system.

Follow these steps:

1. Open Administration, and from Finance menu, click Setup.

    The financial organizational structure appears.

2. Click Currency.

    The currencies page appears.

3. Select each currency you want to activate, and click Activate.

Set Up Conversion Rates

You can complete this procedure only if CA Clarity PPM is set up as a multicurrency system.

Follow these steps:

1. With the financial organization structure open, click Foreign Exchange Rates.

   The foreign exchange rates appear.

2. Click New.

   The exchange rate properties page appears.

3. Complete the following fields:

   From Currency

   Defines the currency to convert.

   To Currency

   Defines the currency to convert items to. If the desired currency does not display in the list, check that the currency is active.

   Conversion Rate

   Defines the conversion rate.

   Rate Calculation Method

   Defines the calculation method.

   Values: Divide or Multiply.

   Exchange Rate Type

   Defines the exchange rate type.

   Values: Average, Fixed, or Spot.

   Effective Date

   Defines the effective date for this conversion rate.

4. Save the changes.

Specify WIP Settings

Follow these steps:

1. Open Administration, and from Finance menu, click WIP Settings.

   The financial management WIP settings page appears.

2. Complete the following fields:

   Entity

   Defines the source of the entity. The value of the source entity is stored for transaction entry.

   Values: Project, Client, or Employee

   Location

   Defines the source of the location.

   Values: Project, Client, Cost Code, or Employee

   Department

   Defines the source of the department.

   Values: Project, Client, Cost Code, or Employee

   WIP Aging Levels in Days

   Defines the number of days for each WIP level.

3. Click Save.

Processing

You can standardize functionality or business logic by setting up basic rules for financial transaction processing. Once these rules are defined, you can enable or disable the processing options as desired.

Set Up Financial Management Processing Options

Follow these steps:

1. Open Administration, and from Finance, click Processing.

   The financial management processing page appears.

2. Complete the following fields:

   Allow Chargeable Override

   Indicates if resources are allowed to change the chargeable status of a cost code as transactions are entered.

Use Multicurrency

Indicates if multicurrency is available for the current session. When you enable multicurrency, the system tracks multiple currencies for transactions, billing, and reporting.

Apply Currency Precision for rate/cost

Indicates if currency precision is applied to rate or cost. This drives whether calculations are made using the extended currency precision, or rounded to the currency precision, then calculated.

Entity Based Security

Specifies the type of security applied to financial processing.

Values:

- None. No security is used.

- Strict. Access is allowed only to the specified financial entity objects and transactions.

- Parent. Access is allowed only to the objects and transactions of the specified financial entity, its parent, and children.

Hide Financial OBS

Indicates if financial OBS types must be hidden in some OBS browse lists. Select the check box to hide the Department and Location OBS types from OBS browse lists.

3. Save the changes.

Vendors

A vendor is a company or resource that provides products or services. Vendors are associated with accounts payable integration and are used when entering transactions for material, expense, and equipment to track the location of purchases.

Add Vendors

Follow these steps:

1. Open Administration, and from Finance, click Setup.

   The financial organizational structure appears.

2. Click Vendors.

   The list page appears.

3. Click New.

   The create page appears.

4. Complete the following fields:

   Code

   Defines the unique identifier for the vendor. This field becomes display-only after creating the vendor.

   Name

   Defines the vendor name.

   Affiliation

   Defines the vendor affiliation.

   Status

   Defines the vendor status.

   Values: Active, Inactive, and No New Business

   Address 1, Address 2, Address 3, Address 4, Address 5, Address 6

   Defines the vendor address (lines 1 through 6).

   Attention Name

   Defines the name of the person who receives information at the vendor.

   Attention Phone

   Defines the telephone number of the person who receives information at the vendor.

   Contact Name

   Defines the contact name for the vendor.

   Contact Phone

   Defines the telephone number for the person who is the contact for the vendor.

5. Click Save.

Edit Vendors

If you no longer need a vendor, you can inactivate the vendor from the vendor properties.

Follow these steps:

1. Open the vendor.

   The properties page appears.

2. Edit the following fields:

   Name

   Defines the vendor name.

   Affiliation

   Defines the vendor affiliation.

   Status

   Defines the vendor status.

   Values: Active, Inactive, and No New Business

   Address 1, Address 2, Address 3, Address 4, Address 5, Address 6

   Defines the vendor address (lines 1 through 6).

   Attention Name

   Defines the name of the person who receives information at the vendor.

   Attention Phone

   Defines the telephone number of the person who receives information at the vendor.

   Contact Name

   Defines the contact name for the vendor.

   Contact Phone

   Defines the telephone number for the person who is the contact for the vendor.

3. Save the changes.

Financial Matrices

A matrix is composed of the following:

- General properties to describe the matrix.

- Assigned columns that identify the criteria used to match the rates and costs to transactions.

You can define a Cost/Rate matrix used during financial transaction processing to determine costs and billing or charge rates. You can create cost and rate matrices for labor, materials, equipment, and expense resource types.

You can establish default matrices at the system level, entity level, and investment level. CA Clarity PPM looks for and applies matrices first at the investment level, then at the entity level, and finally at the system level. You can set default rate locations at either the entity level or system level. If a matrix cannot be matched, you can enter costs and rates manually when you create transactions.

Set up currency before creating a cost/rate matrix.

Cost/Rate Matrices

Use rate matrices to specify direct costs to investments. When you apply cost or billing rates to transactions, the correct rate is automatically selected from possible rates and is used during rate calculation. You can add matrices for use only with costs or rates.

How to Set Up Cost/Rate Matrices

The matrix rows govern the whole rate structure to cover all the pricing scenarios. You can set up one cost/rate matrix per project.

Use the following process to set up your cost/rate matrices:

- Create the cost/rate matrix (see page 56)

- Assign columns to the cost/rate matrix (see page 57)

- Add rows to the cost/rate matrix (see page 58)

- Effect a rate increase for cost/rate matrix (see page 59)

- Copy cost/rate matrix rows (see page 60)

Cost Plus Codes and Rules

The cost plus mechanism is used to apply mark-ups. A cost plus code is a set of cost plus rules.

Cost plus rules allow for the mark-up of actual or standard costs. Project managers can associate cost plus rules to their projects to allow mark-up to be calculated using the multiplier (factor), burden, and overhead methods.

Cost plus rules are added to cost plus codes to make up cost plus. Cost plus is used in an existing cost/rate matrix.

How to Enable Cost Plus Codes

To enable a cost plus code, you must:

1. Create the cost plus code (see page 54).

2. Define at least one cost plus rule (see page 55) for each code and add it to the cost plus code. You can define unlimited cost plus codes or rules.

To delete a cost plus code, select the check box next to it and click Delete. If a cost plus code has been used in a transaction, you cannot delete it.

Create Cost Plus Codes

Follow these steps:

1. Open Administration, and from Finance, click Cost Plus Codes.

   The list page appears.

2. Click New.

   The properties page appears.

3. Define the following fields:

   Cost Plus Code

   Defines the unique ID for the cost plus code.

   Limits: 8 characters

   Description

   Defines the detailed description of the cost plus code.

   Limits: 40 characters

   Short Description

   Defines the brief description of the cost plus code.

   Limits: 15 characters

Applies To

Defines the cost type to which the cost plus code applies from the list.

Values:

– Actual. The actual amount paid for transactions.

– Standard. The blended or burdened rate.

4. Save the changes.

Create Cost Plus Rules and Add to Cost Plus Codes

The cost plus rules you add to the cost plus code specify the conditions and amounts that are applied for markups. Cost plus rules are added to cost plus codes to make up cost plus. Cost plus is used in an existing cost/rate matrix.

To delete a cost plus rule after adding, do the following:

■ To delete the last rule added, click Delete Last Rule.

■ To delete rules with a lower sequence number than the last rule you entered, delete all of the rules with higher sequence numbers first.

Follow these steps:

1. Open Administration, and from Finance, click Cost Plus Codes.

   The list page appears.

2. Click the cost plus code to add a cost plus rule.

   The properties page appears.

3. In the Rules in effect section, click New.

   The create page appears.

4. Complete the following fields:

   Units From

   Defines the beginning value for which this rule is invoked.

   Multiplier

   Defines the type of markup to apply for the actual or standard cost.

   Default: Percent

   Burden

   Defines the type of markup to apply to burden.

   Default: Percent

Overhead

Defines the mark-up variable for overhead.

Default: Percent

Sequence

Displays the range of units to which the mark-up applies.

Applies To

Displays what the mark-up applies to (for example, cost, rate, or actual).

To

Defines the end of the range for invoking the rule.

Multiplier Amount

Defines the percentage amount for the multiplier markup. When this cost plus rule is invoked, the multiplier amount is included in the calculation for the total transaction amount.

Default: 0

Burden Amount

Defines the percentage amount for the burden markup. The burden equals cost (actual or standard) times the burden amount. When this cost plus rule is invoked, the burden amount is included in the calculation for the total transaction amount.

Default: 0

Overhead Amount

Defines the percentage amount for the overhead markup. Overhead is the operational costs of a business and equals cost (actual or standard) times the overhead amount. When this cost plus rule is invoked, the overhead amount is included in the total transaction amount.

Default: 0

5. Save the changes.

Create Cost/Rate Matrices

Create as many cost matrices as needed for each entity. Once you have defined the general properties, assign columns to the matrix.

Follow these steps:

1. Open Administration, and from Finance, click Manage Matrix.

The manage matrix page appears.

2. Click New.

   The properties page appears.

3. Complete the following fields:

   Matrix Name

   Defines the unique name for the matrix.

   Limits: 40 characters

   Matrix Type

   Defines the matrix type as Cost/Rate.

   Matrix Default Currency

   Defines the default currency for this matrix. This field only appears if multicurrency is enabled.

   Default: System Currency

   Location

   Defines the location used in the matrix.

   Entity

   Defines the entity used in the matrix.

   Private

   Specifies whether this matrix is restricted to particular users.

   Default: Cleared

   Notes

   Defines any additional information specific to this matrix.

4. Save the changes.

Assign Columns in Cost/Rate Matrices

You can set up the conditions under which rates are applied. You can assign and remove, order, and reorder up to ten columns for the cost/rate matrix. As you process transactions, the matrix columns are used to determine the rates and costs.

The order of the columns determines the weighting and filtering driving the rates. When the matrix is named during transaction processing, the columns are read from left to right. For example, if the first column is "Client", and the second is "Project", only projects associated with the client run against this cost/rate matrix.

Follow these steps:

1. Open the cost/rate matrix.

    The properties page appears.

2. Assign columns to your matrix as follows and click Save:

    ■   Select the column from the Available list of columns and click the Add arrow to move the item to the Selected list.

    ■   To remove a column from the Selected list, select the column and click the Remove arrow.

    ■   To change the order of selected items up, click the Up or Down arrow.

    The columns are assigned to the cost/rate matrix.

Add and Change Cost/Rate Matrix Rows

Follow these steps:

1. Open the cost/rate matrix.

    The properties page appears.

2. Click Edit Matrix Rows

    The edit matrix rows page appears.

3. Click New.

    The matrix row properties appear.

4. Complete the following fields:

    From Date

    Defines the beginning of the effective date range for this row. Any transaction processed within the range is applied the rates/costs from this matrix.

    To Date

    Defines the end of the effective date range for this row.

5. Select matrix criteria. The fields available for selection vary based on the columns you assigned. For example, if you selected Location as the assigned column, select a location to define matrix criteria.

6. Complete the following:

    Rate

    Defines the billing rate applied to the transaction. A value of at least 0.00 is required. Entering a bill rate over 0.00 adds a rates matrix.

    For equipment, materials, and expenses, rate is equal to quantity. For example, if the cost of a single server is $1,000.00, then the rate set to 1.

Standard Cost

Defines the standard cost associated with any transaction matching the criteria established in the matrix. Standard Cost is applied in cost reporting.

Actual Cost

Defines the actual cost associated with a transaction matches the criteria established in the matrix. Actual Cost is applied for billing.

Currency

Specifies the currency for the row in the matrix. This value can be different for each row in the matrix and is assigned when a transaction match occurs. Displayed only when multicurrency is enabled.

Default: Matrix Default Currency

Cost Plus Code

Specifies the cost plus code used when a transaction matches the criteria established in the matrix.

7. Save the changes.

Increase the Rate for Cost/Rate Matrices

A rate increase affects the entire matrix. At least one matrix row must exist for you to complete this procedure.

Follow these steps:

1. Open the cost/rate matrix.

   The edit matrix rows page appears.

2. Select the box next to the row in which to increase the rate.

3. Click Rate Increase.

4. Change any of the following:

   Rate %

   Defines the percent increase to apply to the rate for the period specified.

   Standard Cost %

   Defines the percent increase to apply to the standard cost for the period specified.

   Actual Cost %

   Defines the percent increase to apply to the actual cost for the period specified.

Source Date From

Defines the beginning of the date range for the matrix rows affected by the rate change.

Source Date To

Defines the end of the date range for the matrix rows affected by the rate change.

New Date From

Defines the beginning of the effective date range for the new matrix row.

New Date To

Defines the end of the effective date range for the new matrix row.

5. Click Preview and test the matrix.

Copy Cost/Rate Matrix Rows

Rates are date sensitive. You cannot overlap the dates when you copy matrix rows.

Follow these steps:

1. Open the cost/rate matrix.

2. Select the check box next to the row you want to copy and click Copy.

3. Enter or change the following:

From Date

Defines the beginning of the effective date range for this row. Any transaction processed within the range is applied the rates/costs from this matrix.

To Date

Defines the end of the effective date range for this row.

4. Select matrix criteria. The fields available for selection vary based on the columns you assigned. For example, if you selected Location as the assigned column, select a location to define matrix criteria.

5. Enter or edit the following:

Rate

Defines the billing rate applied to the transaction. A value of at least 0.00 is required. Entering a bill rate over 0.00 adds a rates matrix.

For equipment, materials, and expenses, rate is equal to quantity. For example, if the cost of a single server is $1,000.00, then the rate set to 1.

Standard Cost

Defines the standard cost associated with any transaction matching the criteria established in the matrix. Standard Cost is applied in cost reporting.

Actual Cost

Defines the actual cost associated with a transaction matches the criteria established in the matrix. Actual Cost is applied for billing.

Currency

Specifies the currency for the row in the matrix. This value can be different for each row in the matrix and is assigned when a transaction match occurs. Displayed only when multicurrency is enabled.

Default: Matrix Default Currency

Cost Plus Code

Specifies the cost plus code used when a transaction matches the criteria established in the matrix.

6. Save the changes.

Copy Cost/Rate Matrices

Copying a cost/rate matrix adds a new matrix using the defined properties of the existing matrix.

Follow these steps:

1. Select the check box next to the matrix you want to copy, and click Copy.

   The properties page appears.

2. Complete the following:

   Name

   Defines the unique name for the matrix.

   Limits: 40 characters

   Type

   Specifies the matrix types.

   Values: Cost/Rate

   Matrix Default Currency

   Defines the default currency for this matrix. This field only appears if multicurrency is enabled.

   Default: System Currency

Location

Defines the location used in the matrix.

Entity

Defines the entity used in the matrix.

Private

Specifies whether this matrix is restricted to particular users.

Default: Cleared

Notes

Defines any additional information specific to this matrix.

Number of Columns

Displays the number of columns in the matrix.

Number of Rows

Displays the number of rows in the matrix.

3. Click Save and Continue.

   The assign columns page appears.

4. Assign columns, edit matrix rows, and click Finish.

   The finish page appears.

5. Click Return.

   A new copy of the cost/rate matrix is created.

Unlock Matrices

Matrices that are currently being viewed or changed are locked and therefore other user cannot view or change them.

Follow these steps:

1. Select Manage Matrix from the Finance menu.

2. Click Locked Matrices.

3. Select the matrix you want to unlock.

4. Click Unlock.

Company Profiles

Company profiles are used to identify a company's financial profile. A company must be active and financially enabled to process financial transactions.

You can do the following:

- Create company profiles (see page 63).
- Edit general company information (see page 64).
- Manage the financial profile (see page 66).
- Manage billing address information (see page 68).
- View company-related documents.
- View audit records.

    See the *Administration Guide* for more information.

Create Companies

Use the Create Company page to define companies for billing and financial processing.

Follow these steps:

1. Open Home, and from Financial Management, click Companies.

    The list page appears.

2. Click New.

3. Complete the following fields:

    Company Name

    Defines the company name.

    Company ID

    Defines a unique company ID. Read-only after the company is created.

    Company Type

    Defines the type that best describes the company's relationship to your organization. Select a type from the list.

Company Status

Indicates if the company is active or inactive. The company must be active to enable financials on projects. Select a status from the list.

4. Click Save and Return.

5. Do the following to further define the company:

   ■ Provide additional information to identify the company.

   ■ Set up financial properties. Required to financially enable the company for billing project costs and financial processing.

   ■ Provide the company billing address.

