

# CA Clarity™ PPM

## Financial Management User Guide

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# Chapter 1: Financial Management Introduction

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This section contains the following topics:

[Initial Setup](#) (see page 9)

[Financial Management Jobs](#) (see page 9)

[Processes for Financial Management](#) (see page 10)

## Initial Setup

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

1. [Currencies if multicurrency is implemented](#) (see page 30).
2. [Entities required for any type of financial processing](#) (see page 11).
3. Fiscal time periods used with financial planning.
4. [Financial classes used to process transactions](#) (see page 27).
5. Financial cost/rate matrix to populate costs for transactions and financial plans.
6. Access rights to financial management features for users.

## 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

## Processes for Financial Management

You can create processes to automate certain financial management tasks.

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: How to Set Up Financial Management

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This section contains the following topics:

[Entities](#) (see page 11)

[How to Set Up a Financial Entity](#) (see page 12)

[Locations](#) (see page 18)

[Departments](#) (see page 20)

[Financial Classes](#) (see page 27)

[Currencies](#) (see page 30)

[Set Up Financial Processing Options](#) (see page 32)

[Financial Matrices](#) (see page 33)

[How to Create Supplemental Financial Data](#) (see page 41)

[How to Enable Cost Plus Codes](#) (see page 54)

[Manage Supplemental Company Information](#) (see page 56)

## 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 a Financial Entity

To enable and use financial management, first set up an entity to define the internal financial framework of your organization. Setting up the entity provides the following benefits:

- A standardized financial planning process for all investments.
- Visibility to how investment costs are tracked.

### **Example: Setting up an Entity for Financial Planning**

The financial manager at an IT corporation sets up a financial entity to provide the investment managers the basic framework for building detailed financial plans.

The financial manager defines the following financial classes to categorize the organizational information to process financially:

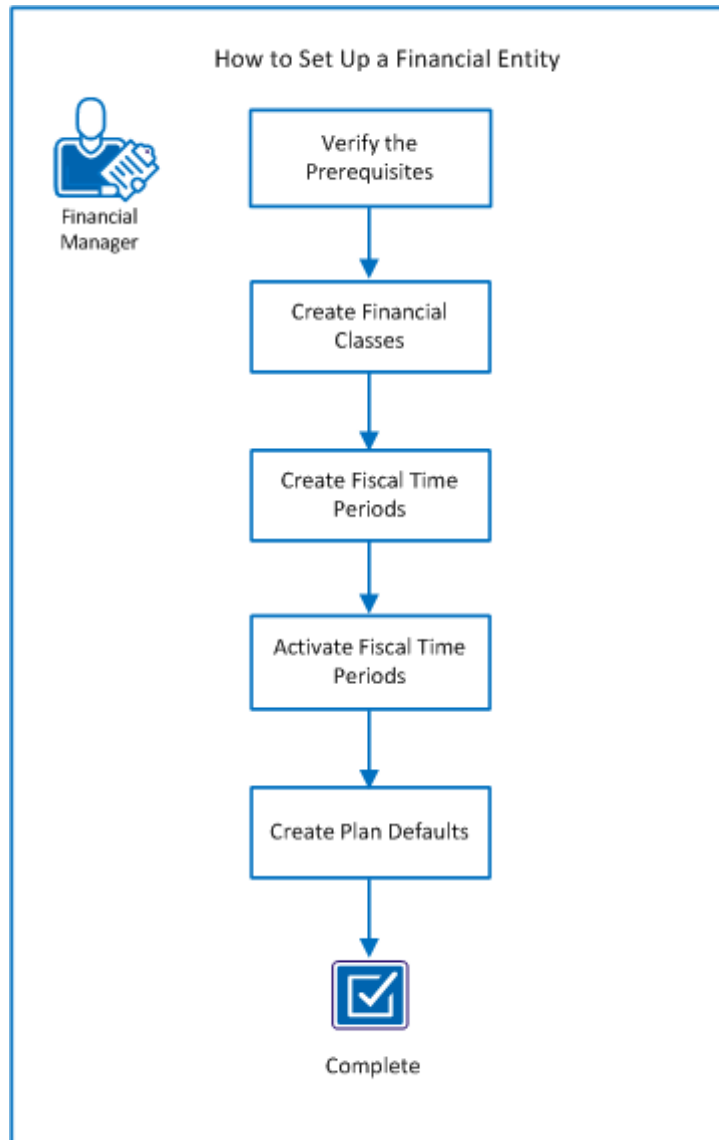
- Resource classes to differentiate the offshore and local resources.
- Transaction classes to categorize consulting, development, and sales labor transaction types.

To allow cost planning that is based on monthly periods, the financial manager selects a monthly fiscal time period type spanning from January 1 to December 31.

The financial manager then selects the following grouping attributes to drive the structure of all investment cost plan line items:

- Resource
- Role
- Transaction Class

The following diagram describes how the financial manager sets up a financial entity:



**Follow these steps:**

1. [Verify the prerequisites](#) (see page 14).
2. [Create financial classes](#) (see page 15).
3. [Create fiscal time periods](#) (see page 16).
4. [Activate fiscal time periods](#) (see page 16).
5. [Create plan defaults](#) (see page 17).

## Verify the Prerequisites

Before you set up a financial entity, complete these prerequisites:

### **Understand**

Verify that you understand the following financial management concepts:

- Cost planning versus actuals, fiscal calendar cycles, fiscal time periods and how they are defined in your organization.
- The desired outcomes for any type of configuration. After you start using the configured data to create instance data, you cannot change the configuration. For example, you cannot delete fiscal time periods, department or location OBS units, or financial classifications that the application is using.
- How you want to set up your organizational structure using entity, and the location and department organizational breakdown structure (OBS) units. Organization is important because when you use the application or you generate reports, information groups by the outcome desired.
- How your configurations, classifications, and definitions affect the data flow to your third-party integrations and chargebacks processing.

### **Create the OBS and Entity**

Verify that you have created the following setup:

- A multi-currency setup with an activate system currency.
- A financial location and financial department OBS.
- An entity associated with the financial location and financial department OBS.
- Department and location OBS units for the entity that are associated with each other.

### **Grouping Attributes**

Determine the criteria to group your financial planning data. Establish grouping attributes for cost plan line item details.

#### **Example: Grouping Attributes**

- Cost Type. Includes separate line items for operating and capital costs.
- Charge Code. Includes different types of operating or capital costs such as fixed or variable operating costs.

## Create Financial Classes

To process financial information by categorizing resources, investments, and transactions, create the following financial classes:

### Resource classes

Differentiate the different types of resources for reporting. Allow you to apply different costs and rates for resources such as employees and contractors.

### Company classes

Describe clients or companies within the organization such as internal customers and external customers.

### WIP classes

Use as columns in a matrix to determine the rates and costs of actual transactions or planned costs. For example, use WIP classes to differentiate between investment types or sizes (Critical Application, SOP Application, Legacy Product) and provide matching cost and rates. You can also use WIP classes for financial reporting purposes or for grouping billable and non-billable resources.

### Investment classes

Differentiate the services that an organization provides its clients such as administrative or maintenance. Other examples include investment types such as projects, assets, applications, or project types such non-profit, major project, government project.

### Transaction classes

Categorize the type of work that resources record and differentiates costs, such as internal or contract labor.

**Note:** Initially, associate a resource class to the labor resource type and a transaction class to the labor transaction type only. You can create the other resource and transaction type classes (material, equipment, and expenses) once financial management is configured.

### Follow these steps:

1. Open Administration, and from the Finance menu, click Setup.  
The financial organizational structure appears.
2. In the Classifications section, click the link name for the class you want to create.
3. Click New and complete the requested information.

**Note:** When creating a resource class, select the Active field to make the resource class available for new references on resources, cost plans, and transactions.

4. Click Save.

## Create Fiscal Time Periods

Define active fiscal time periods for an entity as units for reporting and financial processing. Based on these time periods, investment managers can create detailed financial plans or chargeback rules. For example, if you plan by weekly periods, configure and activate weekly fiscal periods for the entity.

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

**Follow these steps:**

1. Open Administration, and from the Finance menu, click Setup.  
The financial organization structure appears.
2. In the Organizational Structure section, click Entities.
3. Open the entity for which you want to create fiscal time periods.
4. Click Fiscal Time Periods.
5. Click New and complete the requested information. The following fields require explanation:

**Note:** Once the time periods are active, you cannot edit the start and finish dates.

**Period Type**

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

**Start Date**

Specifies the start date for the period or range of time periods.

**Finish Date**

Specifies the ending date for the time period or range of time periods.

6. Save the changes.

## Activate Fiscal Time Periods

All fiscal time periods within the date range are created with a status of "*Inactive*". To allow investment managers to use the time periods in detailed financial plans, activate the time periods. For example, if you create monthly fiscal time periods for one year, you must activate all the monthly periods. Once the time periods are active, you can create detailed financial plans for them or use them in the datamart settings.

**Note:** You cannot deactivate a time period that is in use in the system.



**Follow these steps:**

1. Open Administration, and from the Finance menu, click Setup.
2. In the Organizational Structure section, click Entities.
3. Open the entity for which you want to activate fiscal time periods.
4. Click Fiscal Time Periods.
5. Select each fiscal time period to be activated.
6. Open the Actions menu, and from General, click Activate.
7. Save the changes.

## Create Plan Defaults

To create the following types of defaults for detailed financial plans for all investments, use plan defaults:

- **Grouping attributes.** Groups financial planning data by specific criteria. For example, to see the cost breakdown by different departments and locations, select Department and Location as the default grouping attributes for all financial plans.
- **Fiscal time period type.** Breaks down financial planning data by specific time period type. For example, to see a monthly breakdown of cost values by default, select a monthly time period type for all cost plans.

You can only edit the data for the selected time period type. You can view the data for the other time period types but cannot edit the data.

- **Starting and ending periods.** Specifies the date range for creating manual financial plans. For example, to default the start and end periods of all financial plans within a range, specify, for example, January 1 at the start date and December 31 as the end date.
- **Locked plans.** Locks financial plans to prevent managers from changing the grouping attributes at the investment level.
- **Freeze date.** Governs the time periods. For example, enter December 31 to prevent the time periods for detailed financial plans from being changed before this date.

**Follow these steps:**

1. Open Administration, and from the Finance menu, click Setup.
2. In the Organizational Structure section, click entities.
3. Open the entity for which you want to create plan defaults.
4. Click Plan Defaults.
5. Complete the requested information. The following fields require explanation:

#### **Freeze Date**

Specifies the date on which you can edit the time periods for a plan. You cannot edit the time periods for a detailed financial plan earlier than the freeze date.

**Note:** You cannot manually edit the detailed financial plans for time periods before the freeze date. However, if you auto-populate cost plans using Populate from Investment Team or Populate from Task Assignments, the time periods get updated irrespective of freeze date.

#### **Lock Plan Structure**

Specifies whether to prevent managers from overriding the plan defaults when defining cost plans.

#### **Grouping Attributes**

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

#### **6. Save the changes.**

You have successfully set up a financial entity.

## 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.

#### **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.
3. Click New and complete the requested information. The following fields require explanation:

**Entity**

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

**Parent**

Specifies the location to which this location belongs.

4. Save the changes.

## Edit Locations

After creating a location, you can edit some of its attributes. 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

If a location is a parent to other locations, you can view a list of the sub-locations. Open the parent location and from the Properties menu click Sub-locations.

## 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.
- Financial transactions are not associated with it.
- A financially enabled resource is not using it.

## 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 21).
- [Edit departments, if needed](#) (see page 23).
- [Define the department budget](#) (see page 24).
- [Manage department locations](#) (see page 25).
- [Manage department resources](#) (see page 26).
- [Manage department investments](#) (see page 27).

## How to Get Started with Departments

Set up the following before you can work with departments:

- Create an entity.
- [\(Optional\) Associate the department with locations](#) (see page 20).
- (Optional) Associate resources with the department.
- (Optional) Associate investments with the department.

## 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.

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

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

If you create sub-departments, you can

**Follow these steps:**

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

2. Click New.
3. Complete the requested information. The following fields require explanation:

### **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.

### **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.

## 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.

To review the list of sub departments associated with your department, open the department. Next, open the Properties menu, and click Subdepartments.

## 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.

**Note:** The following financial metrics are not available on the department properties as a default:

- Calculate Financial Metrics
- Planned NPV
- Planned ROI
- Planned Breakeven
- Planned IRR
- Planned MIRR
- Planned Payback Period (in months)
- Budget NPV
- Budget ROI
- Budget Breakeven
- Budget IRR
- Budget MIRR
- Budget Payback Period (in months)

You can configure the Department Properties view for the Department object to display the financial metrics. For more information, see the *Studio* documentation.

### Follow these steps:

1. Open Home, and from Organization, click Departments.
2. Open the department.
3. Open the Properties menu and click Budget.

The budget properties page appears.

4. 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.

5. 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.

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.

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. Open Home, and from Organization, click Departments.
2. Open the department and click Resources.

The department resources page appears.

3. 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.

4. 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.

**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.

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.

## 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.

## 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.

## 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.

## Investment Classes

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

## 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.

## 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.

## 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.

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.

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.

## Activate Currencies

Before you can use a currency in a conversion rate, activate the currency.

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

To perform currency conversions, set up conversion rates in both directions. For example, if you set up an exchange rate for INR to USD, you must also set up the reverse direction exchange rate from USD to INR. If you do not set up the reverse exchange rate, you will receive an error when you try to process transactions after changing the currency type.

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

**Important!** When entering a value for any money field (including custom money fields), the product supports and is limited to up to 18 digits. Any value after the 18th digit changes to a zero.

### 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.

## Set Up Financial Processing Options

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.

**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.



## 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.

### How to Set Up a Cost/Rate Matrix

As the financial manager, you can ensure that standard costs and rates apply to all detailed financial plans and transactions for investments. Create a standard cost/rate matrix that provides default values from a centralized cost/rate matrix in the financial system. The standardized default information eliminates the need for defining costs and rates for different financial plans and transactions individually.

Populate the cost/rate matrix with the following types of financial values:

- Planned costs for investments for use in detailed financial plans.
- Billing rates for financial transactions that are processed against the investments.