Edit General Company Information

You can create a new company or edit an existing company's general information, such as name, type, and status. You can also provide optional, supplemental information, such as external identifiers, affiliates, ticker symbols, or an account manager.

Follow these steps:

1. With the company open, edit the following fields:

   Company Name

   Defines the company name.

   Company Name

   Defines the company name.

   Company ID

   Defines a unique company ID. Read-only after the company is created.

   Company Type

   Defines the type that best describes the company's relationship to your organization. Select a type from the list.

   Company Status

   Indicates if the company is active or inactive. The company must be active to enable financials on projects. Select a status from the list.

2. Save the changes.

Manage Supplemental Company Information

You can provide optional, supplemental information, such as external identifiers, affiliates, ticker symbols, and account manager.

Follow these steps:

1. Open the company.

2. Open the Properties menu and click Supplemental.

   The supplemental company properties appear.

3. Complete the following fields as needed:

   External ID

   Defines the external ID for the company. This ID can be an ID related to a system ID at your company.

   Company Description

   Defines the company description.

   Rating

   Defines the rating to use for the company.

   Values: High, Medium, Low

   SIC Code

   Defines the company Standard Industrial Classification (SIC) code.

   Parent Company

   Defines the name of the parent company.

   Affiliate Company

   Defines the name of the affiliate company.

   Division

   Defines the division if the company is a division of a parent or affiliate company.

   Category

   Defines the category for the company.

   Values: Manufacturing, Merchandiser, Other, Service

   Industry

   Defines the industry associated with the company.

   Values: Consumer Products, Education, Financial, Government, Health Care, Manufacturing, Other, Other Service, Technology

Number of Employees

Defines the number of employees in the company.

Ownership

Defines the ownership type for the company.

Values: Corporation, General Partnership, Limited Liability Company, Limited Proprietorship, Sole Proprietorship

Ticker Symbol

Defines the symbol used by the company on the stock exchange.

Referral Source

Defines the name and contact information of the person that referred the company.

Account Manager

Defines the account manager for the company.

Web Address

Defines the web address for the company.

Primary Contact Name/Phone/Email

Defines the name, phone number, and email address for the primary contact for the company.

Notes

Defines additional supplemental notes for the company.

4. Save the changes.

Manage Company Financial Properties

You must financially enable a company to use it within the rate matrix.

Follow these steps:

1. Open the company.

2. Open the Properties menu and click Financial.

The financial properties appear.

3. Complete the following fields:

Financial Status

Indicates the financial status for the company.

Values: Active, Inactive, No New Business

Financial Location

Defines the financial location of the company.

Financial Department

Defines the financial department of the company.

WIP Class

Defines the work-in-process (WIP) class. The WIP class indicates the transaction category for the company.

Investment Class

Defines the investment class. The investment class is used to categorize company-related projects.

Company Class

Defines the company class for the company.

Date Opened

Defines the date the company was financially enabled. Click the Date Picker icon to select the date.

4. Save the changes.

5. Provide the billing address information.

Manage Company Billing Addresses

You can set up multiple billing addresses.

A placeholder billing address profile is created by default using the company name and ID for the billing company name and billing code, respectively. You can edit the profile to provide the billing address information.

Important! You must define the financial properties of the company before you can set up the billing addresses.

Follow these steps:

1. Open the company.

2. Open the Properties menu and click Financial.

   The financial properties appear.

3. Click Billing Addresses.

   The billing addresses page appears.

4. Do one of the following:

   ■ Click New to create a new billing address.

   ■ Click the Billing Code link to modify an existing billing address.

5. Complete the following fields as needed:

   Billing Code

   Defines the billing code assigned to each billing address. Read-only after the billing address is created.

   Invoice Format Locale

   This field is not used anymore.

   Invoice Language

   This field is not used anymore.

   Billing Company Name

   Defines the name of the company for which invoices are generated.

   Address (1 - 5)

   Defines up to five lines of detailed billing address information.

   Attention Name

   Defines the name of the person receiving the invoices.

   Attention Phone

   Defines the phone number of the person receiving the invoices.

6.   Save the changes.

Edit Company and Postal Addresses

You can provide the company address and postal address.

Follow these steps:

1.   Open the company.

2.   Open the Properties menu and click Address.

The company address page appears.

3.   Complete the following fields in the Main Address section as needed:

Address 1 and 2

Defines the main address for the company.

City

Defines the main city for the company.

State

Defines the main state for the company.

Postal Code

Defines the main postal code for the company.

Country

Defines the main country for the company.

Phone

Defines the main phone number for the company.

Fax

Defines the main fax number for the company.

4.   Complete the following fields in the Postal Address section as needed:

Address 1 and 2

Defines the postal address for the company.

City

Defines the postal city for the company.

State

Defines the postal state for the company.

Postal Code

Defines the postal code for the company.

Country

Defines the postal country for the company.

5. Save the changes.

Chapter 3: Summary Financial Planning

This section contains the following topics:

About Financial Summaries

A financial summary specifies high-level budget information for investments. Correctly defining and recording planned and budget costs and benefit information using financial metrics is key to accurately assessing and analyzing an investment.

The values you enter are applied over one time period—from the investment start date to the finish date. The values are applied only to this investment, not to any of its child or parent investments.

If you create a detailed cost, budget or benefit plan after defining a financial summary, the detailed financial plan data overrides the summary data. The fields on the summary page become display only.

How to Use Financial Summaries

Use a financial summary to do the following.

- Set financial planning options to specify how data from financial summaries interact with detailed financial planning data (see page 77).

- Set financial metric rates for Total Cost of Capital and Reinvestment at the system level. (see page 78)

- Set financial metric options at the investment level (see page 79).

- Manage and view planned cost and benefit data and metrics (see page 80).

- Manage and view budgeted cost and benefit data and metrics (see page 81).

Financial Metrics for Planning

Use the following financial metrics to evaluate your spending on individual investments and decide on investments that you want to pursue at the portfolio level:

- NPV
- ROI
- IRR
- MIRR
- Breakeven
- Payback Period

Example: Using Financial Metrics to Make Funding Decisions

The CIO of Forward Inc wants to make funding decisions for the fiscal year 2011 based on IRR, MIRR, and Payback Period for individual projects. The project manager uses a cost plan to create cost projections for three projects that are being proposed. The project manager also uses a benefit plan to create benefit projections for two of the projects. The benefit plans are associated to the corresponding cost plans. For the third project, a financial summary is used to capture projected costs and benefits for a given time frame. The CIO creates a portfolio that includes all the projects and completes the following steps:

- Compares the IRR, MIRR, and Payback Period for each project
- Uses IRR to rank and consider the prospective projects.
- Uses MIRR to reflect the profitability of a project.

Financial Metric Descriptions

The following financial metrics are available to help you evaluate your plans:

NPV

Displays the net present value of this investment by calculating the total cost of capital and a series of future payments and income. This metric is calculated using the following formula:

$$NPV = -c_0 + \sum_{t=1}^{N} \frac{c_t}{(1+r)^t}$$

Where

- t represents the time period of the cash flow

- N represents the total time of the project

- r is the discount rate or the rate of return that can be earned on investments with similar risks

- Ct is the net cash flow or the amount of cash for time t

ROI

Displays the ratio of money gained or lost on this investment relative to the amount of money invested. This metric is calculated using the following formula:

$$ROI = \frac{(Total\ Planned\ Benefit - Total\ Planned\ Cost)}{Total\ Planned\ Cost}$$

Where

- Total Planned Benefit is the planned benefit amount defined for the investment in the budget properties or in the detailed benefit plan.

- Total Planned Cost is the planned cost amount defined for the investment in the budget properties or in the detailed cost plan.

IRR

Displays the Internal Rate of Return or the discount rate used to achieve zero NPV for an investment. Use IRR as an alternate method for evaluating an investment without estimating the discount rate. CA Clarity PPM calculates IRR from one of the following:

- If cost and benefit are defined in budget properties of the investment, then the cost and benefit amounts are considered evenly distributed between Planned Cost and Planned Benefit start and end dates.

- If cost and benefit are defined from the detailed financial plan, IRR is based on the detailed cost plan and its associated benefit plan.

- If there is insufficient cash flow to make the investment profitable, IRR is a negative value.

- If no positive or negative cash flow exists, the IRR value is left blank.

This metric is calculated using the following formula:

$$NPV = 0 = initial\ investment + \frac{Cash\ flow\ year\ 1}{(1 + IRR)^1} + ... \frac{Cash\ flow\ year\ n}{(1 + IRR)^n}$$

Where

- Initial investment is the cost established at the start of the investment. You can define this value using the Initial Investment field on the budget properties page of an investment.

- n represents the number of periods available in the cash flow.

- Cash flow starts with the first fiscal time period of the cost plan or the associated benefit plan, whichever is earlier, and ends with the last fiscal time period of the cost plan or the associated benefit plan, whichever ends later. The cash flow for each fiscal time period equals the projected benefit less the available cost for that period. If benefit or cost is unavailable for a given fiscal time period, zero dollars is used.

MIRR

Displays the Modified Internal Rate of Return or the rate used to measure the attractiveness of this investment. Use MIRR as part of a capital budgeting process to rank various alternative investment choices. While IRR assumes the cash flows from an investment are reinvested at the IRR, the MIRR assumes that all cash flows are reinvested at the cost of capital. CA Clarity PPM calculates MIRR as one of the following:

- If cost and benefit are defined in budget properties of the investment, MIRR is a lump sum distributed evenly over the specified time.

- If cost and benefit are populated from the detailed financial plan, MIRR is based on the detailed cost plan and its associated benefit plan.

- If there is insufficient cash flow to make the investment profitable, MIRR is a negative value.

- If no positive or negative cash flow exists, the MIRR value is left blank.

This metric is calculated using the following formula:

$$MIRR = \left(\frac{-NPV(reinvest\_rate, positive\_value\,[1,2,...i]) * (1 + reinvest\_rate)^n}{NPV(finance\_rate, negative\_values\,[1,2,...j]) * (1 + finance\_rate)} \right)^{\frac{1}{n-1}} - 1$$

Where

- reinvest_rate is the annual interest rate for reinvesting the positive cash flow. You can define this value using the Reinvestment Rate field on the budget properties page of an investment. If this value is not defined for an investment, the reinvest_rate is zero.

- finance_rate is the annual finance rate on the capital borrowed for investments. You can define this value using the Total Cost of Capital field on the budget properties page of an investment.

- n represents the last period in the lifetime of the investment ($n=i+j$).

Breakeven

Displays the date when the expected cash flow equals the cash outlay for an investment. The breakeven date matches with the payback period.

Payback Period

Displays the number of periods (in months) needed for the sum of the expected cash flows to equal the initial cash outlay for an investment. The payback period matches with the breakeven date and considers the initial investment value. This value is part of the cost included in the first period of a given time period.

Payback Period is derived as one of the following:

- If cost and benefit is defined in the budget properties of the investment, payback is a lump sum distributed evenly over the specified time.

- If cost and benefit is populated from the detailed financial plan, payback is based on the detailed cost plan and its associated benefit plan.

How Financial Metrics for Projects and Subprojects are Calculated

The following rules are applied for calculating IRR, MIRR, Payback Period and other metrics for investments that include child investments. For example, in a portfolio scorecard, projects and subproject amounts get aggregated. The financial metrics are calculated based on the aggregated amount of the projects and subprojects.

In the investment hierarchy, the financial metrics show for the investment itself and rolled up next to the parent investment.

■ The cash flow starts from the first fiscal time period where the cost plan starts in relation to all the investments and child investments.

■ The initial investment is the sum of the initial cost of all investments and child investments.

■ If the main investment or any child investment has no costs planned, then zero is used in the metric calculations.

■ The reinvestment rate and the total cost of capital defined for the top-level main investment are considered for the MIRR calculation.

How Financial Metrics for Portfolios are Calculated

Financial metrics for each child investment in a portfolio are calculated using the same rules as parent investments. If a hierarchy exists, then the metrics are calculated according to the rules that apply to a hierarchy.

The start and end dates of the portfolio do not have an impact on the financial metric calculations of the investments in the scorecard.

The following example shows how even if a portfolio only considers part of an investment, the financial metrics in the scorecard still represent the total investment.

Example: Financial Metrics in a Portfolio

An IT master portfolio is defined for the period of Jan1st 2010 to Dec 31st 2012. The ERP Upgrade project in the portfolio has a planned cost of $200,000 defined for the period July 1st 2009 to June 30th 2010.

The portfolio scorecard only displays the planned cost amount for the project that is relevant to the portfolio dates. Assuming that the planned cost is equally distributed during the lifecycle of the ERP Upgrade project, the amount displayed is $100,000. However, financial metrics are always relevant to the complete project and are calculated based on the full amount of $200,000.

Set Financial Planning Options

You can set the options to define how the financial summaries interact with detailed financial plans of your investments.

Follow these steps:

1. Open Home, and from Portfolio Management, click an investment (for example, Projects).

   The list page appears.

2. Open the investment.

   The properties page appears.

3. Open the Properties menu and click Budget.

   The budget properties appear.

4. Complete the following fields in the Financial Planning section:

   Currency

   > Defines the currency for the investment.
   >
   > **Default:** System currency

   Budget equals Planned Values

   > Specifies if the budget values in the budget properties of an investment match the planned values. If a detailed budget plan exists for the investment, all the field values in the Budget section are display-only. The fields reflect the values in the detailed budget plan. When the check box is cleared, you can edit the budget fields.
   >
   > **Default:** Selected

   Calculate Financial Metrics

   > Specifies if financial metrics for the investment are calculated automatically. If unselected, you can define the financial metrics manually.
   >
   > **Default:** Selected

5. Save your changes.

Set Financial Metrics Options at the System Level

You can set the annual total cost of capital and the annual reinvestment rate for investments at the system level. CA Clarity PPM uses these values to calculate the MIRR for planned costs and budget for investments. If you change the total cost of capital and reinvestment rate values on the system options page, the corresponding values change accordingly on the budget properties page of the investment. The corresponding values change only if you select the option to calculate financial metrics automatically and use the system rates for total cost of capital and reinvestment. The metrics for all investments that use system options are recalculated. This happens in the background and may take some time if the system needs to process many investments.

You can override the system-level values by redefining these values at the investment level on the budget properties page.

Follow these steps:

1. Open Administration, and from General Settings, click System Options.

   The system options page appears.

2. Complete the following fields in the Other section:

   Annual Total Cost of Capital %

   Defines the annual finance rate on the capital borrowed to fund an investment. This value is reflected as the system rate for total cost of capital in the Financial Planning section of the investment budget properties page.

   Annual Reinvestment Rate %

   Defines the annual interest rate used to reinvest positive cash flow for an investment. This value is reflected as the system rate for reinvestment in the Financial Planning section of the investment budget properties page.

3. Save the changes.

Set Financial Metrics Options at the Investment Level

You can set the total cost of capital and the reinvestment rate for an investment on the budget properties page. These investment-level settings override any system-level settings.

The investment-level rates are used for calculating financial metrics for the individual investment.

Follow these steps:

1. Open the investment.

2. Open the Properties menu, and click Budget.

   The budget properties appear.

3. Complete the following fields in the Financial Metrics Options section:

   Use System Rate for Total Cost of Capital

   Specifies if you want to use the system-level total cost of capital for this investment. Clear this check box and enter a value in the corresponding Investment Rate field located below the System Rate field. The investment rate defines the annual finance rate on the capital borrowed to fund this investment.

   Default: Selected

   Use System Reinvestment Rate

   Specifies if you want to use the system-level reinvestment rate for this investment. Clear this check box and enter a value in the corresponding Investment Rate field located below the System Rate field. The investment rate defines the annual interest rate used to reinvest positive cash flow for this investment.

   Default: Selected

   Initial Investment

   Defines the initial cost of the investment used in all financial metric calculations. You can configure this field to appear on the portfolio scorecard and display aggregated values for investments and child investments.

   If you do not specify a value, initial investment is treated as zero. A negative initial investment value is allowed.

4. Save the changes.

Manage Planned Cost and Benefit

Create the planned cost and planned benefit data for your investment using the Planned section in the budget properties. If a cost plan and benefit plan exists for the investment, view the pre-populated planned cost and planned benefit data in the budget properties.

Follow these steps:

1. Open the investment.

2. Open the Properties menu and click Budget.

   The budget properties appear.

3. From the Planned section, enter planned cost and benefit data, or view the following data if a detailed financial plan exists:

   Planned Cost

   Defines the total planned cost for the investment. The value is distributed between the Planned Cost Start and the Planned Cost Finish dates.

   Planned Cost Start

   Defines the date when the planned cost for this investment starts. This field is populated from the start date defined on the investment schedule.

   Planned Cost Finish

   Defines the date when planned cost for this investment ends. This field is populated from the finish date defined on the investment schedule.

   Planned Benefit

   Defines the total planned benefit you can receive from this investment.

   Planned Benefit Start

   Defines the date when planned benefit starts for this investment.