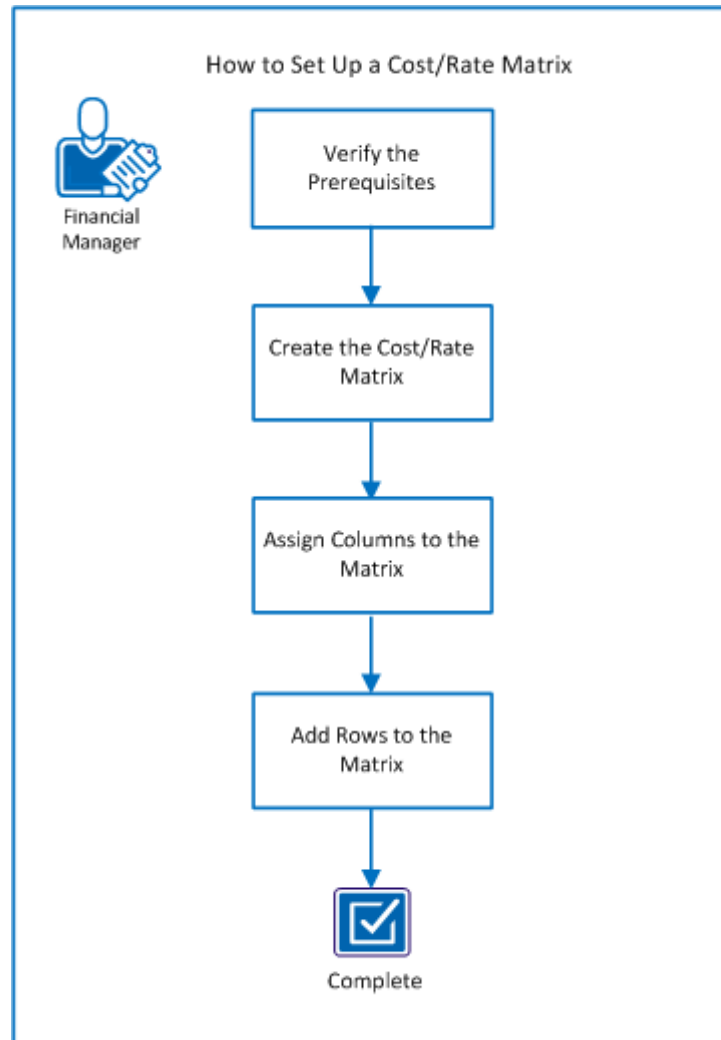
**Example: Set up a Cost/Rate Matrix that is Based on Resource Class**

The Document Management Company captures costs in the financial system using the resource class and the input type code of the resources that are assigned to their investments. The company has four different resource classes that are assigned to two different input type codes. The resource classes and input type codes have different costs that are associated with them. For example, a billable labor has an actual cost of \$100 whereas a non-billable labor has no cost that is associated with it. Also, cost for non-labor resource classes is calculated as \$1 x quantity.

To meet the corporate requirements, Sam the financial manager at Document Management Company sets up a cost/rate matrix with five different rows. Sam creates one row for each resource class (labor and non-labor) and input type code combination and populates the row with the appropriate cost. The matrix rows define the criteria for applying costs to resources for transaction processing. The following table shows the matrix rows:

<b>From Date</b>	<b>To Date</b>	<b>Resource Class</b>	<b>Input Type Code</b>	<b>Actual Cost</b>
1/1/14	12/31/14	Labor	Billable	\$100
1/1/14	12/31/14	Labor	Non-Billable	\$0.00
1/1/14	12/31/14	Expense	*	\$1.00
1/1/14	12/31/14	Materials	*	\$1.00
1/1/14	12/31/14	Equipment	*	\$1.00

The following diagram describes how the financial manager sets up a cost/rate matrix:



**Follow these steps:**

1. [Verify the prerequisites](#) (see page 36).
2. [Create the cost/rate matrix](#) (see page 37).
3. [Assign columns to the matrix](#) (see page 38).
4. [Add rows to the matrix](#) (see page 38).

## Verify the Prerequisites

Before you set up a cost/rate matrix, complete these prerequisites:

### Understand

Verify that you understand the following financial management concepts:

- Cost planning versus actuals, fiscal calendar cycles, fiscal time periods and how they are defined in your organization.
- The desired outcomes for any type of configuration. After you start using the configured data to create instance data, you cannot change the configuration. For example, you cannot delete fiscal time periods, department or location OBS units, or financial classifications that the application is using.
- How you want to set up your organizational structure using entity, and the location and department organizational breakdown structure (OBS) units. Organization is important because when you use the application or you generate reports, information groups by the outcome desired.
- How your configurations, classifications, and definitions affect the data flow to your third-party integrations and chargebacks processing.

### Set up an entity

Verify that you have created and set up a financial entity as described in the *How to Set Up a Financial Entity* scenario.

### Plan the matrix

Verify that you have gathered the following information that is required to plan for your matrix:

- Determine whether the matrix is based on the resource role, resource, input type code, or charge code, and so on. If it is based on investments or resources, verify that they are financially enabled.
- Establish a naming convention for the matrix.
- Verify and activate the currency that is required for the matrix.
- Determine if the matrix must be marked private. If so, determine who must have access to it.
- Verify that any data to be used in the matrix is created before the matrix is established. For example, you cannot add the resource manager role to the matrix until it is added in Resource Management.
- Optionally set up cost plus codes to use them for marking up actual or standard costs in the cost/rate matrix.

## Create the Cost/Rate Matrix

To govern the rate structure that covers all your pricing scenarios, create a cost/rate matrix. Depending on your needs, create one or more matrices. For example, set up a cost/rate matrix each for external and internal projects.

We recommend that you include labor, materials, equipment, and expense resource types in your matrix. You can then define costs and rates for labor and non-labor resources for cost planning and financial transaction processing.

We also recommend that you use charge codes to help define costs and rates.

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

### Follow these steps:

1. Open Administration, and from Finance, click Manage Matrix.
2. Click New and complete the requested information. The following fields require explanation:

#### **Matrix Default Currency**

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

#### **Location**

Defines the location OBS related to an entity. Rates and costs are applied to transactions only when there is a match for either the investment, resource, or the entity location OBS.

We recommend that you leave this field blank because it can result in no rates being applied.

#### **Entity**

Defines the financial entity that is associated with the matrix. Rates and costs are applied to transactions only when there is a match for either the investment, resource, or the entity.

We recommend that you leave this field blank because it can result in no rates being applied.

#### **Private**

Specifies whether this matrix is restricted to particular users.

3. Save the changes.

## Assign Columns to the Matrix

Decide which columns are needed in the matrix. Determine the column order of the matrix so that evaluation of the transaction is performed correctly.

To set up the conditions under which rates are applied, assign up to ten columns to the cost/rate matrix. Transactions are processed using the matrix columns to determine the rates and costs.

The order of the columns determines the weighting and filtering driving the costs and rates. Transaction processing reads the columns from left to right. For example, if the first column is Client and the second is Project only projects that are associated with the client run against this matrix.

### Follow these steps:

1. Open Administration, and from Finance, click Manage Matrix.
2. Click the matrix name to which you want to assign columns.
3. Assign columns to the matrix as follows:
  - a. Select the column from the Available list of columns and add to the Selected list.
  - b. Change the order of selected columns by moving them up or down in the list. Up corresponds to left and down corresponds to right in the matrix.
4. Click Save

## Add Rows to the Matrix

Complete your cost/rate matrix definition by adding rows of specific values for the matrix columns. For example, if you assigned Resource Role and Transaction Class as matrix columns, create rows by selecting unique combinations of roles and transaction classes.

**Note:** Verify that each matrix row is unique and the dates do not overlap.

The matrix rows let you define the criteria for applying rates and costs to investments and resources for transaction processing. The following sample matrix rows define the cost and rate for the Business Analyst role for two different transaction classes.

From Date	To Date	Resource Role	Transaction Class	Rate	Standard Cost	Actual Cost	Currency
1/1/13	12/31/13	Business Analyst	Employee	90	90	100	USD

From Date	To Date	Resource Role	Transaction Class	Rate	Standard Cost	Actual Cost	Currency
1/1/13	12/31/13	Business Analyst	Contract	100	100	90	USD

**Follow these steps:**

1. Open Administration, and from Finance, click Manage Matrix.
2. Click the matrix name to which you want to assign columns.
3. Click Edit Matrix Rows.
4. Click New.
5. Complete the requested information. The following fields require explanation:

**From Date**

Defines the beginning of the effective date range for this row. Any transaction that is 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.