   Planned Benefit Finish

   Defines the date when planned benefit ends for this investment.

4. Save the changes.

View Planned Cost and Benefit Metrics

View the following planned cost and benefit metrics in the Planned section of the budget properties page. Use these metrics to evaluate the value the investment provides to the company. If planned cost and benefit fields are not populated, the planned metrics display no value:

- Planned NPV

- Planned ROI

- Planned IRR

- Planned MIRR

- Planned Payback Period

- Planned Breakeven

Manage Budgeted Cost and Benefit

Create the budgeted cost and benefit data for your investment using the Budget section in the budget properties. If an approved budget and benefit plan exists for the investment, view the prepopulated budget cost and benefit data in the budget properties.

Follow these steps:

1. Open the investment.

2. Open the Properties menu and click Budget.

    The budget properties appear.

3. From the Budget section, enter the following budgeted cost and benefit data, or view the following data if a detailed plan exists:

    Budget Cost

    Defines the approved cost for this investment.

    This field is automatically populated and display-only in the following cases:

    – If the Budget equals Planned Values check box is selected, this field displays the value in the Planned Cost field.

    – If an approved POR exists in the financial plan, this field displays the last budget revision in the plan.

    Budget Cost Start

    Defines the date when the budgeted cost for this investment starts.

    If the Budget equals Planned Values check box is selected, this field is display-only and populated from the start date defined in the investment schedule.

Budget Cost Finish

Defines the date when budgeted cost for this investment ends.

If the Budget equals Planned Values check box is selected, this field is display-only and populated from the finish date defined on the investment schedule.

Budget Benefit

Defines the total budgeted benefit you can receive from this investment.

This field is populated and display-only in the following cases:

– If the Budget equals Planned Values check box is selected, this field displays the value from the Planned Benefit field.

– If an approved budget exists in the detailed financial plan, this field displays the last approved budgeted benefit.

Budget Benefit Start

Displays the date when budgeted benefit starts for this investment.

If the Budget equals Planned Values check box is selected, this field is read-only and populated from the Planned Benefit Start date field.

Budget Benefit Finish

Displays the date when budgeted benefit ends for this investment.

If the Budget equals Planned Values check box is selected, this field is read-only and populated from the Planned Benefit Finish date field.

4. Save the changes.

View Budgeted Cost and Benefit Metrics

You can view the budget cost and benefit metrics in the Budget section of the budget properties page. Use these metrics to evaluate the value an investment provides to your organization. If budget cost and benefit fields are not populated, the following metrics are displayed with no value:

■ Budget NPV

■ Budget ROI

■ Budget IRR

■ Budget MIRR

■ Budget Breakeven

■ Budget Payback Period

Chapter 4: Detailed Financial Planning

This section contains the following topics:

About Detailed Financial Planning

Detailed financial planning allows you to estimate funding for your investments using cost plans. You can get approval for such funding using budget plans. As part of the approval process, you can associate your cost plans with benefit plans to estimate the benefit from your investments.

How to Set Up for Detailed Financial Planning

To build financial plans, the following must be set up:

- An entity must exist (see page 13).

- Fiscal time periods must be defined and activated at the entity level (see page 19).

- An investment must exist.

  See the *Project Management User Guide* for more information.

- The investment must be financially enabled.

  See the *Project Management User Guide* for more information.

- Users must have access rights to work with financial planning (see page 163).

Display Cost Plans and Budget Views

The following views are available for a cost plan or budget plan details:

- Investment Currency View—This default view shows only the data for the selected cost plan or budget. No child data is included in the view. The view shows cost and revenue details in the investment home currency with grouping attributes presented in separate columns. If you have the appropriate access rights, you can edit the view.

- Billing Currency View—This view is the same as investment Currency View except it shows the cost and revenue details in the billing currency based on a predefined exchange rate. The Billing Currency View applies to a multi-currency system where the billing currency is different from the investment home currency.

   The exchange rate used in the billing calculations depends on the following factors:

   - The investment currency or the entity home currency and the billing currency set in the investment financial properties.

   - The exchange rate type driven by the transaction type (for example, labor transaction, material transaction, and so on) set in the investment financial properties. Average exchange rate is always used for this.

      The following billing calculations are triggered when either the cost or the revenue changes in the financial plan for a given row:

      - Billing Cost calculated as Cost * Exchange rate

      - Billing Revenue calculated as Revenue * Exchange rate

      - Total Cost is the sum of Billing Cost

      - Total Revenue is the sum of Billing Revenue

      A change in the exchange rates or billing currency does not trigger recalculation of billing amounts.

Follow these steps:

1. Open the investment.

2. Open the Financial Plans menu and click Cost Plans, Benefit Plans, or Budget Plans.

   The plan list page appears.

3. Click the plan name to open the plan details.

4. Select the view you want from the Show drop-down.

Cost Plans

Cost plans are an alternative to financial summaries if you want to create a detailed plan that spans more than one fiscal time period. You can track planned costs, actual costs, and variances over the lifetime of an investment. In addition, you can break down data by different grouping attributes or criteria. You can define a cost plan from scratch or populate it automatically and submit it as an investment budget for approval.

Use CA Clarity PPM cost planning to facilitate your organizational financial planning process and to enforce standards.

A cost plan consists of the following:

- Plan of record
- Grouping attributes
- Line item details

You can configure a cost plan to display the following revenue fields. These fields are not available by default. Posted transactions must exist for these fields to display values.

See the *Studio Developer's Guide* for more information.

Actual Unit

Displays the aggregated actual unit for a given fiscal period.

Actual Cost

Displays the aggregated actual cost for a given fiscal period calculated as Actual Units * Cost.

Actual Revenue

Displays the actual billing rate for a given fiscal period calculated as Actual Units * Rate.

Cost Variance

Displays the delta between Cost and Actual Cost.

Revenue Variance

Displays the delta between Revenue and Actual Revenue.

Units Variance

Displays the delta between Units and Actual Units.

Plan of Record

The plan of record (POR) is the cost plan that you intend to use as the budget plan for an investment. If there is an existing approved budget plan, you can use the POR to create a new budget plan. The first cost plan you create for an investment becomes the POR by default. You can reassign the POR to any plan and submit it for budget approval. You can keep the remaining cost plans for future use or reference. You cannot delete a POR.

When you add an investment to a portfolio, the cost plan POR is automatically associated to all portfolio scenarios related to that investment. This association with the POR verifies that the investment costs are included in the portfolio scenarios. Later, if you select a different POR for the investment, the new POR is used in the portfolio provided no approved budget exists for the investment. Once a budget is approved, switching the POR has no effect on the value displayed on the financial summary pages of the investment. The financial summary value is the same value that is shown in the portfolio.

By Example: Managing a Cost Plan

Cost planning starts at the investment level and goes through multiple iterations of cost projections and reviews to produce the final approved budget. Investment budgets roll up to the department level and then roll up to higher levels as desired. To streamline this planning process, financial controllers can standardize the ways to capture and break down costs for the entire organization. These standards ensure that all the costs are easily recognized and roll up to the desired levels. Financial controllers can implement standardized budget approval processes to review and approve individual and departmental budgets.

The following is one example on how to manage cost plans based on standards defined by the financial controller. When a finance manager approves a cost plan, it becomes the budget plan for an investment.

1. Financial controller sets global default standards at the entity level to suggest the recommended cost planning structure.

2. Project manager does the following:

   ■ Creates cost plans for an investment as estimates for a budget.

   ■ Designates a specific cost plan as the POR.

   ■ Optionally, associates the POR with a benefit plan.

   ■ Submits the POR for budget approval.

   ■ Optionally, associates a benefit plan with the submitted budget.

3. Finance manager or other designated authority approves or rejects the submitted cost plan as the budget plan.

Grouping of Cost Planning Data

You can group cost planning data using different attributes or criteria to view a breakdown of the data for the given time periods. The structure of the cost plan line item details is based on these grouping attributes and the selected time periods.

The financial controller can set default grouping attributes globally when defining an entity. The project manager can change the default attributes when defining the initial cost plan scope at the investment level. Only the grouping attributes that you define in the initial scope are available for selection when adding line item details. You must select at least one value for each available grouping attribute or select the option to automatically populate the line item details. Individual line item detail rows are created for each unique combination of selected values for all available grouping attributes.

Note: When defining a cost plan, if you do not select a particular grouping attribute, it is hidden from the cost planning pages but is still available from the configuration pages. You do not need to configure the page to manually hide the attribute.

How Cost Plans are Created

You can create a cost plan in one of the following ways:

- Define the cost plan manually (see page 88).

- Automatically populate the cost plan (see page 92).

How to Set up Cost Plans for Manual Definition

Before you can define cost plans, you must set them up. Use the following process to populate cost plans manually:

- Create active fiscal time periods (see page 20).

- Financially enable the investment.

  See the *Project Management User Guide* for more information.

  Or

  See the *IT Service Management User Guide* for more information.

By Example: Defining Line Item Details with Grouping Attribute Values

This example shows you how line item detail rows are created in a cost plan based on the values selected from the available grouping attributes.

1. Jim, the project manager for the ARP project at Forward, Inc. creates a cost plan and selects the following grouping attributes:

   ■ Location

   ■ Department

2. In the cost plan details, Jim selects the following values for each of the grouping attributes:

   ■ Location: Boston, MA and San Francisco, CA

   ■ Department: Software Development and Corporate IT

   The system creates line item detail rows based on each unique combination of selected location and department value.

   Jim can now define the unit and cost values for each time period and view a breakdown of the cost plan for each unique combination of department and location.

Define Cost Plans Manually

The following procedure describes how to define a cost plan from scratch. Select at least one grouping attribute before saving a cost plan. Grouping attributes not selected in the cost plan properties are not displayed in the line item details.

Follow these steps:

1. Open Home, and from Portfolio Management, click an investment (for example, Projects).

   The list page appears.

2. Open the investment.

   The properties page appears.

3. Open the Financial Plans menu and click Cost Plans.

   The cost plans list appears.

4. Click New Manual Plan.

   The create page appears.

5. Complete the following fields:

   Plan Name

   Defines the name for the cost plan.

   Plan ID

   Defines the unique ID for the cost plan.

Description

Describes the cost plan.

Period Type

Defines the type of time period for the plan.

Default: The period type as defined in the entity plan defaults. If no period type is specified in the plan defaults, the period type from the entity properties is populated.

Values: 13 Periods, Weekly, Semi Monthly, Monthly, Quarterly, and Annually

Plan Start Period

Defines the fiscal start period of the cost plan.

Default: The start period is defined in the entity plan defaults. If no start period is specified in the plan defaults, the start period is based on the entity period type and start date of the project. If no active period is found for the project start and end date, no default start period displays.

Plan End Period

Defines the fiscal end period of the cost plan.

Default: The end period is defined in the entity plan defaults. If no end period is specified in the plan defaults, the end period is based on the entity period type and the end date of the project. If no active period is found for the project end date, no default end period displays.

Benefit Plan

Defines the benefit plan associated with the cost plan.

Currency

Displays the entity home currency.

Plan of Record

Indicates if this cost plan is the plan of record.

Grouping Attributes

Defines the categories to use to define the cost plan line item detail structure.

Default: The grouping attributes are defined in the entity plan defaults.

6. Save the changes, and click Detail.

   The cost plan details page appears.

7. Click Add.

   The page to select grouping attribute values appears.

8. Select one or more values for each grouping attribute and save.

    A line item detail row is created for each unique combination of selected grouping attribute values.

9. Review or complete the following fields as desired. You cannot edit the total fields:

    Total Cost

    Displays the total cost based on the costs specified for each time period.

    Total Units

    Displays the total units based on the units specified for each time period.

    Total Revenue

    Displays the total cost based on the unit and cost specified for each time period.

    % Total

    Displays the percentage for that line item detail based on the total cost.

    Unit, Cost and Revenue Details

    Defines the work effort units, cost, and revenue for each cost plan time period. The work effort units are based on the role or resource availability for the associated investment.

10. Save the changes.

How Cost Plans are Automatically Populated

When creating a cost plan, you can choose to populate the plan using values from the investment team (that is, resources or roles) or task assignments automatically. You can also repopulate an existing cost plan.

The following rules describe how cost plans are automatically populated:

■   The start and end periods are based on the fiscal period type of the associated entity and the start and end dates of the associated investment.

■   The grouping attributes are based on the default grouping attributes defined on the associated entity. If default grouping attributes are not defined on the entity, you can define these attributes in the cost plan.

■   The values for the grouping attributes are based on the investment team or task assignments.

- The costs and revenues for the resources are based on the costs and rates defined in the financial cost/rate matrix associated with the investment. If cost/rate is not defined in the matrix for a cost plan time period, an error message appears.

- The matrix is associated to the investment under the appropriate section. For example, for labor, associate the matrix under the Labor Transaction Rates section.

- The work units are based on the sum of the work units of all roles or resources from the investment team or task assignment with the same grouping attribute values as in the line item detail row.

The following describes the rules for auto-populating the line item detail rows:

- When populating from the investment team, every team member is a candidate row. However, If two team members have the same grouping attribute values, only one line item detail row is created to represent both. For example, if grouping is by Transaction Class and Department, and two team members have the same transaction class and department, the system creates only one cost plan line item detail row. This is because each detail row must contain a unique combination of grouping attribute values.

- If a line item detail row has grouping attribute values defined that do not exist on the investment team or task assignment, the corresponding cost, revenue, and unit amounts for these grouping attribute values are not overwritten.

- If a line item detail row has grouping attribute values defined and these values are found on the investment team or task assignment, the corresponding cost, revenue and unit amounts for these grouping attribute values are overwritten.

How to Set Up Cost Plans for Automatic Population

Use the following process to populate cost plans automatically from investment team or task assignments:

- Define fiscal period type in entity properties and grouping attribute in the entity plan defaults (see page 14).

- Define costs and rates in the cost/rate matrix.

- Financially enable the investment, associate a cost/rate matrix, and assign active roles or resources to project tasks.

  See the *Project Management User Guide* for more information.

- Financially enable the resource. This is recommended for more accurate cost projections.

  See the *Resource Management User Guide* for more information.

- Define and activate grouping attribute values that you want to use in the cost plan (see page 87).

Populate Cost Plans Automatically

You can automatically populate a new cost plan using values from the investment team or task assignments.

Follow these steps:

1. Open Home, and from Portfolio Management, click an investment.

   The list page appears.

2. Open the investment.

   The properties page appears.

3. Open the Financial Plans menu and click Cost Plans.

   The cost plans list appears.

4. Open the Actions menu, and from General, click one of the following:

   ■ New from Investment Team

   ■ New from Task Assignments

   The properties page appears showing the default values from the associated entity and investment. You can accept these default values or change them.

5. Enter a name, ID, and description for the cost plan.

6. Save the changes.

   The cost plan details page appears. The line item detail rows are also populated from the investment team or task assignments.

7. (Optional) Open the Actions menu, and from General, click one of the following to populate the cost plan details:

   ■ Populate from Investment Team

   ■ Populate from Task Assignments

8. Save the changes.

By Example: Populating Line Item Details from Investment Team

This example shows you how a cost plan line item detail row is automatically populated with cost and revenue values from the investment team.

■ Jim, the project manager at Forward, Inc. creates a cost plan for the ARP project using the following information to define the scope of the plan:

   ■ Monthly fiscal time periods from January 1 to March 31

   ■ Grouping attributes: Resource, Role, Transaction Class

- Jim selects the option to populate the cost plan line item details from the investment team.

- Based on defined cost plan scope and the project team member values, the system internally identifies the following row as a candidate line item detail row:

Resource	Role	Transaction Class	Location	Department
Sam Ricci	Developer-1	Billable	Los Angeles	Development

- The system passes the financial attributes values from the candidate row to the following cost/rate matrix that defines costs based on role and location values. Note that the system passes all financial attributes that are supported by the cost/rate matrix (not just grouping attribute values).

Role	Location	Cost
Developer-1	San Francisco	85
Developer-1	Los Angeles	83
Developer-2	San Francisco	75
Developer-2	Los Angeles	72

- The system identifies "83" as the applicable cost after matching the role, location, transaction class, and other financial attribute values to the rows in the matrix.

- Based on the cost and the candidate row identified earlier, the system creates the following line item detail row in the cost plan:

Resource	Role	Transaction Class	Jan 1 - Jan 31	Feb 1 - Feb 29	Mar 1 - Mar 31
Sam Ricci	Developer-1	Billable	83	83	83

Investment Team Values Used to Auto-Populate Cost Plans

When you auto-populate a cost plan from the investment team, the system uses the following values from the investment team members to populate the cost plan fields. If a value is not defined for a team member, either the corresponding value on the investment is used or the field is left blank.

Value	Primary Source	Secondary Source
Charge Code	Investment	None. If the value is undefined on the investment, the field is left blank.