6. Select the values for the matrix columns that you assigned and complete the following information for your matrix rows:

**Rate**

Defines the billing rate to apply to a transaction for the row. A value of at least 0.00 is required.

For equipment, materials, and expenses, rate is equal to the 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 that is associated with any transaction matching the criteria established in the matrix.

Standard cost is used in all cost fields. For example, in cost plans, planned cost is calculated as quantity \* standard cost.

**Actual Cost**

Defines the actual cost that is associated with any transaction matching the criteria established in the matrix. Actual Cost can be used in custom reporting.

**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.

This field displays only when multi-currency is enabled.

**Cost Plus Code**

Specifies the cost plus code to use when a transaction matches the criteria that is established in the matrix.

7. Save the changes.

You have successfully set up a cost/rate matrix. The matrix applies standard costs and rates to all financial transactions from a centralized cost/rate table.

## 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.

## 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.

## How to Create Supplemental Financial Data

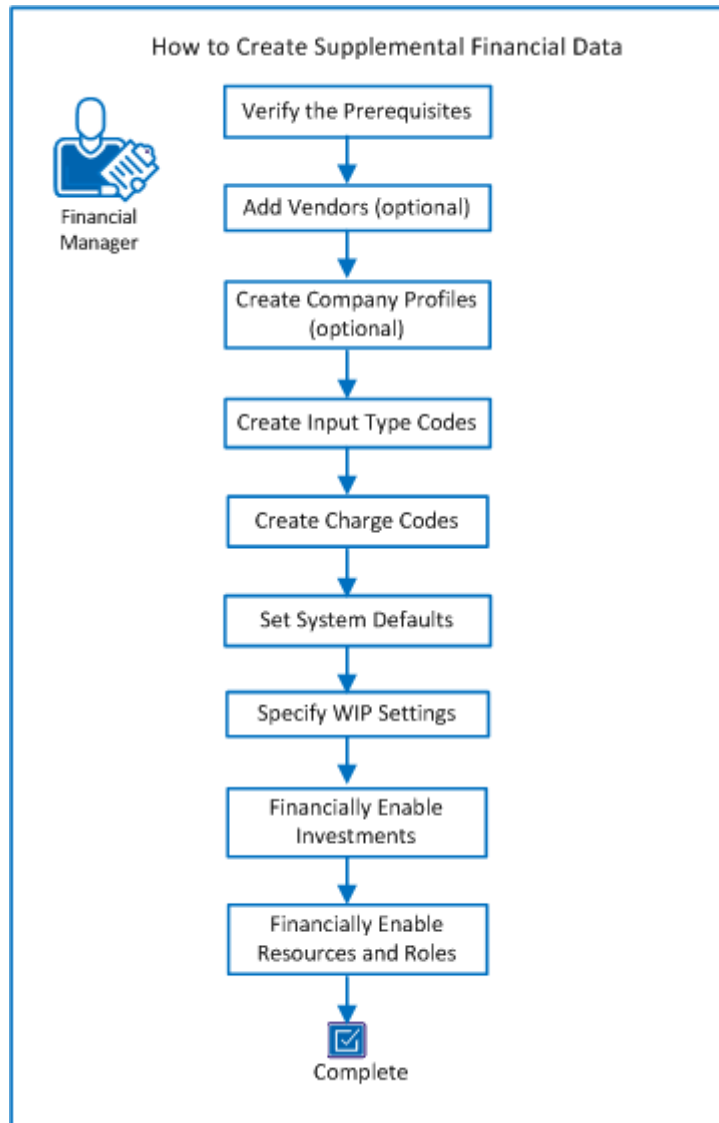
As a financial manager, create the required data so end users such as investment managers can start using the financial management system. The data setup allows investment managers to plan investments by tracking costs and processing financial transactions against them. They can make financial decisions about their investments that are based on actual financial data.

**Example: Create Financial Data to Process Financial Transactions and Plan Investment Costs**

A financial manager at the Document Management Company oversees the finances for the HR Upgrade initiative. The initiative includes several investments that are assigned to different investment managers across the organization. To allow the managers to track individual investment cost and process transactions against the overall initiative, the financial manager creates the following financial data:

- Vendors ABC and XYZ to track the hardware and material.
- A financially enabled company profile RBC.
- Financially enabled investments, resources, and roles.
- Input type codes to differentiate the rates of the full-time resources from the contractors.
- Charge codes to differentiate the cost of regular work from overhead.

The following diagram describes how the financial manager creates the required financial data:



**Follow these steps:**

1. [Verify the prerequisites](#) (see page 43).
2. [Add vendors](#) (see page 44).
3. [Create company profiles](#) (see page 44).
4. [Create input type codes](#) (see page 46).
5. [Create charge codes](#) (see page 47).
6. [Set system defaults](#) (see page 47).
7. [Specify WIP settings](#) (see page 49).
8. [Financially enable investments](#) (see page 50).
9. [Financially enable resources and roles](#) (see page 52).

## Verify the Prerequisites

Before you create the required financial data, complete these steps:

**Understand financial concepts**

Verify that you understand the following financial management concepts:

- Cost planning versus actuals, fiscal calendar cycles, fiscal time periods and how they are defined in your organization.
- The desired outcomes for any type of configuration. After you start using the configured data to create instance data, you cannot change the configuration. For example, you cannot delete fiscal time periods, department or location organizational breakdown structure (OBS) units, or financial classifications that the application uses.
- How you want to set up your organizational structure using entity, and the location and department OBS units. Organization is important because when you use the application or you generate reports, information groups by the outcome desired.
- How your configurations, classifications, and definitions affect the data flow to your third-party integrations and chargebacks processing.
- How your data setup affects the cost/rate calculations on the project side of the application versus the financial side (for example, transactions posted to work-in-process (WIP)).

### **Verify existing setup**

Verify that you have set up the following financial structure:

- Location and department OBS and OBS units
- Entity
- Financial Classes
- Cost and Rate Matrices
- Currencies
- Investments (for example, projects, applications, assets)
- Resource and roles

## Add Vendors [Optional]

Optionally, define your vendors so you can easily track the purchases to a specific supplier of products or services. For example, you can use a vendor when entering transactions for material, expense, and equipment. The vendor entry helps you track the location of purchases that are made against investments.

The following lists some other uses for vendors:

- For voucher headers
- In resource and company properties
- In third-party integrations for exporting financial data

### **Follow these steps:**

1. Open Administration, and from Finance, click Setup.  
The financial organizational structure appears.
2. Click Vendors.
3. Click New.
4. Complete the requested information.
5. Click Save.

## Create Company Profiles (optional)

Optionally, create company profiles to associate with investments when integrating with third-party billing systems so you can classify the data. Activate and financially enable the company profiles to process financial transactions against them and determine how their costs affect investments.

Define the financial properties of the company before setting up the billing addresses. You can set up multiple billing addresses for a company. A placeholder billing address profile is created by default using the company name and ID. You can edit the profile to provide the billing address information.

**Note:** Selecting a financial location and a financial department for a company automatically populates the WIP class, investment class, and company class with default values. The default values are populated only if you specified these values for the entity that is associated with the location and department OBS.

**Follow these steps:**

1. Open Home, and from Financial Management, click Companies.
2. Click New.
3. Complete the requested information.
4. Click Save.
5. Open the Properties menu and click Financial.
6. Complete the requested information. The following fields require explanation:

**Financial Status**

Indicates the status of the company profile.

**Values:**

- Active. You can create financially enabled investments for the company.
- Inactive. You cannot create financially enabled investments for the company.
- No New Business. Financially enabled investments currently exist for the company currently but you cannot create more investments.

**Financial Location**

Defines the financial location of the company that is used for processing financial transactions.

**Financial Department**

Defines the department that is assigned ownership of the company. The value for this field defaults based on the value of the financial location for the company. If you modify this value, the location value can also change.

**WIP Class**

Defines the work-in-process (WIP) class indicating the financial transaction category for the company.

**Investment Class**

Defines the investment class to which this company is assigned. The value is used to categorize company-related investments.

**Company Class**

Defines the company class to which this company is assigned. The value is used to describe the company within the organization.

**Date Opened**

Defines the effective date that the company was financially enabled.

7. Save the changes.
8. Click Billing Addresses and provide the billing address information.

## Create Input Type Codes

To accomplish the following financial goals, create input type codes:

- Classify the resources that are assigned to investments for reporting purposes.
- Control whether a transaction is chargeable.
- Differentiate costs and rates that are based on the type of work that the resources perform.

For example, use input type codes to differentiate the rates for regular work and overtime work in the detailed financial transactions posted to WIP.

**Follow these steps:**

1. Open Administration, and from Project Management, click Input Type Codes.
2. Click New.
3. Complete the requested information. The following fields require explanation:

**Chargeable**

Indicates if the input type code can be used in chargeable calculations. The chargeable codes help to process financial transactions and in financial planning, to track posted actuals.

4. Save the changes.

## Create Charge Codes

To accomplish the following financial goals, create charge codes:

- Process financial transactions and timesheets.
- Support financial planning for investments.
- Differentiate costs and rates by the type of work that is performed for investments (mostly projects).

You can use charge codes to define the type of work that is associated with investments. For example, use charge codes to calculate actual cost for sick time or vacation time when the detailed financial transactions are posted to WIP.

**Follow these steps:**

1. Open Administration, and from Project Management, click Charge Codes.
2. Click New.
3. Complete the requested information. The following field requires explanation:

**Open for Time Entry**

Specifies if the resource can use timesheets to track time that is spent on task assignments. When cleared, the resource cannot log time on any project.

**Default:** Selected

4. Save the changes.

## Set System Defaults

You can set system-level defaults for financial classes, cost and rate matrices, and other financial management settings. The system defaults help simplify the financial setup in the following situations:

- Little variation exists in the type of work.
- A standard set of costs and rates apply to all investments.

You can override the system defaults at the entity level or investment-level. The investment-level defaults take precedence over entity or system defaults.

On the contrary, the product uses system defaults if the lower levels of financial hierarchy (such as investments and resources) are missing configurations. For example, the product uses the matrix that is defined in the project transaction entry defaults if a project is not configured with a matrix.

**Follow these steps:**

1. Open Administration, and from the Finance menu, click Setup.  
The financial organizational structure appears.
2. Click Defaults.  
The financial management defaults appear.
3. In the File Maintenance section, select the default values to use for the entity, location, department, and financial classes.
4. In the Project section, click Project Transaction Entry Defaults.  
The transaction entry page appears.
5. In the Labor section, complete the following fields:

**Rate Source**

Defines the default matrix that is used to determine the chargeable rate for labor.

**Cost Source**

Defines the default matrix that is used to determine the labor costs.

**Source Location**

Defines the default source location that is considered when using a matrix for applying rates and costs.

The source is either the employee (that is, resource) or the investment location that is based on the associated location OBS. If the default source location is set at the entity level, the system uses the entity setting to determine the source location. The location that is defined on the WIP settings is also used to determine the source location.

**Exchange Rate Type**

Defines the default labor exchange rate type that is based on active currencies for all investments in the system.

**Values:**

- Average. The blended derived rate over a period, weekly, monthly, or quarterly.
  - Spot. The variable rate that changes frequently, such as daily.
  - Fixed. The fixed rate that does not change over a defined period.
6. In the Material, Equipment, and Expense sections, complete the following fields:

**Rate Source**

Defines the default matrices that are used to determine the chargeable rate for the material, equipment, or expenses incurred.



**Source Location**

Indicates that the default source location OBS unit that is considered when using a matrix for applying rates and costs is the investment location.

**Exchange Rate Type**

Defines the default exchange rate type that is based on active currencies for all investments in the system.

7. Save the changes.

## Specify WIP Settings

WIP transactions let you adjust and review transactions before invoicing them. The WIP transactions also add actuals in the cost plans. The investment managers use the latest data in the cost plans to make business decisions and to prepare for chargebacks.

To classify financial data in chargebacks, transactions posted to WIP, and in cost plans, specify the WIP settings. Verify that you select the same value for entity, location, and department (that is, Project, Client, or Employee) as shown in the following table.

WIP Setting	Configuration Option 1	Configuration Option 2	Configuration Option 3
Entity	Project Entity	Client Entity	Employee Entity
Location	Project Location	Client Location	Employee Location
Department	Project Department	Client Department	Employee Department

**Note:** If the values do not match for entity, location, and department, you can get unexpected results in the WIP transactions.

**Follow these steps:**

1. Open Administration, and from the Finance menu, click WIP Settings.
2. Complete the following fields:

**Entity**

Defines the entity that determines how financial data is classified in chargebacks, transactions, and cost plans.

**Location**

Defines the location that determines how financial data is classified in chargebacks, transactions, and cost plans.

**Department**

Defines the department that determines how financial data is classified in chargebacks, transactions, and cost plans.

**WIP Aging Levels in Days**

Defines the number of days for each WIP level. The value is used in reporting to classify chargeable transactions that have not been billed.

3. Click Save.

## Financially Enable Investments

To use the financial management system and configurations that you have set up, define the financial properties for investments. You can then process financial transactions against investments and determine their costs.

Financially enabling the investments ensures that actual costs from posted transactions show up on cost plans, reports, portfolios, and other places in the product.

**Note:** The following procedure uses "projects" as a sample investment.

**Follow these steps:**

1. Open Home, and from Portfolio Management, click Projects.
2. Open the project.
3. Open the Properties menu, and from Properties, click Financial.
4. In the General section, complete the following fields:

**Company Name**

Defines the company sponsoring the project or receiving the benefits of the project. A company profile must exist.

**Affiliated Project**

Defines the project that is financially tied to the project. You can select from all financially activate projects that are associated with the company. If you are integrating with a third-party external billing application, you can use this value to generate consolidated invoices under one project.

**Department**

Defines the department that is used during transaction processing of chargebacks to charge or credit departments for costs. The department can also be used to match the project with Cost/Rate matrices. The field is auto-populated if a department is selected on the project general properties.

**Location**

Defines the location that is used to match the project with debit and credit rules for transaction processing of chargebacks. The project location can be used as a match in the Cost/Rate matrix. If the project does not have a defined location, the product uses the entity default location or the system default location.

**Financial Status**

Specifies the status that determines how financial transactions entered against the project are handled.

**Values:**

- Open. All transactions that are entered against the project can be fully processed.
- Hold. No new transactions can accumulate on the project.
- Closed. No new transactions can accumulate on the project. When you mark the financial status as "Closed", it is no longer open for financial processing.

**Type**

Defines the billing method that is required for financial transaction processing.

**Values:**

- Standard. The option allows transactions to accumulate over a given cycle. You can charge resulting transactions at any time.
- Internal. The option is used to track financial transactions that are not meant for chargebacks.