Value	Primary Source	Secondary Source
Input Type Code	Resource	None. If the value is undefined on the resource or if the team member is a role, the field is left blank.
Department	Resource	Investment. If the value is undefined on the resource or if the team member is a role, the value from the investment is used.
Location	Resource	Investment. If the value is undefined on the resource or if the team member is a role, the value from the investment is used.
Transaction Class	Resource	None. If the value is undefined on the resource or if the team member is a role, the field is left blank.
Resource	Investment team member	None. If the investment team member is a role or if the value is undefined, the field is left blank.
Resource Class	Resource	None. If the value is undefined on the resource or if the team member is a role, the field is left blank.
Role	Investment team member team role	If the investment team member is a resource and has no team role, then the primary role of the resource is used. If the resource has no primary role, the field is left blank.

Task Assignment Values Used to Auto-Populate Cost Plans

When you auto-populate a cost plan from the task assignment, the system uses the following values from the task assignments to populate the cost plan fields. If a value is not defined for an assignment, either the corresponding value on the investment is used or the field is left blank.

Value	Primary Source	Secondary Source
Charge Code	Task	Investment. If the value is undefined in the task hierarchy or the investment, the field is left blank.
Input Type Code	Resource	None. If the value is undefined on the resource or If the task assignment is a role, the field is left blank.
Department	Resource	Investment. If the value is undefined on the investment, the field is left blank.

Value	Primary Source	Secondary Source
Location	Resource	Investment. If the value is undefined on the investment, the field is left blank.
Transaction Class	Resource	None. If the value is undefined on the resource or if the task assignment is a role, the field is left blank.
Resource	Task	None. If the value is undefined on the task or if the task assignment is a role, the field is left blank.
Resource Class	Resource	None. If the value is undefined on the resource or if the task assignment is a role, the field is left blank.
Role	Task role	Team role. If team role is undefined, the resource primary role is used. If resource primary role is undefined, the field is left blank.

Edit Cost Plans

You can edit the unit and cost details in a cost plan after creating it.

You can only edit the cost plan for periods outside the freeze date defined in the entity plan defaults.

Follow these steps:

1. With the cost plan open, go to the correct time period for your plan using the left and right arrows in the Unit, Cost and Revenue Details section.

2. Edit the following fields:

   Units

   Displays the number of units for the time period.

   Cost

   Displays the cost for the time period.

   Revenue

   Displays the revenue for the time period.

3. Save the changes.

Create the Plan of Record

Before you submit a cost plan for budget approval, make it the plan of record.

Follow these steps:

1. Open the investment.

2. Open the Financial Plans menu and click Cost Plans.

   The cost plans list appears.

3. Click the Set Plan of Record icon next to the plan you want as the plan of record.

   A check mark appears in the Plan of Record column for the plan selected.

Benefit Plans

Creating a benefit plan and associating it with a cost plan allows you to calculate ROI or NPV on an investment. Although cost plans can go through an approval process to become a formal budget, you do not need to approve benefit plans. While a benefit plan can be associated with an unlimited number of cost plans, a cost plan can have only one associated benefit plan.

Create Benefit Plans

Use this procedure to create a benefit plan to associate with a cost plan.

Follow these steps:

1. Open the investment.

2. Open the Financial Plans menu and click Benefit Plans.

   The benefit plans list appears.

3. Click New.

   The create page appears.

4. Complete the following fields:

   Plan Name

   Defines the name for the benefit plan.

   Plan ID

   Defines the unique identifier for the benefit plan.

   Period Type

   Defines the time period unit that appears on the benefit plan.

Plan Start Period

Defines the first time period to include in the plan.

Plan End Period

Defines the last time period to include in the plan.

5. Save the changes.

Add Line Item Detail to Benefit Plans

Use this procedure to add line item details to a new benefit plan. The details you add appear under the Detail field on the benefit plans details list page. You can only define details for the time periods applicable to the benefit plan.

Follow these steps:

1. With the benefit plan open, click Add.

2. Enter the benefit plan details in the Detail field.

   Add as many benefit details as needed.

3. Save the changes.

   The benefit plan details appear listing the details you entered.

4. For each benefit detail, complete and review the following fields in the Benefit Details section. Enter details by clicking in the fields:

   Benefit

   Defines the planned benefit amount for the time period.

   Actual Benefit

   Defines the actual benefit amount for the time period.

   Variance

   Displays the difference between the actual and the planned benefit for the time period.

5. Save the changes.

6. Review the following fields for each benefit detail line item:

   % Benefit

   Displays the percentage of the benefit detail line item as it contributes to the total benefit plan.

   Total Benefit

   Displays the total benefit for the benefit detail line item.

Actual Benefit

Defines the actual benefit amount for the time period.

Variance

Displays the difference between the actual and the planned benefit for the time period.

Edit Benefit Plans

Use this procedure to edit data in an existing benefit plan. A benefit plan cannot be deleted if it is associated with a cost plan.

Follow these steps:

1. With the benefit plan open, click Properties.

   The properties page appears.

2. Review or edit the following fields:

   Plan Name

   Defines the name for the benefit plan.

   Plan ID

   Defines the unique identifier for the benefit plan.

   Total Benefit

   Displays the total benefit for the benefit detail line item.

   Period Type

   Defines the time period unit that appears on the benefit plan.

   Plan Start Period

   Defines the first time period to include in the plan.

   Plan End Period

   Defines the last time period to include in the plan.

3. Save the changes and click Detail to edit the benefit plan details.

   The benefit plan details appear.

4. Review or edit the following fields:

   Detail

   Defines the benefit details.

% Benefit

Displays the percentage of the benefit detail line item as it contributes to the total benefit plan.

Total Benefit

Displays the total benefit for the benefit detail line item.

Actual Benefit

Displays the actual benefit amount for the benefit detail line item.

Variance

Displays the difference between the actual and the planned benefit amounts for the benefit detail line item.

Benefit

Defines the planned benefit amount for the time period.

Actual Benefit

Defines the actual benefit amount for the time period.

Variance

Displays the difference between the actual and the planned benefit for the time period.

5. Save the changes.

Associate Benefit Plans with Cost Plans

Use this procedure to associate a benefit plan with a cost plan.

Follow these steps:

1. With the cost plan open, click Properties.

   The properties page appears.

2. In the Benefit Plan field select a benefit plan.

3. Click Save.

Associate Benefit Plans with Submitted Budgets

The benefit plan association to a cost plan carries over to the submitted budget. This association can only be changed while the budget is in a submitted state. Once approved the benefit plan association cannot be changed.

Follow these steps:

1. With the budget plan open, click Properties.

    The properties page appears.

2. In the Benefit Plan field select a benefit plan.

3. Click Save.

Budget Plans

When a cost plan is approved, it becomes the budget plan for an investment. You can submit a portion of a cost plan for approval by varying the start and end dates for the submission. Only the portion between the new start and end dates is submitted for approval.

When a cost plan is approved, it becomes a budget plan with a new version number. If there is a previous budget, it is saved separately and can be viewed but not edited.

When submitting a cost plan as a budget plan, the following rules apply:

- The cost plan must include a total cost value greater than zero.
- If a budget plan exists, the submitted cost plan must include the same grouping attributes as the budget plan.
- You can only submit or approve only one budget plan at a time.
- When a submitted budget is approved, the budget plan becomes the POR.
- You can edit a submitted budget but you cannot edit an approved budget.
- If an approved budget exists, the submitted cost plan data is merged with the approved budget.

Submit Cost Plans as Budget Plans

A cost plan must be designated as the POR before you can submit it for approval.

If an approved budget plan exists, and you create or update a cost plan as the new POR, this POR does not become the budget plan once approved. Instead it is used to update the existing budget plan.

Follow these steps:

1. Open the investment.

2. Open the Financial Plans menu and click Cost Plans.

    The cost plans list appears.

3. Open the Actions menu, and from General, click Submit Plan of Record for Approval.

   The submit for approval page appears.

4. Complete the following fields:

   Plan Name

   Defines the name of the budget plan. Accept the default name, which is the original cost plan name, or enter a new name.

   Plan ID

   Defines unique ID for the budget plan.

   Description

   Defines the description for the budget plan.

   Plan Start Period

   Displays the start period of the budget plan. To submit a portion of the cost plan rather than the whole plan for budget, select a different start period.

   Plan End Period

   Displays the end period of the budget plan. To submit a portion of the cost plan rather than the whole plan for budget, select a different end period.

   Status

   Displays the cost plan as submitted.

   Grouping Attributes

   Displays the grouping attributes of the cost plan.

5. Click Submit for Approval.

   The cost plan designated as the POR is submitted as a budget plan.

Approve or Reject Submitted Budget Plans

Use this procedure to approve or reject a submitted cost plan as a budget.

Before approving or rejecting a budget plan, you can edit the fields in the Unit, Cost, and Revenue Details section as needed. You can also add line item details to the plan.

Note: You cannot edit an approved budget. Submit a new budget for approval to replace the old budget.

Follow these steps:

1. Open the investment.

2. Open the Financial Plans menu, and click Budget Plans.

   The budget plans list appears.

3. Open the submitted budget plan.

   The budget details appear.

4. Edit the fields in the Unit, Cost, and Revenue Details section, and save the changes.

5. Click Approve or Reject.

About Copying Financial Plans

You can copy an existing financial plan from an investment to create a new plan.

You can also copy a financial plan when creating an investment from a template investment that includes financial plans.

See the *Project Management User Guide* for more information.

The following rules apply when you copy an existing financial plan to create a new plan:

■ In the target cost plan, the fiscal period type and grouping attribute values default to the source cost plan values. You cannot change these values.

■ Any process instances associated with the source financial plan are not copied to the new plan.

■ Any processes associated with the cost or benefit plan objects are available to the new plan for generating process instances.

■ You can copy cost plans and benefit plans but you cannot copy budget plans.

By Example: How Financial Plan Data is Copied

This example shows you how data is copied over from a source plan to the target plan based on the following inputs from the user:

■ Time periods to be copied from the source plan

■ Start and end periods of the target plan

1. Jim the project manager for the ARP project at Forward, Inc. selects an existing cost plan to copy and create a new plan. The existing cost plan spans the following time periods:

   ■ Start period: Jan 1, 2009-Jan 31, 2009

   ■ End period: Dec 1, 2009-Dec 31, 2009

2. On the copy cost plan page, Jim specifies the following as the copy periods in the Copy Data from Source Cost plan section:

    ■   Start period: Jun 1, 2009-June 30, 2009

    ■   End period: Dec 1, 2009-Dec 31, 2009

3. In the Target Cost Plan section of the same page, Jim specifies the following as the start and end periods of the target cost plan:

    ■   Plan start period: Jan 1, 2011-Jan 31, 2011

    ■   Plan end period: Dec 1, 2011-Dec 31, 2011

    The data from Jun 09 to Dec 09 periods from the source plan are copied to the Jan 2011 to Jun 2011 periods in the target plan.

Copy Cost Plans

Use the following procedure to copy an existing cost plan from an investment to create a new cost plan. You can copy the entire cost plan or only a portion of it and modify.

Follow these steps:

1. Open the investment.

2. Open the Financial Plans menu and click Cost Plans.

    The list page appears.

3. Select the check box next to the cost plan you want to copy

4. Open the Actions menu, and from General, click Copy Cost Plan.

    The copy plan page appears.

5. Complete or review the following fields in the Copy Data from Source Cost Plan section:

    Source Plan Name

    Displays the source plan name.

    Start Period

    Defines the start copy period. Data is copied to the target plan based on this start period and the target plan start period.

    Default: The source plan start period.

    End Period

    Defines the end copy period. Data is copied to the target pan based on this end period and the target plan end period.

    Default: The source plan end period.

Scale By %

Defines the percentage by which to scale (increase or decrease) the dollar values in the copied plan.

Example: Enter 75 percent to increase the values from the source plan by 75 percent from their original.

Default: 0%. No change in values.

6. Complete or review the following fields in the Target Cost Plan section:

Plan Name

Defines the target plan name.

Default: The name of the source plan prefixed with "Copy of".

Plan ID

Defines the target plan unique ID.

Default: The ID of the source plan prefixed with "Copy of".

Description

Defines a description for the target plan.

Default: The source cost plan description.

Period Type

Displays the fiscal period type.

Default: The fiscal period type of the source plan. You cannot change the default period type.

Plan Start Period

Defines the target plan start period.

Default: The start period of the source plan.

Plan End Period

Defines the target plan end period.

Default: The end period of the source plan.

Benefit Plan

Displays the benefit plan associated with the source plan (if any).

Currency

Displays the system currency selected during financial setup.

Grouping Attributes

Displays the grouping attributes of the plan.

Default: The grouping attributes of the source plan. You cannot change these grouping attributes.

7. Save the changes.

The cost plan is copied over and the new plan appears listed on the cost plans list page.

Copy Benefit Plans

Use the following procedure to copy an existing benefit plan to create a new benefit plan. You can copy the entire plan or just a portion of the plan. After copying the plan, you can modify it.

Follow these steps:

1. Open the investment.

2. Open the Financial Plans menu and click Benefit Plans.

   The benefit plans list appears.

3. Select the benefit plan you want to copy.

4. Open the Actions menu, and from General, click Copy Benefit Plan.

   The copy benefit plan page appears.

5. Complete or review the following fields in the Copy Data from Source Benefit Plan section:

   Source Plan Name

   Displays the source plan name.

   Start Period

   Defines the start copy period. Data is copied to the target plan based on this start period and the target plan start period.

   Default: The source plan start period.

   End Period

   Defines the end copy period. Data is copied to the target pan based on this end period and the target plan end period.

   Default: The source plan end period.

Scale By %

Defines the percentage by which to scale (increase or decrease) the dollar values in the copied plan.

Example: Enter 75 percent to increase the values from the source plan by 75 percent from their original.

Default: 0%. No change in values.

6. Complete the following fields in the Target Benefit Plan section of the page.

Plan Name

Defines the target plan name.

Default: The name of the source plan prefixed with "Copy of".

Plan ID

Defines the target plan unique ID.

Default: The ID of the source plan prefixed with "Copy of".

Period Type

Displays the fiscal period type.

Default: The fiscal period type of the source plan. You cannot change the default period type.

Plan Start Period

Defines the target plan start period.

Default: The start period of the source plan.

Plan End Period

Defines the target plan end period.

Default: The end period of the source plan.

7. Save the changes.

The benefit plan properties appear displaying the newly copied benefit plan values.

8. Review the amount in the Total Benefit field that reflects the scaling percentage applied when copying data from the source plan.

9. Click Detail to review or change the benefit plan details.

The total benefit amount is broken down for the new planning periods. Zero values appear for the periods that are no longer a part of the new benefit plan.

Chapter 5: Transaction Processing

This section contains the following topics:

About Transaction Processing

Transactions capture the total cost of labor, materials, equipment, and other expenses that can be charged back to departments for services and other investments, such as assets, applications, and projects. Transactions can be initiated from timesheets, imported from external systems, or entered manually. Work-in-progress transactions are an important stage in the accounting process that enables you to adjust and review transactions before they get invoiced.

Manual Transactions

Entering transactions manually enable you to capture the total cost of an investment's materials, equipment, other expenses, and labor.

For example, you can use transactions to post the cost of servers used for application development and charge the cost to the consuming department that commissioned the application development project.

All transactions are entered as vouchers and then posted to Work-in-Progress (WIP) for the transactions to appear on a billing invoice or department invoice.

Work-in-Progress Transactions

Work-in-progress (WIP) is an important, fundamental accounting concept where all costs on an investment are captured and capitalized. Before transactions can be processed, they must be posted to WIP.

You can post transactions to WIP, and adjust posted WIP transactions, and approve or reject WIP adjustments.

The set of WIP tables contain entered transactions that can be subsequently posted to an accounting system. Post to WIP recognizes negative values when transactions are posted. Once a transaction has been posted to WIP, it has passed all validation criteria and is available for billing, invoicing, and posting to the general ledger (GL).

Detailed records of modifications, adjustments, and billings are logged. You cannot delete posted WIP transactions, but can change them through the WIP adjustment process.

About Transaction Entries

A transaction entry is composed of the following:

- A voucher header describes transactions and categorizes them by resource type. You must create a voucher header to create transaction entries.

- Line items describing the transaction.

Best Practice: Before creating and viewing transactions, make sure you are logged in as an user with the financial properties enabled.

You can search for, update, and delete transactions until they are posted to WIP. Once posted to WIP, you can view, edit, or reject transactions from the WIP adjustment page.

Transactions are used to charge departments for the cost of investments. Transactions entered are not posted to integrated financial purchasing or payable systems. If you have integrated CA Clarity PPM with accounting implementation, it is recommended that you enter all purchasing and payable transactions directly through your financial purchasing or payable system.

By Example: Capturing Billable Project Costs

The Application Development group at Forward Inc is developing AutoPay software for wireless devices for the JJ Johnston Company. This company agreed to pay for all costs associated with the project, including development time, PDA's for testing, and travel expenses.