We recommend selecting the Internal option unless you are going to export transactions into a third-party billing application.

**WIP Class**

Defines the WIP class that is used to match the project with cost/rate matrices. The WIP class can also be used for reporting purposes.

**Investment Class**

Defines the investment class that is used to match the project with cost/rate matrices. The investment class can also be used for reporting purposes.

**Cost Type**

Defines the scheduled capital or operating cost of the project. By default, the cost type is set to Operating. You can use this value for analyzing data in cost plans and portfolios.

### **Billing Currency**

Defines the currency that is used to process chargebacks and financial transactions on the investment. After you process transactions or create detailed financial plans for the project, you cannot change this currency value. The field is read-only for single currency systems.

5. In the Labor Transaction Rates, Material Transaction Rates, Equipment Transaction Rates, and Expense Transaction Rates sections, enter the following cost or rate information as needed:

### **Rate Source**

Defines the cost/rate matrix that is used to calculate the benefit amount of the transaction entry for the project.

### **Cost Source**

Defines the cost/rate matrix that is used to calculate the cost amount of the transaction entry for the project.

### **Exchange Rate Type**

Displayed only when multiple currencies are available. Defines the exchange rate type for transactions for the project. When the project is approved, you cannot modify the exchange rate type.

#### **Values:**

- Average. The blended derived rate over a period: weekly, monthly, or quarterly.
- Fixed. The fixed rate that does not change over a defined period.
- Spot. The variable rate that changes frequently, say daily.

6. Save the changes.

## Financially Enable Resources and Roles

To use the financial management system and configurations that you have set up, define the financial properties for resources and roles that are assigned to investments. You can then process financial transactions against resources and roles and determine how these costs impact investments. The actual costs from posted transactions show up on cost plans, reports, and portfolios. Financially enabling resources and roles also provide access to application pages that provide you visibility to resource transaction entries.

**Follow these steps:**

1. Open Home, and from Resource Management, click Resources.
2. Open the resource or role.
3. Open the Properties menu, and click Financial from Properties.
4. Complete the fields in the Supplemental section. The following fields require explanation:

**Financially Active**

Indicates whether the financial attributes for a resource or role are enabled to record financial management activities against an investment.

**Target % Billable**

Refers to the percentage of the targeted billing rate that is billable. Enter the target percentage billable for this resource, if applicable.

**Financial Department**

Defines the financial department that is associated with an entity in the financial organization structure. The financial department represents the cost center of the resource or role.

**Financial Location**

Defines the financial location that is associated with an entity in the financial organization structure. The financial location represents the location of the resource or role.

**Transaction Class**

Defines the user-defined values that group transaction types for the resource or role and is used in financial transaction processing.

**Resource Class**

Defines the category for the financially enabled resource or role and is used with financial transaction processing. If the resource is a labor type, complete the department and location fields to be able to mark the resource as financially active.

**Target % Billing**

Refers to the percentage of the targeted billing rate that is billable for the resource or role.

5. Save your changes.

## How to Enable Cost Plus Codes

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.

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.
2. Click New.
3. Complete the requested information. The following field requires explanation:

#### 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.
2. Click the cost plus code to add a cost plus rule.
3. In the Rules in effect section, click New.
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.

## 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 requested information. The following fields require explanation:

**External ID**

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

**Rating**

Defines the rating to use for the company.

**Values:** High, Medium, Low

**SIC Code**

Defines the company Standard Industrial Classification (SIC) code.



**Division**

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

**Industry**

Defines the industry associated with the company.

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

**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.

4. Save the changes.



# Chapter 3: How to Create Financial Summaries

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This section contains the following topics:

- [About Financial Summaries](#) (see page 59)
- [Financial Metrics Used for Planning](#) (see page 59)
- [Calculating Financial Metrics for Investments](#) (see page 63)
- [Set Financial Planning Options](#) (see page 63)
- [Set Capital Cost and Reinvestment Rate for the System](#) (see page 64)
- [Set Capital Cost and Reinvestment Rate for the Investment](#) (see page 65)
- [Manage Planned Cost and Benefit](#) (see page 66)
- [Manage Budgeted Costs and Benefits for Investments](#) (see page 67)

## 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.

## Financial Metrics Used 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 with 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:

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

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:

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

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:

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

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.

## Calculating Financial Metrics for Investments

The following rules are applied for calculating IRR, MIRR, Payback Period and other metrics for investments that include child investments. 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.

## 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).
2. Open the investment.
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 Capital Cost and Reinvestment Rate for the System

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 Capital Cost and Reinvestment Rate for the Investment

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 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 in the financial summary. If a detailed cost plan and benefit plan exists for the investment, you can view the pre-populated planned cost and planned benefit data in the summary.

#### **Follow these steps:**

1. Open the investment.
2. Open the Properties menu and click Financial Summary under Properties.
3. Enter the 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. Review the following cost and benefit metrics to evaluate the value the investment provides to the company. If planned cost and benefit values are not defined, these metrics display no value:

- Planned NPV
  - Planned ROI
  - Planned IRR
  - Planned MIRR
  - Planned Payback Period
  - Planned Breakeven
5. Save any changes.

## Manage Budgeted Costs and Benefits for Investments

Create the budgeted cost and benefit data for your investment in the financial summary. If an approved budget and benefit plan exists for the investment, view the pre-populated budget cost and benefit data in the summary.

### **Follow these steps:**

1. Open the investment.
2. Open the Properties menu and click Financial Summary under Properties.
3. 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. Review the following budget metrics to evaluate the value an investment provides to the company. If budget and benefit values are not defined, these metrics display no value:
  - Budget NPV
  - Budget ROI
  - Budget IRR
  - Budget MIRR
  - Budget Breakeven
  - Budget Payback Period
5. Save the changes.

# Chapter 4: How to Create Detailed Financial Plans

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This section contains the following topics:

[How to Set Up Detailed Financial Planning](#) (see page 69)

[Display Financial Plans in Different Views](#) (see page 69)

[About Cost Plans](#) (see page 70)

[Benefit Plans](#) (see page 91)

[Budget Plans](#) (see page 93)

[About Copying Financial Plans](#) (see page 104)

[How Financial Plan Data is Copied](#) (see page 104)

## How to Set Up 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.

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

- [An entity must exist and fiscal time periods must be defined for the entity.](#) (see page 12)
- [A financially enabled investment must exist](#) (see page 50).
- Users must have access rights to work with financial planning.

## Display Financial Plans in Different 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  $\text{Cost} * \text{Exchange rate}$
- Billing Revenue calculated as  $\text{Revenue} * \text{Exchange rate}$
- 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.

## About 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.

**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.

### Example: Manage 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.

## 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 with 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.

## 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.

## Set Up to Create Cost Plans

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

- [Define the cost plan manually](#) (see page 74).
- [Automatically populate the cost plan](#) (see page 81).

Before you can create cost plans, set up the following requirements.

- Create active fiscal time periods.
- Financially enable the investment.

## About Cost Plan Line Item Details

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.

## About Automatically Populating Cost Plans

When creating a cost plan, you can automatically populate the plan using values from the task assignments or investment team (that is, resources or roles). Automatically populating a cost plan saves time.

You can also repopulate an existing cost plan.

Values are auto-populated in a cost plan, based on the following predefined financial attributes:

- 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.

**Note:** The auto-populate uses the investment start and finish dates to determine active fiscal time periods defined on the associated entity. All fiscal time periods are populated ignoring the freeze date defined in the entity plan defaults.