To account for all costs, the project manager added labor, equipment, and expense (travel) resources to the project. Each resource is added by resource type to the project as a team member.

Once the project can account for the various resource types and is enabled for financial processing, transaction entries are created for expenses using Voucher Expense and for the purchase of PDA's using Voucher Other.

How to Make Voucher and Resource Types Available for Processing

The following voucher types are used to categorize transactions by resource type for transaction entry:

- Voucher Other—Allows transactions on labor, materials, and equipment resource types.

- Voucher Expense—Allows transactions for the expense resource type.

To make labor, materials, equipment and expense resource types available for transaction processing, do the following:

1. Create a resource (as needed) for each resource type and financially enable them.

   See the *Resource Management User Guide* for more information.

2. (Optional) Create a cost/rate matrix for each labor type (see page 56).

3. Add the resource as a team member to the investment.

   See the *Project Management User Guide* for more information.

How to Manage Transactions

You must create voucher headers to enter transactions. Voucher headers are used to categorize transactions based on resource types. For example, you can create individual voucher headers for labor and for equipment.

You can view a list of voucher headers that have not been posted to WIP. You can open them to create, edit, or view a list of associated transactions. You can also create new voucher headers or delete existing ones.

To manage transactions, do the following:

1. Create vouchers headers (see page 110).

2. Create new transaction entries (see page 110).

3. Edit transaction details (see page 113).

4. Post transactions to WIP (see page 116).

Create Voucher Headers

Follow these steps:

1. Open Home, and from Financial Management, click Transaction Entry.

    The transaction entry page appears.

2. Click New.

    The entry page appears.

3. Complete the following fields in the General section to create a voucher header:

    Entry Type

    > Defines the voucher type:

    Entry Number

    > Defines a number that is used to track and process the transaction.

    > **Limits:** Up to 30 characters

    P.O. Number

    > Defines the purchase order number associated with the transaction.

    Vendor

    > Defines the vendor code of the company or resource that provided the product or service. The vendor code is required for voucher expenses if no resource is selected in the Incurred By field.

    Incurred By

    > Defines the resource that incurred the expense. The incurred by resource is required for voucher expenses if no vendor is selected.

4. Click Save to create the voucher header and continue to create the transaction.

Create Transactions Entries

Create voucher headers before you can create transactions.

Follow these steps:

1. With the voucher header open, click New.

    The transaction details page appears.

2. Enter the required information to define the transaction.

    Transaction Date

    > Provides the transaction date.

Investment ID

Provides the investment ID for this transaction. The investment must be financially enabled.

Task

Identifies the name of the project or investment.

- For projects, this field is auto-populated with the name of the project if at least one team member exists. Otherwise, select a task to associate with this transaction.

- For other investments, this field is auto-populated with the name of the investment if at least one team member exists.

Charge Code

Identifies the project or task charge code. You can select from all available charge codes or charge codes specific to the project.

- For projects, this field is auto-populated with the project's charge code if the project is assigned a charge code and the project is selected as the task associated with the transaction. If a task is selected that is assigned a different charge code, this field is auto-populated with the task's charge code.

- For other investments, this field is auto-populated with the investment's charge code if the investment is assigned a charge code.

Resource ID

Defines the ID of the resource associated with the transaction.

A resource can be a person (labor), equipment, material, or an expense depending on the resource type whose costs you are processing for this transaction.

Role

Defines the role when applying a role-base rate or role-based cost to the transaction. The resource type for the role must match the resource type for the associated resource.

Transaction Class

Defines the resource's transaction class. This value is auto-populated if the resource is assigned a transaction class. Otherwise, select a transaction class.

Input Type Code

Defines the resource's input type code. Auto-populated if the resource is assigned an input type. Otherwise, select an input type.

User Value 1 and User Value 2

Defines custom properties. Available for selection only if your CA Clarity PPM administrator has created lookup values using Studio.

See the *Studio Developer's Guide* for more information.

Expense Type

Defines the expense type to determine how the charge is processed. A capital expense is booked differently than depreciation.

Notes

Defines any additional information about the transaction.

Preserve General Information

Saves the entered values in the General section when you submit and create a new transaction during the same session. Select this check box to save entered values.

3. Enter transaction information in the Transaction Data section:

Quantity

Defines the number of units to calculate the total cost. This field accepts a negative number.

Cost

Provides the cost associated with the transaction. If a cost/rate matrix is associated with the selected investment, or an entity or system default, you can leave this field blank to use the cost defined in the cost/rate matrix. Otherwise, enter the actual cost associated with the transaction.

If multicurrency is not enabled, the default is the system currency. If multicurrency is enabled, then transaction cost defaults to the active currency that is listed first alphabetically. For example, if ADP and INR are active – ADP becomes the default currency. Select another currency as needed.

Rate

Provides the billing rate associated with the transaction. If a cost/rate matrix is associated with the selected investment, or an entity or system default, you can leave this field blank to use the rate defined in the cost/rate matrix. Otherwise, enter the billing rate associated with the transaction.

If multi-currency is not enabled, the default is the system currency. If multicurrency is enabled, then transaction rate defaults to the active currency that is listed first alphabetically. For example, if ADP and INR are active – ADP becomes the default currency. Select another currency as needed.

Chargeable

Indicates if this transaction represents costs that should be charged internally to departments. If this option is not selected, this transaction will not be available for billing or invoicing.

4. Save the changes.

Edit Transaction Details

You can edit transaction details from the voucher header before posting to WIP. After posting to WIP, you can edit transactions from the WIP adjustment page.

Follow these steps:

1. Open the voucher header and filter for transactions.

2. Click the Entry Number link to edit the transaction.

    The entry page appears.

3. Click the Edit icon to edit the details of the selected transaction.

    The details page appears.

4. Enter or update the following fields:

    Transaction Date

    Provides the transaction date.

    Investment ID

    Provides the investment ID for this transaction. The investment must be financially enabled.

    Task

    Identifies the name of the project or investment.

    ■   For projects, this field is auto-populated with the name of the project if at least one team member exists. Otherwise, select a task to associate with this transaction.

    ■   For other investments, this field is auto-populated with the name of the investment if at least one team member exists.

Charge Code

Identifies the project or task charge code. You can select from all available charge codes or charge codes specific to the project.

■   For projects, this field is auto-populated with the project's charge code if the project is assigned a charge code and the project is selected as the task associated with the transaction. If a task is selected that is assigned a different charge code, this field is auto-populated with the task's charge code.

■   For other investments, this field is auto-populated with the investment's charge code if the investment is assigned a charge code.

Resource ID

Defines the ID of the resource associated with the transaction.

A resource can be a person (labor), equipment, material, or an expense depending on the resource type whose costs you are processing for this transaction.

Role

Defines the role when applying a role-base rate or role-based cost to the transaction. The resource type for the role must match the resource type for the associated resource.

Transaction Class

Defines the resource's transaction class. This value is auto-populated if the resource is assigned a transaction class. Otherwise, select a transaction class.

Input Type Code

Defines the resource's input type code. Auto-populated if the resource is assigned an input type. Otherwise, select an input type.

User Value 1 and User Value 2

Defines custom properties. Available for selection only if your CA Clarity PPM administrator has created lookup values using Studio.

See the *Studio Developer's Guide* for more information.

Expense Type

Defines the expense type to determine how the charge is processed. A capital expense is booked differently than depreciation.

Notes

Defines any additional information about the transaction.

Preserve General Information

Saves the entered values in the General section when you submit and create a new transaction during the same session. Select this check box to save entered values.

5. Enter transaction information in the Transaction Data section:

Quantity

Defines the number of units to calculate the total cost. This field accepts a negative number.

Cost

Provides the cost associated with the transaction. If a cost/rate matrix is associated with the selected investment, or an entity or system default, you can leave this field blank to use the cost defined in the cost/rate matrix. Otherwise, enter the actual cost associated with the transaction.

If multicurrency is not enabled, the default is the system currency. If multicurrency is enabled, then transaction cost defaults to the active currency that is listed first alphabetically. For example, if ADP and INR are active – ADP becomes the default currency. Select another currency as needed.

Rate

Provides the billing rate associated with the transaction. If a cost/rate matrix is associated with the selected investment, or an entity or system default, you can leave this field blank to use the rate defined in the cost/rate matrix. Otherwise, enter the billing rate associated with the transaction.

If multi-currency is not enabled, the default is the system currency. If multicurrency is enabled, then transaction rate defaults to the active currency that is listed first alphabetically. For example, if ADP and INR are active – ADP becomes the default currency. Select another currency as needed.

Chargeable

Indicates if this transaction represents costs that should be charged internally to departments. If this option is not selected, this transaction will not be available for billing or invoicing.

6. Save the changes.

Delete Transactions

If transactions have not been posted to WIP, you can delete an entire set of transactions associated with a transaction entry, or delete individual transactions from a selected voucher header.

You can also delete transactions from the Financial Management menu.

Follow these steps:

To delete a voucher header

1. Filter for voucher headers you want to delete.

2. Select the check box next to each voucher header.

3. Click Delete.

    The voucher header and their associated transactions are deleted.

To delete a transaction

1. Filter for voucher headers.

2. Select the Entry Number link to view a list of transactions for the selected voucher header.

    The entry page appears.

3. Select the check box next to each transaction.

4. Click Delete.

    The selected transaction is deleted.

Work-in-Progress

Work-in-progress transactions are an important stage in the accounting process that enables you to adjust and review transactions before they get invoiced.

Post Transactions to Work-in Progress

Transactions available for posting to WIP are not automatically displayed. You must first search for the transactions you want to post to WIP.

Two methods of WIP posting are available:

■   Full Post—This method lets you select all accumulated transactions within a specified date range. Perform a full post only when the total number of transactions is small. During a full post, you can preview all transactions and decide to continue posting all the transactions.

■   Selective Post—This method lets you filter transactions. During a selective post, you can limit the selection of transactions based on location, client, investment, resource, and transaction type. Selective posts are useful when you want to post a selected batch of transactions, or ones that were not entered in time for a regularly scheduled post to WIP.

Follow these steps:

1. Open Home, and from Financial Management, click Post to WIP.

   The Post To WIP page appears.

2. Search for the transactions you want to post using the following criteria:

   From Date and To Date

   Defines a specific date range for posting transactions. Use the date picker to post transactions within the specified date range.

   You must specify a From Date and To Date to return past or future transactions that are outside the default fiscal period.

   Locations

   Defines financial locations for associated transactions. You can only select locations with pending transactions.

   Client Codes

   Defines client codes for associated transactions.

   Projects

   Indicates the projects to which transactions are associated.

   Resources

   Indicates the resources to which transactions are associated.

   Entry Type

   Indicates the transaction entry type. Use this to post transactions based on the transaction entry.

   Values:

   - All. Indicates transactions are posted regardless of entry type.

   - Imported. Indicates posted transactions were imported from an external accounting system.

   - Clarity. Indicates that posted transactions originated in Clarity.

   - Voucher Expense. Indicates that posted transactions were entered as Voucher-Expense.

   - Voucher Other. Indicates that posted transactions were entered as Voucher-Other.

   Incurred By

   Indicates the resource that incurred the transaction.

Labor

Indicates if labor transactions are posted. Select the check box to post labor transactions.

Default: Selected

Material

Indicates if all material transactions will be included in the post. Select this check box to include all material transactions in the post.

Default: Selected

Equipment

Indicates if all equipment transactions will be included in the post. Select this check box to include all equipment transactions in the post.

Default: Selected.

Expense

Indicates if all expense transactions will be included in the post. Select the check box to include all expense transactions in the post.

Default: Selected

3. Click Apply to filter transactions based on the entered criteria.

   All transactions that match the criteria are grouped into a transaction account, such as "All" for a full post, or "Location" for a selected post based on location. The total number of entries is displayed. By default, the check box next to this account is selected.

4. Do one of the following:

   ■ Click Post to send the transactions to the WIP stage.

   ■ Click Recalculate and Post to recalculate the rates and costs if the foreign exchange rates are modified.

      The Recalculate and Post button appears on the Post to WIP page only when multi-currency is enabled.

Work-in-progress Adjustments

Transactions posted to WIP are available for WIP adjustments and department invoicing. With WIP adjustments, you can modify and correct posted WIP transactions. You can update, reverse, or transfer posted WIP transactions.

A WIP adjustment ensures that the correct amount is recorded and eligible for chargebacks. Posted WIP transactions must meet the following criteria in order to adjust them:

■   Has been posted to WIP

■   Previous adjustments have been approved or rejected

■   Is not currently in the WIP adjustment process

■   Has not been invoiced

■   Has not been reversed

■   Has not been closed

Note: If any of these criteria are not met for a transaction, it cannot be adjusted.

When you enter a WIP adjustment, a transaction is added that references, not replaces, the original transaction. This adjustment transaction is placed on hold and is made unavailable until it is approved or rejected.

WIP adjustments are available for reporting before WIP approval. WIP adjustments are processed in the natural currency amount. If multi-currency is enabled, each time a WIP adjustment is entered, the currency amounts are updated with the exchange rates based on the original transaction date. You can enter negative values in a WIP adjustment.

Modify Posted Work-in-progress Transactions

You can edit or adjust a posted WIP transaction.

Follow these steps:

1. Open Home, and from Financial Management, click Create WIP Adjustment.

    The create page appears.

2. Search for posted WIP transactions by specifying a date range in the From Date and To Date fields.

3. Click Filter.

    Transactions that match the criteria appear.

4. Click the Transaction Date link to edit transaction information.

    The edit transaction page appears.

5. Modify the following information:

    Transaction Date

    Provides the transaction date.

    Investment ID

    Provides the investment ID for this transaction. The investment must be financially enabled.

Task

Identifies the name of the project or investment.

- For projects, this field is auto-populated with the name of the project if at least one team member exists. Otherwise, select a task to associate with this transaction.

- For other investments, this field is auto-populated with the name of the investment if at least one team member exists.

Charge Code

Identifies the project or task charge code. You can select from all available charge codes or charge codes specific to the project.

- For projects, this field is auto-populated with the project's charge code if the project is assigned a charge code and the project is selected as the task associated with the transaction. If a task is selected that is assigned a different charge code, this field is auto-populated with the task's charge code.

- For other investments, this field is auto-populated with the investment's charge code if the investment is assigned a charge code.

Resource ID

Defines the ID of the resource associated with the transaction.

A resource can be a person (labor), equipment, material, or an expense depending on the resource type whose costs you are processing for this transaction.

Role

Defines the role when applying a role-base rate or role-based cost to the transaction. The resource type for the role must match the resource type for the associated resource.

Transaction Class

Defines the resource's transaction class. This value is auto-populated if the resource is assigned a transaction class. Otherwise, select a transaction class.

Input Type Code

Defines the resource's input type code. Auto-populated if the resource is assigned an input type. Otherwise, select an input type.

Quantity

Defines the number of units to calculate the total cost. This field accepts a negative number.

Cost

Provides the cost associated with the transaction. If a cost/rate matrix is associated with the selected investment, or an entity or system default, you can leave this field blank to use the cost defined in the cost/rate matrix. Otherwise, enter the actual cost associated with the transaction.

If multicurrency is not enabled, the default is the system currency. If multicurrency is enabled, then transaction cost defaults to the active currency that is listed first alphabetically. For example, if ADP and INR are active – ADP becomes the default currency. Select another currency as needed.

Rate

Provides the billing rate associated with the transaction. If a cost/rate matrix is associated with the selected investment, or an entity or system default, you can leave this field blank to use the rate defined in the cost/rate matrix. Otherwise, enter the billing rate associated with the transaction.

If multi-currency is not enabled, the default is the system currency. If multicurrency is enabled, then transaction rate defaults to the active currency that is listed first alphabetically. For example, if ADP and INR are active – ADP becomes the default currency. Select another currency as needed.

User Value 1 and User Value 2

Defines custom properties. Available for selection only if your CA Clarity PPM administrator has created lookup values using Studio.

Expense Type

Defines the expense type to determine how the charge is processed. A capital expense is booked differently than depreciation.

Chargeable

Indicates if this transaction represents costs that should be charged internally to departments. If this option is not selected, this transaction will not be available for billing or invoicing.

Notes

Defines any additional information about the transaction.

Calculate New Rates

Indicates if the rates will be recalculated. Select this check box to recalculate the rates. This field always appears regardless of the filter selections you make.

6. Save the changes.

The WIP adjustment is on hold until it is approved or rejected.

If multi-currency is enabled and the rate currency code is modified, the currency amounts associated with the transaction are recalculated with the modified currency code.

7. Approve or reject the reversed WIP adjustment.

Reverse Posted Work-in-progress Transactions

A reversal cancels the original posted transaction before it is billed. If multi-currency is enabled, the currency amounts on the WIP reversal are equal to those on the original transaction.

Follow these steps:

1. Filter for the posted WIP transaction by specifying a date range in the From Date and To Date fields.

   Transactions that match the criteria appear.

2. Select each transaction you want to reverse, and click Reverse.

   The transaction is ready for WIP approval.

Transfer Work-in-progress Transactions

If the cost/rate matrix has changed and if you want to recalculate the financial transactions to retrieve a new rate, make a WIP Adjustment by creating a WIP transfer. Then, select the Calculate New Rates check box. Transactions use the current rate in the cost/rate matrix that is associated with the investment.

A transfer allows you to make batch WIP adjustments on selected transactions or to batch transfer transactions from one investment to another.

To enable a transfer, you must filter transactions based on the transaction details you want to adjust (or transfer). In addition to a date range, filter on at least one of the following transaction details:

- Investment ID
- Task
- Charge Code
- Resource ID
- Transaction Class
- Input Type Code

Follow these steps:

1. Filter for the posted WIP transaction.

   Transactions that match the criteria display in the list.

2. Select the check box next to each transaction you want to adjust or transfer, and click Transfer.

   The transfer transactions page appears.

3. In the Transfer From section, view the following information:

   Project

   Displays the project for which the transaction was performed.

   Task

   Displays the task associated with the transaction.

   Charge Code

   Displays the charge code associated with the transaction.

   Input Type Code

   Displays the input type code associated with the transaction.

   Resource ID

   Displays the resource against which the billing is posted.

   Transaction Class

   Displays the transaction class for the transaction.

   The information displayed in this section depends on the filter selection you made.

4. Complete the following fields as needed:

   Override Date

   Identifies a new date for the transaction. This field always appears regardless of the filter selections you make. Use the date picker to select a date.

   Project

   Identifies the investment to which the transaction will be transferred. This field is displayed only if Investment ID is selected as a transaction detail in the filter.

   Task

   Identifies the task to which the transaction will be transferred. This field is displayed if Task or Investment ID is selected as a transaction detail in the filter.

   Charge Code

   Identifies the charge code to which the transaction will be transferred. This field is displayed only if Charge Code is selected as a transaction detail in the filter.

   Input Type Code

   Identifies the input type code to which the transaction will be transferred. This field is displayed only if Input Type Code is selected as a transaction detail in the filter.

Resource ID

Identifies the resource to which the transaction will be transferred. This field is displayed only if Resource ID is selected as a transaction detail in the filter.

Calculate New Rates

Indicates if the rates will be recalculated. Select this check box to recalculate the rates. This field always appears regardless of the filter selections you make.

Transaction Class

Identifies the transaction class to which the transaction will be transferred. This field is displayed only if Transaction Class is selected as a transaction detail in the filter.

5. Save the changes.

   The transfer status page appears. If the transfer was not successful, the reason for the failure is displayed.

6. Click Continue to return to the previous page.

Approve or Reject Work-in-progress Adjustments without Reviews

All WIP adjustments must be reviewed and either approved or rejected. Often a second-level reviewer is involved in determining if a WIP adjustment is accurate.

Follow these steps:

1. Open Home, and from Financial Management, click Approve WIP Adjustment .

   The approve WIP adjustment page appears.

2. Filter for the specific WIP adjustments as needed to review.

3. Select each transaction to approve or reject the transactions without reviewing the details.

4. Click Approve or Reject.

Approve or Reject Work-in-Progress Adjustments with Reviews

The WIP adjustment details page enables you to compare the original transaction with the adjusted transaction.

Follow these steps:

1. Filter for the specific WIP adjustments as needed to review.

2. Click the Transaction Date link to view the details of the selected WIP adjustment.

   The WIP adjustment details appear.

3. Review the adjustment, and click Approve or Reject.

Review Processed Transactions

You view all transactions posted to ensure they are posted correctly. If you find an error, you can reverse the charges.

Follow these steps:

1. Open Home, and from Financial Management, click Transactions.

   The list page appears. By default, transactions are filtered by the current fiscal time period.

2. Filter or browse for the transactions you want to review.

3. Review the transactions.

4. If transactions are incorrect and require adjustments, do one of the following:

   ■ Click Reverse Selected Charges.

   ■ Click Reverse Filtered Charges to reverse charges of all transactions listed.

   The selected transactions indicate that charges were reversed.

Chapter 6: Chargebacks

This section contains the following topics:

About Chargebacks

Chargebacks represent the inter-account transfers of investment or service costs to departments. Chargebacks debit (or charge) departments for their shared cost of investments or services that were delivered during a specified period. A chargeback represents the debit-side of an accounting system. A corresponding credit is issued to departments that provide the investment or service crediting them for the work they completed during a specified period.

To process chargeback transactions, set up general ledger accounts and create chargeback rules, such as standard debit rules, credit rules, or overhead rules. The rules you create depend on the type of chargeback processing you want to implement.

Rules drive chargebacks and credits and determine the shared costs of investments and services. A chargeback rule is a set of unique properties that are matched to transactions when debiting and crediting departments. Chargeback rules are composed of:

■ Header containing a unique set of properties that are matched with transactions during processing.

■ General ledger (GL) account - department combinations to identify departments charged or credited for specified investments or services.

■ Allocations to determine the distribution of shared costs or credits to departments.

The following debit and credit rules are supported:

■ Debit Rules. An investment-specific rule setup by the investment or service manager to charge departments for the cost of work delivered.

■ Standard Rules. A general, global debit rule setup by the finance manager.

- Credit Rules. A rule to credit departments for the resources that perform the work. The finance manager sets up credit rules.

- Overhead Rules. A rule that determines which GL accounts are debited for any overhead costs. The finance manager sets up overhead rules.

How to Set up GL Accounts and Chargebacks

Chargebacks assumes that transactions exist in the system for the associated investments.

Set up the following to work with chargebacks and GL accounts:

- Entities (see page 13)

- Departments   (see page 28)

- Locations (see page 24)

- GL accounts (see page 128)

- Charge codes and input type codes

  See the *Project Management User Guide* for more information.

- Financial classes (see page 36)

- Financially enabled investments or services.

  See the *Project Management User Guide* for more information.

- Financially enabled team members of investments or services including any labor, equipment, material, and expense resources.

  See the *Resource Management User Guide* for more information.

- Users must be granted access rights to manage GL accounts and standard, credit, and overhead rules.

- Credit rules (see page 134)

- Standard or debit rules (see page 132)

General Ledger Accounts

Define general ledger (GL) accounts to assign to cost plan details. Later, if you extract the planning data from CA Clarity PPM to an external accounting system, you can use the GL accounts for mapping purposes. You can also import GL accounts into CA Clarity PPM from an external accounting system using XOG.

See the *XML Open Gateway Developer Guide* for more information.

Use GL accounts to define time-based GL allocations used in chargebacks.

GL accounts are combinations of main account codes and subaccount codes that are used to categorize accounts. For example, the main Assets account can have a code of 100 and the Asset subaccounts can have a code of 111 for Capital and 112 for Expense.

Create GL Accounts

Verify that an entity exists before creating GL accounts.

Follow these steps:

1. Open Administration, and from Finance, click GL Accounts.

   The GL accounts list appears.

2. Click New.

   The create page appears.

3. Complete the following fields:

   Main Account ID

   Defines the first part of the natural account number.

   Sub Account ID

   Defines the second part of the natural account number.

   Entity

   Defines the entity associated with the GL account.

   Account Description

   Defines the account description.

   Account Class

   Defines the account class.

   Values:

   ■ Balance Sheet

   ■ Profit and Loss

Account Type

Defines the account type used for classifying accounts.

Values:

■ Asset

■ Liability

■ Income

■ Expense

Is Active

Indicates if this account is active and available for assigning to cost plans.

Overhead

Indicates if this account is used to charge any costs to designated departments. If selected, be sure to create overhead rules.

Capital Expense

Indicates if this account is used for capital expense.

Noncash Expense

Indicates if this account is used for noncash expense.

4. Click Save.

Edit GL Accounts

You can delete a GL account not referenced by any cost plan or transaction.

Follow these steps:

1. Open the GL account by clicking the Natural Account Code link.

   The GL account properties appear.

2. Edit the following fields:

   Main Account ID

   Defines the first part of the natural account number.

   Sub Account ID

   Defines the second part of the natural account number.

   Entity

   Defines the entity associated with the GL account.

Account Description

Defines the account description.

Account Class

Defines the account class.

Values:

- Balance Sheet

- Profit and Loss

Account Type

Defines the account type used for classifying accounts.

Values:

- Asset

- Liability

- Income

- Expense

Is Active

Indicates if this account is active and available for assigning to cost plans.

Overhead

Indicates if this account is used to charge any costs to designated departments. If selected, be sure to create overhead rules.

Capital Expense

Indicates if this account is used for capital expense.

Noncash Expense

Indicates if this account is used for noncash expense.

3. Save the changes.

Chargeback Rules

Chargeback rules determine which GL accounts get debited and credited for costs associated with investments or services.

You can configure the unique codes—Allocation Code (for standard rules) and Resource Credit Code (for credit rules)—to auto-populate.

See the *Studio Developer's Guide* for more information.

Standard Rules

A standard rule can be globally applied to many investments or services when the same chargeback rules can be used to debit departments for costs.

When setting up chargebacks, investment or service managers can choose to apply standard-based rules (set up by a finance manager) or investment-based rule (set up by the investment or service manager).

Create Standard Allocation Rule Headers

Follow these steps:

1. Open Administration, and from Chargebacks, click Standard Rules.

    A list of existing standard rule headers appear.

2. Click New.

    The create standard allocation rule page appears.

3. Enter the following required information:

    Allocation Code

    Defines the unique code used to classify the chargeback (or standard debit) rule. Required.

    Entity

    Defines the entity associated with this chargeback rule. Required.

    User Value 1, User Value 2

    Custom properties. Available for selection only if lookup values have been defined in Studio.

    See the *Studio Developer's Guide* for more information.

    Charge Code

    Defines the charge code associated with the chargeback rule.

    Input Type

    Defines the input type code associated with the chargeback rule.

    Transaction Class

    Defines the transaction class associated with this transaction rule.

    Charge Remainder to Overhead

    Specifies whether you want to charge any remaining costs to overhead. If you select this option, be sure to define overhead chargeback rules.

    Default: Cleared

Status Code

Indicates if the standard rule is available for chargebacks. Required.

Values:

- Active. The rule is always considered and may be matched to a transaction when generating invoices.

- Inactive. The rule is not considered when generating invoices.

- On Hold. The rule may be considered and matched to a transaction if no active rule can be matched.

4. Save changes and continue adding the GL accounts and the allocation percentage to debit accounts.

Modify Standard Rule Header Properties

To delete a standard rule, select the rule and click Delete.

Follow these steps:

1. Click the Allocation Code link for the selected standard rule header.

    The standard rule properties details appear.

2. Open the Properties menu and click Main.

    The main properties appear.

3. Edit the following properties:

    Allocation Code

    Defines the unique code used to classify the chargeback (or standard debit) rule. Required.

    Entity

    Defines the entity associated with this chargeback rule. Required.

    User Value 1, User Value 2

    Custom properties. Available for selection only if lookup values have been defined in Studio.

    See the *Studio Developer's Guide* for more information.

    Charge Code

    Defines the charge code associated with the chargeback rule.

    Input Type

    Defines the input type code associated with the chargeback rule.

    Transaction Class

    Defines the transaction class associated with this transaction rule.

Charge Remainder to Overhead

Specifies whether you want to charge any remaining costs to overhead. If you select this option, be sure to define overhead chargeback rules.

Default: Cleared

Status Code

Indicates if the standard rule is available for chargebacks. Required.

Values:

■ Active. The rule is always considered and may be matched to a transaction when generating invoices.

■ Inactive. The rule is not considered when generating invoices.

■ On Hold. The rule may be considered and matched to a transaction if no active rule can be matched.

4. Save the changes.

Credit Rules

Credit rules identify the departments that are credited for the cost of delivered investments or services. Departments are credited based on the attributes of the resources assigned to the delivered investments or services. Accordingly, the location and department assigned to a resource must match the location and department assigned to the department receiving the credit.

Create Credit Rule Headers

Follow these steps:

1. Open Administration, and from Chargebacks, click Credit Rules.

   A list of existing rule headers appears.

2. Click New.

   The create page appears.

3. Complete the following fields:

   Resource Credit Code

   Defines the unique code used to classify the credit rule.

   Status Code

   Indicates if the credit rule is active, inactive, or on hold.

   Entity

   Defines the entity associated with the department receiving the credit.

Location

Defines the location associated with the department receiving the credit.

Department

Defines the department receiving the credit.

Resource Class

Defines a resource class associated with the credit rule.

Transaction Class

Defines the transaction class associated with the credit rule.

4. Save changes and continue adding the GL accounts and allocation percentage credited.

Edit the Properties of Credit Rule Headers

To delete a credit rule, select the rule and click Delete.

Follow these steps:

1. Click the Resource Credit Code link for the selected credit rule header.

   The credit rules properties details appear.

2. Open the Properties menu and click Main.

   The main properties appear.

3. Complete the following fields:

   Resource Credit Code

   Defines the unique code used to classify the credit rule.

   Status Code

   Indicates if the credit rule is active, inactive, or on hold.

   Entity

   Defines the entity associated with the department receiving the credit.

   Location

   Defines the location associated with the department receiving the credit.

   Department

   Defines the department receiving the credit.

   Resource Class

   Defines a resource class associated with the credit rule.

Transaction Class

Defines the transaction class associated with the credit rule.

4. Save the changes.

GL Allocations for Standard or Credit Rules

GL Allocations identify the GL accounts and departments that are debited (for standard rules) and credited (for credit rules). GL allocations also indicate the percentages of the cost that are charged or credited.

Add GL Accounts and Define Allocations

The allocation percentage for a credit rule for any time period must always equal 100 percent.

Follow these steps:

1. Click the Allocation Code link for standard rules or the Resource Credit Code link for credit rules to edit the properties of the selected rule.

    The rule property details appear.

2. Do one of the following:

    a. Click New to add an account to the rule and define allocations.

    b. Click the GL Account link to edit allocations for an account already included in the rule.

    The rule detail page appears.

3. In the General section, complete the following fields:

    GL Account

    Defines the GL account associated with the rule.

    Department

    Defines the department associated with the rule. For credit rules, indicates the department receiving the credit. For standard rules, indicates the department being charged.

    By default, an empty row with fields for start and finish dates, and percentage appears.

4. Enter a start and end period for the rule.

5. Specify the percentage to debit or credit the department for the specific period.

6. Click New Row to continue adding time periods and percentages.

7. Click Save and Return when done.

Overhead Rules

When the rules for standard or debit rules charge remaining costs to overhead, overhead rules determine which GL accounts are debited. Overhead rules can contain only one set of GL allocations. No header information is required.

To charge departments for overhead costs, set up the following:

■ GL accounts for overhead.

■ Remaining costs are charged to either standard or debit rules.

Create Overhead Rules

Follow these steps:

1. Open Administration, and from Chargebacks, click Overhead Rules.

   A list of existing rules appears.

2. Click New.

   The create page appears.

3. Complete the following fields:

   Entity

   Defines the entity associated with the rule.

   GL Account

   Defines the GL account associated with the rule.

   Department

   Defines the department associated with the rule.

4. Save changes. Once saved, the properties of this rule become display-only.

5. Define the overhead rule details as follows:

   1. Specify the percentage to allocate to overhead for the specific period.

   2. Click New Row to continue adding time periods and percentages.

   3. Save the changes.

Edit the Allocations for Overhead Rules

To delete an overhead rule, select the rule and click Delete.

Follow these steps:

1. Click the GL Account link to edit the properties of the selected account.

   The rule detail page appears.

2. In either the Start or Finish fields, use the date picker to select a period time.

3. Specify the percentage to set the allocation for the full GL account.

4. Save to continue adding time periods and percentages.

5. Save the changes.

Set Up Resource Credits

You need the Financial Maintenance - Financial Management access right to set up resource credits for posting to the general ledger account.

Most IT departments charge back credits to the group for which they worked to allocate expenses and work. A resource credit indicates which department, entity, location, transaction class, or resource class receives the credit. Incidents support resource credits.

How to Remove GL Allocations from Chargeback Rules

You can remove GL allocations from:

- standard rules or credit rules.
- overhead rules.

Remove GL Allocations from Standard or Credit Rules

You can remove GL allocations only if they are not referenced referenced in chargebacks and cost plans.

Follow these steps:

1. Click the Allocation Code link or Resource Credit Code link to edit the properties of the selected rule.

   The rule property details appear.

2. Select the check box next to each GL allocation you want to remove from the rule, and click Delete.

Remove GL Allocations from Overhead Rules

Follow these steps:

1. Click the GL Account link to edit the properties of the selected overhead rule.

   The rule details page appears.

2. Select the check box next to each time period you want to remove from the rule.

3. Click Delete.

Chargeback Errors and Warnings

Use the Messages page to view and monitor chargeback errors and warnings:

- Errors. If a chargeback error occurs, the transaction causing the error cannot be processed. Fix these errors to process charges and credits.