- 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 that is 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 with 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. The roles or resources come from either the investment team or task assignment with the same grouping attribute values as in the line item detail row.
- When populating from the investment team, every team member is a candidate row. However, if two team members have the same grouping attribute values, one line item detail row is created to represent both team members. For example, if grouping is by Transaction Class and Department, and two team members have the same transaction class and department, the product creates one cost plan line item detail row. This row represents the sum value from both records because each detail row must contain a unique combination of grouping attribute values.
- The product overwrites cost, revenue, and unit amounts on manually-created rows only if the row has grouping attributes that exist on the investment.

## Populating Cost Plans from Investment Team

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	Team Member	Primary Source	Secondary Source
Charge Code	Resource or Role	Investment	None. The field is blank if the value is undefined on the investment.
Cost Type	Resource or Role	Investment	None
Input Type Code	Resource	Resource	None. The field is blank if the value is undefined on the resource, or if the team member is a role.
Input Type Code	Role	N/A	The field is blank if the team member is a role.
Department	Resource	Resource	Investment
Department	Role	Staff OBS Unit	Investment

Value	Team Member	Primary Source	Secondary Source
Location	Resource	Resource	Investment
Location	Role	Staff OBS Unit	Investment
Transaction Class	Resource	Resource	None. The field is blank if the value is undefined on the resource.
Transaction Class	Role	Role *	None. The field is blank if the value is undefined on the role.
Resource		Team Member	None
Resource	Role	NA	The field is blank if the team member is a role.
Resource Class	Resource	Resource	None. The field is blank if the value is undefined on the resource.
Resource Class	Role	Role *	None. The field is blank if the value is undefined on the role.
Role	Resource	Team role	If there is no team role, the resource primary role is used. The field is blank if the resource has no primary role.
Role	Role	Team role	If there is no team role, the team member (role) is used.

\* The role that is obtained for the Role attribute.

#### 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

## Populating Cost Plans from Task Assignment

When you automatically populate a cost plan from the task assignment, the product 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	Task Assignment	Primary Source	Secondary Source
Charge Code	Resource or Role	Task	Investment. The field is blank if the value is undefined on the investment.

Value	Task Assignment	Primary Source	Secondary Source
Cost Type	Resource or Role	Task	Investment
Input Type Code	Resource	Resource	None. The field is blank if the value is inactive or undefined on the resource, or if the resource is a role.
Input Type Code	Role	N/A	None. The field is blank if the task assignee is a role.
Department	Resource	Resource	Investment
Department	Role	Staff OBS Unit	Investment
Location	Resource	Resource	Investment
Location	Role	Staff OBS Unit	Investment
Transaction Class	Resource	Resource	None. The field is blank if the value is undefined on the resource, or if the task assignment is a role.
Transaction Class	Role	Role <sup>*</sup>	
Resource	Resource	Task Assignee	
Resource	Role	N/A	If the task assignee is a role, then the field is blank.
Resource Class	Resource	Resource	None. The field is blank if the value is undefined on the resource.
Resource Class	Role	Role <sup>*</sup>	None. The field is blank if the value is undefined on the role.
Role	Resource	Task role	Team role. If the team role is undefined, the resource primary role is used. The field is blank if the resource primary role is undefined.
Role		Task role	Team role. If the team role is undefined, the team member (role) is used.

<sup>\*</sup> The role that is obtained for the Role attribute.



## Set Up to Automatically Populate Cost Plans

Complete the following tasks to set up cost plans to populate automatically:

1. Define plan defaults in the entity for fiscal time period type and grouping attributes.
2. Define costs and rates in the cost/rate matrix.
3. Financially enable the investment, associate a cost/rate matrix, and assign active roles or resources to project tasks.
4. Financially enable the resource or role. This action is recommended for more accurate cost projections.

## Populate Cost Plans Automatically

Create a new cost plan by auto-populating the 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 AssignmentsThe 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.

## How to Display Capital and Operating Costs

You can show operating and capital costs separately on the financial summary page and in a detailed financial plan. You can enter the cost information in the following ways:

- For a high-level estimate, enter the sums for these expenses directly on the investment financial summary page.
- For a more detailed view of cost type information, set up an investment financial plan that collects operating and capital expenses. You can collect detailed cost information from task assignments or team allocations.

### Financial Summary Page

The financial summary page for an investment displays high-level operating and capitalization costs for planned and budgeted costs. You can edit the amounts on the financial summary until you create a cost plan of record (POR). When you create a POR, the fields for operating and capitalization costs in the planned and budgeted cost sections of the financial summary become read-only. The POR information updates the planned cost fields on the financial summary page automatically. The latest approved budget updates the budget fields.

### Detailed Financial Plan

You can create a detailed financial plan manually, or you can populate the plan automatically from tasks or team allocations. To populate from task or team allocations, Cost Type must be selected as a grouping attribute. To populate cost and budget plans automatically with capital and operating costs, use one of the following methods:

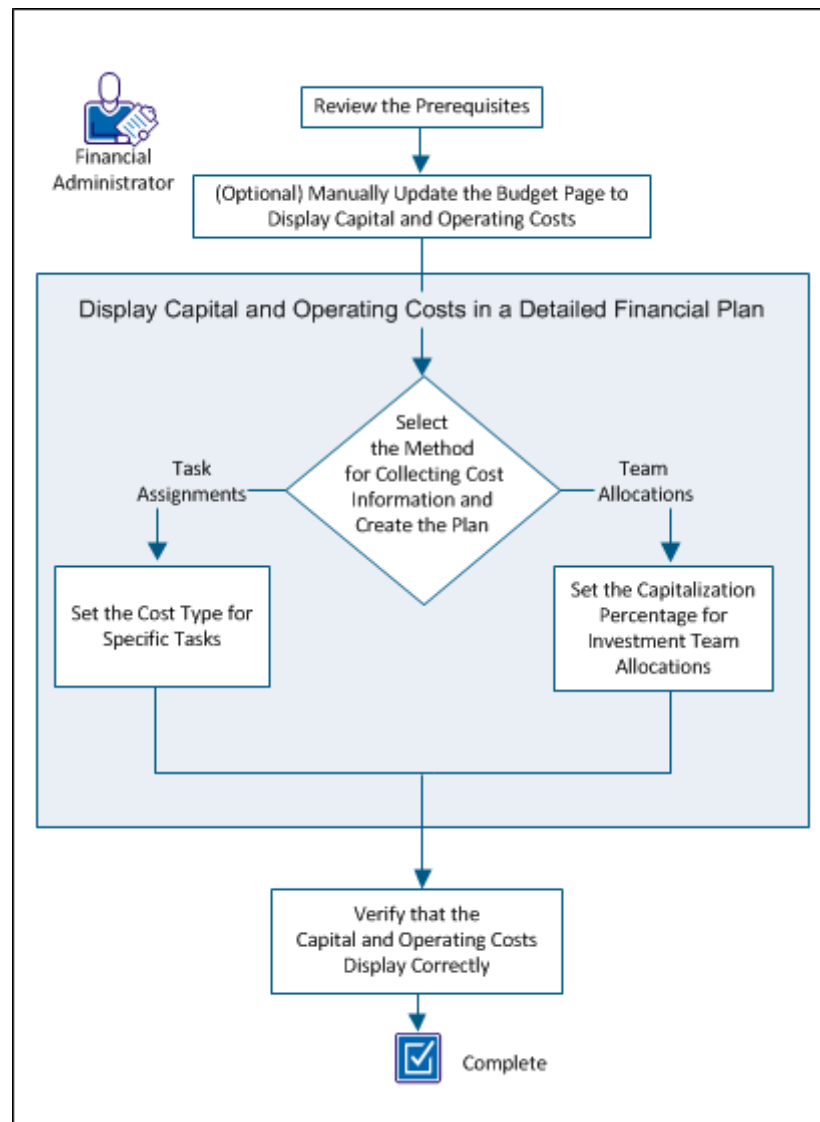
- **Tasks**  
Specify an investment-level default (Capital or Operating) for all tasks. If you do not specify a cost type, the default is Operating. You can override the default at the task or task hierarchy level for individual tasks as needed. For example, you have an investment in which most tasks have operating costs, and a few tasks have capital costs. Set the investment cost type as Operating so all tasks inherit the cost type of Operating. For each task that has capital cost, edit the cost type in those specific tasks to override the default cost type.