- Warnings. Chargeback warnings inform you of potential problems that you can fix.

Once the errors and warning are corrected, messages are removed from this page. The following table includes some of the more common messages and their resolutions:

Type	Message	Possible Resolution
	[Error disbursing debit charges (overallocation).]	
	[Error disbursing overhead charges (overallocation).]	
Warning	No Chargeback Type set on investment.	Set the chargeback options for the investment.
Error	No credit rule allocation details in range of transaction date.	Define a GL allocation in the credit rule for the transaction date.
Error	No debit rule allocation details in range of transaction date.	Define a GL allocation in the debit rule for the transaction date.
Error	No matching credit rule found.	Do one of the following: If no credit rule exists, create a credit rule. Contact the finance manager. If a credit rule exists, compare its criteria with the transaction, and adjust or create a rule to match the transaction. You can also adjust the transaction to match the rule. Contact the finance manager and investment manager.

Type	Message	Possible Resolution
Error	No matching debit rule found.	Do one of the following.
		If no debit rule exists, create a debit rule. Contact the investment or service manager.
		If a debit rule exists, compare its criteria with the transaction, and adjust or create a rule to match the transaction. You can also adjust the transaction to match the rule. Contact the finance manager and investment manager.
	No overhead rule found.	Do one of the following:
		Create an overhead rule. Contact the finance manager. Clear the option to charge remaining costs to overhead on the debit rule.
Error	The selected Department, Location combination is invalid.	Verify that the properties of the credit rule indicate a valid department and location combination.
Warning	Unable to credit full amount of charge.	Review the credit rule and verify that the GL allocation equals 100 percent for the specified transaction date. For more information, contact the finance manager.
Warning	WIP transaction expense type [Capital Expense|Depreciation] does not match investment billing expense type [Capital Expense|Depreciation].	Do one of the following:
		Set the Expense Type of the WIP Transaction to match the Billing Expense Type of the investment. Contact the finance manager.
		Set the Billing Expense Type of the investment to match the Expense Type of the WIP Transaction. Contact the investment or service manager.

Monitor Chargebacks Errors and Warnings

Follow these steps:

1. Open Administration, and from Chargebacks, click Messages.

   A list of chargeback errors and warnings appear.

2. Review the following:

   Investment

   Displays the name of the investment used in the transaction.

   Charge Code

   Displays the charge code type associated with the investment.

Transaction Date

Displays the transaction date.

Expense Type

Displays the type of expense.

Resource

Displays the resource that incurred cost against the investment.

Allocation

Displays the rule on which the error or warning occurred.

Allocation Type

Indicates if this is a credit or debit rule.

Allocation Subtype

Indicates if the rule is standard or investment-based.

Batch Date

Displays the date the Generate Invoice job was run.

Batch Ran By

Displays the user who initiated the Generate Invoice job.

On Hold

Displays that the error message is on hold.

Message

Displays the error or warning.

3. Select the check box next to each message and do one of the following:

   ■ Click On Hold to put the error message on hold.

   ■ Click Release to release the error message from hold.

4. Correct the errors and warnings.

How Chargebacks Work

Rules drive chargebacks and credits and WIP transactions process them. These rules are used during transaction processing to apply charges or credits appropriately to designated departments. Department managers can view their charges and credits using the following tools:

- Department invoices to view and approve charges.

- Department recovery statements to view credits. The statements are available for departments that manage services.

The following chargeback rules are supported:

- Investment-specific Debit Rules. A set of investment-specific rules that determines how to debit departments for the cost of investments or services delivered to them during a specified period. If some costs are charged to overhead, allocations cannot always equal 100 percent. Investment or service managers set up debit rules.

- Standard Debit Rules. A standard set of debit rules that can be used globally within an entity to charge departments for investment costs.

- Credit Rules. A set of rules that determines which departments are credited for the cost of investments or services delivered during a specified period. Allocations on credit rules must equal 100 percent of the debited costs.

- Overhead Rules. A standard set of rules that determines how to charge remaining costs for a specified period.

When setting up debit rules, as the investment manager or service manager, you can base charges on standard rules or investment-specific rules.

Rule Headers and Time-based GL Allocations

Debit and credit rules are composed of a header and a set of time-based GL allocations.

Rule Headers

A header uniquely describes the rule and is used during financial processing to match to transactions. Some examples include:

A debit rule DB-800 is described as charge code Expenses and transaction code techSup. Another debit rule DB-900 is described as charge code Expenses and transaction code SysMaint.

A credit rule CR-000 is described as location Santa Clara and resource class ENG. Another credit rule CR-111 is described as location Bournemouth and resource class ENG.

The GL allocation code used to create and identify rules can be configured to auto-populate.

See the *Studio Developer's Guide* for more information.

Time-based GL Allocations

Debit and credit rules are composed of a header and a set of time-based GL allocations. Time-based allocations determine how much departments are debited or credited for costs during a time period. Chargeback rules are based on the following:

- Full GL Account. Determines the general ledger (GL) account the cost is charged to and the department responsible for the cost.

- Fiscal time period. Identifies the time period for the GL allocation.

- Allocation percentage. Determines the percentage of the total cost debited or credited to the full GL account.

By Example: Sharing Costs

Retail Banking of Forward Inc commissioned the development of a mortgage application whose systems are shared by Retail Self Services and Retail Premier Accounts. Retail Banking is using the Chargeback feature to allocate costs incurred by IT for this development project.

This project required expertise from application developers, analysis expertise from Retail IT technical operators, and technical securities expertise from Investment Banking IT. Retail Banking IT set up investment-specific debit rules and credit rules to charge back costs to departments that commissioned the work and credit those that provided the work.

Crediting Multiple IT Departments for Work Completed

The Retail IT finance manager set up a credit rule to allocate 100 percent credit among three provider departments:

Retail Application Development is doing the bulk of the development work and is credited 50 percent for the first three months and 80 percent for the remaining three months.

Retail Technical Operation is providing consultation at the beginning of the project and is credited for 25 percent for the first three months, and 10 percent for the remaining three months.

Investment Banking IT is also providing consultation at the beginning of the project and is credited for 25 percent for the first three months and 10 percent for the remaining three months.

Resource Credit Detail

General

GL Account	100-1
Department	ret_app_dev

Percentage

	Start	Finish	Percentage
	7/1/2011	7/31/2011	50.00%
	8/1/2011	8/31/2011	50.00%
	9/1/2011	9/30/2011	50.00%
	10/1/2011	10/31/2011	80.00%
	11/1/2011	11/30/2011	80.00%
	12/1/2011	12/31/2011	80.00%

Credit Rule: CREDIT00002 - *Properties - Details*

Filter: None ▼

	GL Account	Department	Jul 1, 2011-Jul 31, 2011	Aug 1, 2011-Aug 31, 2011	Sep 1, 2011-Sep 30, 2011	Allocation Oct 1, 2011-Oct 31,
	100-1	ret_app_dev	50.00%	50.00%	50.00%	80.00%
	100-1	ret_tech_ops	25.00%	25.00%	25.00%	10.00%
	100-1	inv_bkng_it	25.00%	25.00%	25.00%	10.00%

Debiting Multiple Business Units for Commissioned Work

The Retail IT project manager for this project set up a debit rule to charge back 50 percent each quarter to the Retail Self Service department and Retail Premier Accounts department.

Standard Rule: DEBIT00003 - *Properties - Details*

Filter: None ▼

	GL Account	Department	Jul 1, 2011-Jul 31, 2011	Aug 1, 2011-Aug 31, 2011	Sep 1, 2011-Sep 30, 2011	Allocation Oct 1, 2011-Oct 31, 2011
	100-2	rtl_slf_srvc	50.00%	50.00%	50.00%	50.00%
	100-2	rtl_pmr_acts	50.00%	50.00%	50.00%	50.00%

With flexible chargeback rules, Forward Inc can allocate charge costs appropriately to the departments benefiting from the services IT is providing. It also enables IT departments to get credit for the work they deliver.

Investment Chargebacks

Managing chargebacks from investments involves setting up chargeback options. You can select from the following chargeback options or types:

- Standard. The investment or service charges the cost back to departments based on a standard, globally available debit rule. The finance manager or CA Clarity PPM administrator sets up standard chargeback rules.

- Investment. The investment or service charges costs back to departments based on a debit rule defined specifically for this investment or service. Investment and service managers setup debit rules for their investments or services.

  Investment-specific debit rules determine how much of the total cost each consuming department is charged for investments or services.

  If you charge remaining costs to overhead, the amount debited to consumer departments does not need to equal 100 percent of the costs. Your finance manager is responsible for setting up any standard, credit, or overhead rules, and for verifying that debits and credits equal. On the Chargebacks page for an investment or service, you can view a list of any debit rules defined for the investment or service. From this page, you can drill down and view, add, or update GL allocations for the selected debit rule.

Bill Expense identifies how costs are booked. Bill Expense is also used to match with transactions to determine whether investment costs are invoiced or not. Suppose your company has a policy to charge back only investments that are considered capital expenses. Suppose further that you manage e-mail servers. Companies consider servers and other mission-critical hardware to be depreciable and handle them differently during transaction processing. Any capital expense transactions that are processed against your e-mail servers are ignored and not charged back.

Set Chargeback Options

Chargeback options determine how and when charges are generated during invoicing. Set up chargeback options to process chargebacks.

Chargeback type determines whether an investment-defined rule or a standard debit rule is matched to transactions during financial processing.

Important! Select a chargeback type to generate invoices for matched transactions.

Follow these steps:

1. Open an investment or service.

   The properties page appears.

2. Open the Chargebacks menu, and click Options.

    The chargebacks options page appears.

3. Complete the following fields:

    Chargeback Type

    Defines the chargeback type for the investment or service.

    Values:

    - Standard

    - Investment

    Bill Expense Type

    Indicates how costs are accounted for and whether they are considered for invoicing when transactions are processed

    Values:

    - Capital expense. Charges are considered for invoicing.

    - Depreciation. Charges are not considered for invoicing.

4. Save the changes.

Create or Edit Investment-specific Debit Rules

Debit rule properties uniquely describe a rule and are used to match transactions during financial processing. An overhead rule must exist to charge any remaining costs to the full GL account.

If a rule has not been used to process transactions, you can delete a debit rule.

Follow these steps:

1. Open an investment or service.

    The properties page appears.

2. Open the Chargebacks menu and click Debit Rules.

    The chargeback debit rules page appears.

3. Click New.

    The create page appears.

4. Complete the following fields:

    Allocation Code

    Defines the unique code used to classify the debit rule for this investment.

Charge Code

Defines the charge code associated with the debit rule.

User Value 1 and User Value 2

Defines custom properties associated with the debit rule. You can select custom attributes only if lookup values have been defined in Studio.

See the *Studio Developer's Guide* for more information.

Input Type Code

Defines the input type code associated with the debit rule.

Transaction Class

Defines the transaction class associated with the debit rule.

Status Code

Indicates if the debit rule is available for chargebacks.

Values:

■   Active. Indicates that the rule is always considered and can be matched to a transaction when generating invoices.

■   Inactive. Indicates that the rule is not considered when generating invoices.

■   On Hold. If no active rule can be matched, the rule can be considered and matched to a transaction.

Charge Remainder to Overhead

Indicates whether to charge any remaining costs to overhead. Select this check box to charge any remaining costs to overhead.

5.   Save changes and continue adding the GL account and department combinations to charge for costs.

Edit Debit Rule Properties

Follow these steps:

1.   Open the investment or service.

The properties page appears.

2.   Open the Chargebacks menu and click Debit Rules.

The debit rules page appears.

3.   Click the Properties icon for a debit rule.

The GL allocations properties main page appears.

4. Edit the following properties as needed:

Allocation Code

Defines the unique code used to classify the debit rule for this investment.

Charge Code

Defines the charge code associated with the debit rule.

User Value 1 and User Value 2

Defines custom properties associated with the debit rule. You can select custom attributes only if lookup values have been defined in Studio.

Input Type Code

Defines the input type code associated with the debit rule.

Transaction Class

Defines the transaction class associated with the debit rule.

Status Code

Indicates if the debit rule is available for chargebacks.

Values:

■ Active. Indicates that the rule is always considered and can be matched to a transaction when generating invoices.

■ Inactive. Indicates that the rule is not considered when generating invoices.

On Hold. If no active rule can be matched, the rule can be considered and matched to a transaction.

Charge Remainder to Overhead

Indicates whether to charge any remaining costs to overhead. Select this check box to charge any remaining costs to overhead.

5. Save the changes.

GL Allocations

Once you have created debit rules, you can define the GL allocations that determine how consumer departments are charged for costs. A GL allocation is composed of a full GL account and a set of allocation rules. The rules represent the percentage of the allocated cost for a specified time period. A full GL account is a combination of the natural GL account and department.

For each GL allocation, you can evenly distribute chargeback percentages across all fiscal time periods, or specify different percentages for each time period. For example, if your company sets up its fiscal time period on a quarterly basis, you can specify 100 percent allocation for the first quarter. You can then specify 50 percent in the remaining quarters. The remaining costs for the last three quarters can be charged to another department or to overhead.

Create or Edit GL Allocations

You can remove GL allocations from debit rules as long as they are not referenced in financial plans or chargebacks.

Follow these steps:

1. Open the investment or service.

    The properties page appears.

2. Open the Chargebacks menu and click Debit Rules.

    The chargebacks debit rules page appears.

3. Click the GL Allocation Code link to access the rule details.

    The GL allocation detail list page appears.

4. Do one of the following:

    ■   Click New to add a new GL account.

        The create GL allocation detail page appears.

    ■   Click the GL Allocation Code link to edit existing allocations.

        The GL allocation properties details page appears.

5. Under the General section:

    a. Select or change the GL account.

    b. Select or change a corresponding department.

6. In either the Start or Finish fields, use the date picker to select a period time.

    The entity fiscal time period type determines the time periods available for selection.

7. Specify the percentage to allocate with charges to the GL account and department combination.

8. Save to continue adding allocations for more time periods.

9. Save the changes.

Reverse Charges on Transactions

You can review transactions processed for your investments or services to verify that they were posted correctly. If you find errors that require reversals, you can reverse charges on selected transactions or on all listed transactions.

When you reverse charges, the allocated charge is removed from department invoices. The charges do not appear when invoices are generated next or when the department manager manually regenerates an invoice. If the invoice is locked or approved when you reverse the charges, this change is reflected in future invoices.

Follow these steps:

1. Open the investment or service.

    The properties page appears.

2. Open the Chargebacks menu and click Transactions.

    The chargebacks transactions page appears.

3. In the filter section, browse for and select the fiscal period for which you want to view or reverse charges on transactions, and click Filter.

4. Review the transactions.

5. If the transactions are incorrect and require reversals, do one of the following:

    ■   Select each transaction whose charges you want to reverse and click Reverse Selected Charges.

    ■   Click Reverse Filtered Charges to reverse the charges of all of the listed transactions.

    The selected transactions indicate that charges were reversed.

Department Invoices

Each department charged for the cost of delivered investments and services receives an invoice for each time period. You can view invoices periodically to monitor charges, make corrections, approve or reject invoices, and manually regenerate invoices.

The investment or service manager sets up the debit rules that identify the departments that get charged. The rules also indicate the percentage of the cost they are debited.

How to Set Up for Invoices

To receive and submit, approve, or reject an invoice, set up the following:

■ Fiscal time period type for establishing the invoice cycle (see page 19)

■ Investment-specific debit rules (see page 146)

Or

■ Standard debit rules (see page 132)

■ Credit rules (see page 134)

■ Access rights must be granted to users responsible for viewing, submitting, and approving or rejecting invoices.

How Invoice Approval Works

Typically, the finance manager and department manager work together to approve invoices. The finance manager submits invoices for approval and the department manager approves or rejects invoices. Department invoice access rights determine the users who can do invoice-related tasks.

Use your company policies and best practices to identify the roles responsible for invoices and to determine cutoff periods for submitting and approving invoices. The following describes the approval process:

1. The invoice is generated by running the Generate Invoice job, which can be scheduled to run periodically. When the job is complete, the invoice is available with a status of Proforma. The invoice is open to receive additional transactions and available for review. The finance manager can manually regenerate invoices as needed and capture newly added transactions or adjustments in between scheduled invoice generation runs.

2. Your finance manager submits the invoice for approval. The status changes to "Submitted" and the invoice becomes locked. No further transactions can be added. If additional transactions are processed for that time period, they are added to the next time period invoice.

3. The department manager can approve or reject the invoice.

   ■ If approved, the status changes to "Approved". The invoice is complete and no further actions can be taken.

   ■ If rejected, the status changes to "Rejected". The finance manager can adjust or reverse a specific transaction or the entire invoice.
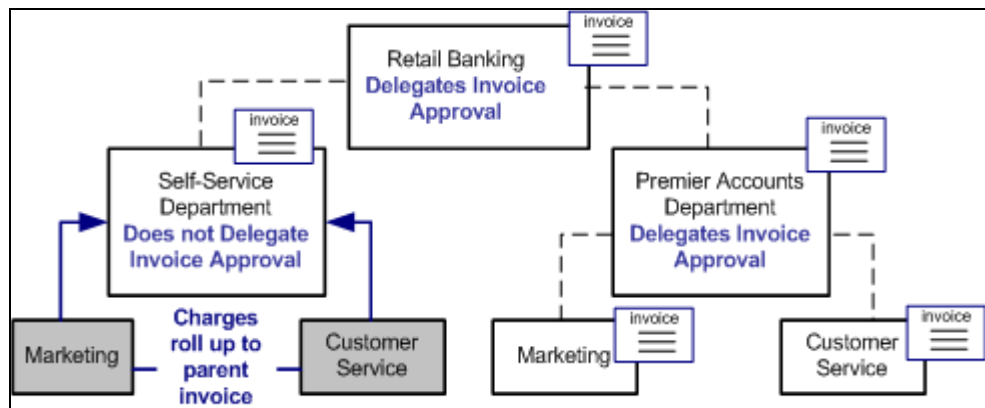
Delegated Invoice Approvals

Delegated invoice approval enables sub departments to view and approve their own invoices. Delegated invoice approval is determined when setting up departments.

When sub departments are given delegated invoice approval, invoices are generated for each sub department and the parent department. This condition applies if debit rules exist and transactions are posted against them. Sub department charges are not rolled up to the parent.

When sub departments do not have delegated invoice approval, any charges posted against these sub departments are rolled up into the invoice of the parent department.

Parent departments must have delegated invoice approval to delegate invoice approval to any of their sub departments. If the top-level parent department does not set delegated invoice approval, no sub department in that branch can view or approve invoices. All charges are rolled up to the top-level parent department.

Consider the following organizational structure and the effect delegated invoice approval has on each department:

The Retail Banking business unit

Delegates invoice approval to its two sub departments, Self-service Banking and Premier Customer Accounts. An invoice for the Retail Banking business unit is generated when transactions are posted against the business unit.

The Self-service Banking department

Does not delegate invoice approval to its two sub departments, Marketing and Customer Service. An invoice is generated for the Self-service Banking department when transactions are posted against it. Any charges posted against Marketing and Customer Service departments are rolled into the Self-service Banking invoice. The Self-service Marketing and Customer Service departments do not receive invoices.

The Premier Customer Accounts department

Delegates invoice approval to its two sub departments, Marketing and Customer Service. An invoice is generated for the Premier Customer Accounts department when transactions are posted against the department. The Premier Accounts Marketing and Premier Accounts Customer Service departments also receive their own invoice when transactions are posted against their department.

Invoice Aggregation

Each line item in an invoice shows the aggregate charges of the top-level parent investment or service in a hierarchy. You can drill down and view the detailed charges of the parent and any child investment involved in transactions during the invoice time period.

Refer to the following documents to learn how to work with charges in investment or service hierarchies:

- See the *IT Service Management User Guide* for more information.

- See the *Project Management User Guide* for more information.

By Example: Bottomline Charges are the Tops

The Retail Self-service department at Forward Inc manages a product named Self-service Banking. This product is the top-level parent to several other child investments, such as the Online Bill Presentment (OBP) system and technical support. When viewing invoices, department managers only see the aggregated charges of the top-level parent. For example, the $4,190.00 for Self-service Banking represents total charges for any investment in the hierarchy involved in a transaction during the invoice period.

Department managers can view detail charges on each investment in the hierarchy by clicking the amount or total amount.

Invoice Adjustments

Occasionally you can see charges that are incorrect and require some adjustment or reversal. You can reject the invoice and request an adjustment. The following are examples of adjustments you can request:

- Change your share in the cost of the investment or service.

    Contact the investment or service manager and request an adjustment to your debit allocation percent.

■ Update the transaction.

Contact your financial manager to create a WIP adjustment and modify the transaction as needed, such as increasing or decreasing the rate, cost, or units.

■ Reverse the charges completely.

Contact your investment or service manager, or finance manager to reverse charges.

Adjustments or reversals to transactions or debit rules trigger adjustments to other departments sharing in the cost of the investment. For example, if your allocation percentage reduces by 5 percent, other departments pick up those additional charges. If the total cost is discounted for one transaction, then all departments sharing the costs also receive an adjustment in their charges.

Any adjustments or reversal made to locked or approved invoices is reflected in the next unlocked invoice or future invoice.

View Department Invoices

Department managers can view a list of invoices generated for their departments. Finance managers can view all generated invoices, and drill-down and view details and transaction information.

Department managers can view their invoices from department invoice pages.

Follow these steps:

To view a department-specific invoice.

1. Open Home, and from Organization, click Departments.

   The list page appears.

2. Open the department and click Invoices.

   A list of invoices for your department appears. You can view invoice status and amount.

3. Click an invoice number to review invoice details.

Finance managers can view all chargeback-related invoices from financial management invoice pages.

Follow these steps:

To view all invoices.

1. Open Home, and from Financial Management, click Invoices.

   The list page appears. You can view invoice status and amount.

2. Click an invoice number to review the invoice details.

View Invoice Details

You can view invoice details, prior period adjustments, and the invoice amount. You can also approve or reject invoices depending on their state.

Follow these steps:

1. Click the Invoice Number link to open the invoice.

   The properties page appears.

2. View the following information:

   Investment

   Displays the investment from which the charges originated.

   Current Amount

   Displays the amount of the charge for the specified time period. Click this link to view transaction details.

   Prior Period Adjustment

   Displays the amount of an adjustment that occurred during a previous time period. If zero, then no prior period adjustments were made. Click this link to view adjustment details.

   Total Amount

   Displays the total amount of the charges less adjustments for the specified time period. Click this link to view transaction details.

   Subscription

   Indicates whether you have subscribed to a service. If you have subscribed to a service, a checkmark is displayed.

3. Do one of the following:

   ■ Click the Current Amount link or Total Amount link to view transaction details.

   ■ Click the Prior Period Adjustment link to view prior period adjustment details.

   Key information includes:

   Type

   Indicates if the transaction is a work-in-process (WIP) or an adjustment.

   Amount

   Displays the amount of the transaction.

Percentage

Displays the percentage charged to service.

Example: 100 percent indicates that one service is using the investment and 50 percent indicates the investment is shared between two services.

Scaled Amount

Displays the scaled dollar amount based on the percentage charged to the service.

4. If the invoice is not yet approved, you can do the following from the invoice properties based on your access rights:

   ■ Submit the invoice.

   ■ Lock or unlock the invoice.

   ■ Approve or reject the invoice.

   ■ Regenerate the invoice.

Submit Department Invoices

Your finance manager typically submits invoices for approval. Submitted invoices are automatically locked and have a status of "Submitted". Submitted invoices can be recalled, approved, or rejected.

Follow these steps:

1. Open the invoice by clicking the Invoice Number link.

2. Save the changes.

Lock and Unlock Department Invoices

Your finance manager typically locks and unlocks invoices.

Use the department invoice items page to lock and unlock invoices.

When an invoice is submitted, it is automatically locked. When an invoice is locked, transactions cannot be added to the invoice. If you have rights to submit invoices, you can temporarily unlock and regenerate last-minute changes.

Follow these steps:

1. Open the invoice by clicking the Invoice Number link.

2.   Do one of the following:

■   Click Lock to block updates to the invoice.

■   Click Unlock to open the invoice for updates.

Approve or Reject Department Invoices

The department manager typically approves or rejects an invoice.

When an invoice is approved, you cannot recall or take any other action on the invoice. Any adjustments or reversals made to the invoice after approval are included with the next unlocked or future invoice.

When an invoice is rejected, WIP adjustments or changes to debits rules can be made to correct charges. Contact your finance manager for assistance with WIP adjustments.

Follow these steps:

1.   Open the invoice by clicking the Invoice Number link.

2.   Click the Invoice Number link to access the invoice details.

3.   Do one of the following:

■   Click Approve.

The invoice status changes to "Approved".

■   Click Reject.

The invoice status changes to "Rejected".

Regenerate Department Invoices

Invoices are updated continually during scheduled runs of the Generate Invoice job. However, you can manually update an invoice in between scheduled runs and view recently added transactions.

If a recalculation affects multiple invoices and all affected invoices are unlocked, the invoice is updated. Recalculations are ignored if any invoice affected by the change is locked. If a recalculation is not possible, a message appears letting you know.

Follow these steps:

1.   Open the invoice by clicking the Invoice Number link.

2.   Click Regenerate.

A progress bar appears during the regeneration process. When complete, the recalculated invoice appears.

3. Click the Current Amount or Total Amount link to view transaction details and see the effects any adjustments had on the invoice.

Recall Department Invoices

You can change the status of an invoice back to its submitted state by recalling it.

Follow these steps:

1. Open the invoice by clicking the Invoice Number link.

2. Click Recall.

   The invoice status changes to the "Recalled" state.

Department Recovered Costs

A recovery statement tells departments how much of their incurred costs can be recovered from the departments who benefited from services provided. A recovery statement is similar to a company income statement—only for departments.

Incurred costs are charged to the departments that receive services. Department managers can view their charges from an invoice.

Only departments that provide services can view department recovery statements. The following must be set up:

- Services must exist and be associated with the department.

  See the *IT Service Management User Guide* for more information.

- At least one department must subscribe to at least one service offered by the provider department.

- Debit rules must exist for services. Contact the service manager to create debit rules for the service.

- Credit rules must exist.

- Users must be granted rights to view recovery statements.

Recovery statements are generated with invoices during scheduled runs of the Generate Invoice job.

By Example: IT Departments Aren't Cost Centers Any More

Forward Inc offers its business units a wide variety of IT supporting services, including email support, desktop support, and network support. The services are vital for each business unit to maintain their lines of business. Each of these departments are charged for those services. Each department that delivers services receives credit for work performed.

Approved Invoices Charge Costs to Departments that Benefit from Services

Department invoices are generated, reviewed, and approved on a quarterly basis by the departments that benefit from services delivered to them. Corporate Human Resources has subscribed to several IT services and has agreed to accept charges for a portion of these services. The Human Resources department has approved an invoice that totals $7,400.

Charged Costs Translate into Credit for Departments that Deliver

The IT Delivery Services department receives credit for services provided. The department manager can view incurred costs and credits by viewing the department recovery statement. This statement shows that some charges were approved and the department has recovered $7,400 so far. Other department managers have yet to approve their charges. The charges appear as recovery variance.

View Recovery Statement Summaries

On a recovery statement you can view a summary of all your incurred costs, recovered costs, and credits sorted by your services.

Follow these steps:

1. Open Home, and from Organization, click Departments.

   The list page appears.

2. Click a department link to open the department.

   The properties page appears.

3. Click Recovery Statement.

   The department recovery statement appears.

4. Filter for recovery information as needed.

   A list of investments owned by the department appear.

5. Review with the following information:

Investment

Displays the name of the investment owned by this department and offered as a service to other departments.

Type

Indicates if the investment is a service or some other type of investment.

Incurred Cost

Displays the total cost incurred to-date by this investment that was charged to other departments. Click this value to drill down to view transaction details.

Recovered Cost

Displays the total charges approved to-date by departments charged for this investment. This amount represents the total costs recovered to-date by this department. Click this value to drill down and view transaction details.

Recovery Variance

Displays the difference to-date between incurred costs and recovered costs. This amount represents the total amount this department is expecting to recover.

Credits

Displays the total possible credit this department can receive. Click this value to drill down to view transaction details.

Credits Variance

Displays the difference to-date between incurred costs and credit.

View Recovery Statement Details

You can view recovery statement details to view transaction details.

Follow these steps:

1. With the department open, click Recovery Statement.

   A list of investments appears.

2. Click any of the following links to view transaction details:

   ■ Incurred Cost

   ■ Recovered Cost

   ■ Credits

   A list of the processed transactions affecting this recovery statement appears.

3. Select the Include Sub-departments check box to view transactions from sub departments. This check box is inactive if sub departments do not exist.

4. View the following information:

   Investment

   Displays the name of the investment from which costs were incurred.

   Department

   Displays the name of the department charged for costs.

   Transaction Date

   Displays the date of the transaction.

   Amount

   Displays the total incurred costs.

   Percentage

   Displays the GL allocation defined in credit rule by your finance manager.

   Scaled Amount

   Displays the scaled amount as per the GL allocation percentage.

Chapter 7: Access Rights

You must be granted access rights to work with financial features, such as creating financial plans and processing transactions. The access rights you are granted depend on the tasks you must accomplish. The following types of access rights are available:

- Financial Management

- Financial Administration

- Financial Planning

- Department

- Location

This section contains the following topics:

Financial Management Access Rights

This section lists the access rights required for doing the following tasks:

- Setting up financial data

- Processing and monitoring transactions

- Processing and monitoring the financial cost/rate matrix

Financial Maintenance - Financial Management

Allows users to access financial management setup features in the Administration menu.

Type: Global

Financial Administration Access Rights

Users must be granted the following access rights if they are responsible for setting up structures:

Administration - Access

Allows the user to access the Administration menu.

Type: Global

Financial Maintenance - Financial Organizational Structure

Allows users to define the financial organizational structure and fiscal time periods. You can create, edit, and view entities, locations, departments, resource classes, transaction classes, and investment classes. Users can also assign departments to locations.

Required: Administration - Navigate

Type: Global

Financial Planning Access Rights

Users must have the following access rights for managing cost, benefit, and budget financial plans for any investment type.

<Investment> - Benefit Plan - Edit

Allows the user to edit the benefit plans for a specific instance of the selected investment type.

Type: Instance

<Investment> Benefit Plan - Edit All

Allows the user to edit all benefit plans for the specified investment type.

Type: Global

<Investment> - Benefit Plan - View

Allows the user to view the benefit plans for a specific instance of the selected investment type.

Type: Instance

<Investment> Benefit Plan - View All

Allows the user to view all benefit plans for the specified investment type.

Type: Global

<Investment> - Budget Plan - Approve

Allows the user to approve the budget plans for a specific instance of the selected investment type.

Type: Instance

<Investment> Budget Plan - Approve All

Allows the user to approve all budget plans for the specified investment type.

Type: Global

<Investment> - Budget Plan - Edit

Allows the user to edit the budget plans for a specific instance of the selected investment type.

Type: Instance

<Investment> Budget Plan - Edit All

Allows the user to edit all budget plans for the specified investment type.

Type: Global

<Investment> - Budget Plan - View

Allows a resource to view the budget plans for a specific instance of the selected investment type.

Type: Instance

<Investment> Budget Plan - View All

Allows the user to view all budget plans for the specified investment type.

Type: Global

<Investment> - Cost Plan - Edit

Allows the user to edit the cost plans for a specific instance of the selected investment type.

Type: Instance

<Investment> Cost Plan - Edit All

Allows the user to edit all cost plans for the specified investment type.

Type: Global

<Investment> - Cost Plan - View

Allows the user to view the cost plans for a specific instance of the selected investment type.

Type: Instance

<Investment> Cost Plan - View All

Allows the user to view all cost plans for the specified investment type.

Type: Global

Cost Plan - XOG Access

Allows the user to import and export cost plan instances using the XML Open Gateway interface.

Type: Global

Budget Plan - XOG Access

Allows the user to import and export budget plan instances using the XML Open Gateway interface.

Type: Global

Benefit Plan - XOG Access

Allows the user to import and export benefit plan instances using the XML Open Gateway interface.

Type: Global

Department Access Rights

You need the following access rights to work with departments.

Department - Create

Allows users to create departments.

Includes: *Department - Navigate* right

Type: Global

Department - Edit

Lets the user edit and delete specific departments.

Includes: *Department - View* access right

Requires: *Department - Navigate* right

Type: Instance

Department - Edit - All

Allows users to edit and delete all departments.

Includes: *Department - View - All* right

Type: Global

Department - Edit Access Rights

Allows users to edit the access rights for a specific department.

Requires: *Department - Navigate* right and *Department - View* right

Type: Instance

Department - Edit Access Rights - All

Allows users to edit access rights for all departments.

Requires: *Department - Navigate* right and *Department - View* right

Type: Global

Department - Navigate

Lets the user navigate to department pages.

Requires: *Department - View - All* right

Type: Global

Department - View

Allows users to view specific departments.

Requires: *Department - Navigate* right

Type: Instance

Department - View - All

Allows users to view all departments.

Includes: *Department - Navigate* right

Type: Global

Location Access Rights

You need the following access rights to work with locations.

Location - Create

Allows users to create locations.

Type: Global

Location - Edit

Allows users to edit specific locations.

Type: Instance

Location - Edit - All

Allows users to edit all locations.

Type: Global

Location - Navigate

Allows users to navigate to location pages.

Type: Global

Location - View

Allows users to view specific locations.

Type: Instance

Location - View- All

Allows users to view all locations.

Type: Global