- Team Allocations

Specify a capital cost percentage for individual team member allocations. For example, you have six team members who are assigned to a project. Alice, one of the members, has capital cost of 15 percent. Specify the capitalization percentage for Alice. The capitalization percentage is used to calculate the percentage of operating cost and capital cost for an employee allocation. When you populate from the team allocation, Alice has two lines in the cost plan. One line shows the operating percentage and the other shows units and costs per the operating percentage.

**Important!** The procedures in this scenario describe the product navigation with no add-ins installed. If you have an add-in such as the PMO Accelerator installed, the navigation can vary.

The following diagram describes how a financial administrator displays capital and operating costs on summary and detailed financial plans.



To display capital and operating costs, perform these steps:

1. [Review the prerequisites.](#) (see page 85)
2. [\(Optional\) Manually update the budget page to display capital and operating costs](#) (see page 85).
3. [Select the method for collecting cost information and create the plan](#) (see page 87).
4. [Set the cost type for specific investment tasks](#) (see page 88).
5. [Set the capitalization percentage for investment team allocations](#) (see page 88).
6. [Verify that the capital and operating costs display correctly](#) (see page 89).

## Review the Prerequisites

Complete the following setup tasks before beginning the procedures described in this scenario:

- Verify that you have the *<investment>* - **Edit Financial** access right assigned to you.
- Associate the investment with an entity.
- Verify that the investment has team allocations and tasks assignments if you plan to populate using these options.

## (Optional) Manually Update the Financial Summary Page to Display Capital and Operating Costs

To assist with high-level planning, you can manually add capital and operating amounts on the financial summary page. For example, you have a new project and must deliver high-level, planned cost estimates. You can enter estimates for operating and capital costs. Once you have created a cost plan of record (POR) or have an approved budget, these fields become read-only.

### Follow these steps:

1. Open Home, and from Portfolio Management, click the appropriate investment type (for example, Projects).
2. Open the investment and click Properties to open the menu.
3. Click Budget.
4. In the Planned Cost section, enter values for the following fields:

**Note:** If the POR does not use the Cost Type grouping attribute, the Planned Operating Cost field summarizes all costs as operating.

#### Planned Capital Cost

Specifies the amount of capital cost that is planned for the investment. If the plan has a cost POR, the values from the POR populate this field and it becomes read-only.

#### Planned Capital %

Specifies the percentage of total cost that comes from capital. This read-only field is automatically calculated based on the Planned Cost field value.

#### **Planned Operating Cost**

Specifies the amount of operating cost that is planned for the investment. If the plan has a cost POR, the values from the POR populate this field and it becomes read-only.

#### **Planned Operating %**

The percentage of total costs that comes from operating. This read-only field is automatically calculated based on the Planned Cost field value.

5. In the **Budgeted Cost** section, enter values for the following fields.

**Note:** If Cost Type is not a grouping attribute, then all values are combined in the Budgeted Operating Cost field.

#### **Budgeted Capital Cost**

Specifies the amount of capital cost that is budgeted for the investment. This field is unavailable when:

- A POR or approved budget exists. The value is populated from the approved budget. The field becomes read-only when a POR is created; however, if an approved budget does not exist, the budget fields are automatically populated with null cost values.
- The Budget Equals Planned Values check box is selected and detailed financial plans do not exist.

#### **Budgeted Capital %**

Specifies the percentage of total budget costs that come from capital. This read-only field is calculated from the Budgeted Capital Cost field value.

#### **Budgeted Operating Cost**

Specifies the amount of operating cost that is budgeted for the investment. This field is unavailable when:

- A POR or approved budget exists. The value is populated from the approved budget. The field becomes visible when a POR is created; however, if an approved budget does not exist, the budget fields are automatically populated with null cost values.
- The Budget Equals Planned Values check box is selected and detailed financial plans do not exist.

#### **Budgeted Operating %**

Specifies the percentage of total budget costs that come from operating. This read-only field is calculated from the Budgeted Operating Cost field value.

6. Save your changes.

## Select the Method for Collecting Cost Information and Create the Plan

Create the detailed financial plan to update capital and operating costs automatically from either task assignments or team allocations.

If you plan to populate your financial plan using task assignments, you can override the investment Cost Type setting at the specific task level. Set the investment default for the cost type when you create the financial plan.

For example, consider an investment with 90 tasks that break down into the following cost types: 80 operating cost tasks and ten capital cost tasks. In this case, the financial manager sets the investment Cost Type attribute to Operating. This setting automatically assigns the Operating cost type to all tasks and the 80 operating cost tasks are correctly identified. For the ten tasks that are capital cost, the financial administrator specifies the cost type at the task level to override the default setting.

### **Follow these steps:**

1. Open Home, and from Portfolio Management, click the appropriate investment type.
2. Open the investment and click Financial Plans.
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 options:
  - 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 you can change them.

5. Enter a name, ID, and description for the cost plan.
6. Select Cost Type from the Grouping Attribute drop-down list.
7. Save your changes.

## Set the Cost Type for Specific Investment Tasks

Cost plans with information that is populated from task assignments can have some tasks with a cost type different from the default. You can indicate a cost type for a specific task that overrides the default cost type that is selected for the plan.

### Example 1

The Cost Type attribute for an investment is set to Operating. However, there are some tasks or task hierarchies that require the Capital cost type. In this case, you select the Capital cost type for only those tasks. When you populate the cost plan from tasks assignments, the plan displays a breakdown of capital and operating costs by line item.

### Example 2

The Cost Type attribute for an investment is set to Operating. The investment has a parent task with a cost type of Capital. The parent task has two children tasks: Task 1 has a cost type of Operating and Task 2 has no cost type selected.

In this case, Task 1 has Operating specified and Task 2 inherits the cost type Capital from its parent task. When a cost plan is created using New from Task Assignments, two rows get created, one for Operating costs and one for Capital costs.

**Note:** The Cost Type field does not display out-of-the-box for tasks. The system administrator must configure the Tasks view in Studio to display the field.

#### Follow these steps:

1. Open Home, and from Portfolio Management, click the appropriate investment type.
2. Open the investment and click Tasks.
3. Open a task and select Capital or Operating from Cost Type.

**Note:** A child task inherits the selected value, unless it has a different cost type selected.

4. Save your changes.
5. Repeat this procedure for each task that has a different cost type than the one selected for the investment.

## Set the Capitalization Percentage for Investment Team Allocations

To show capital costs by team allocation, specify the capitalization percentage value for team members. For example, you have a team of six people who are assigned to a project. You can specify a capitalization percentage for each team member. Each member can have a different percentage. The cost plan displays the capital and operating costs for team members for whom you set a capitalization percentage.



**Follow these steps:**

1. Open Home, and from Portfolio Management, click the appropriate investment type.
2. Open the investment and click Teams.
3. Click Teams to open the menu, then click Staff.
4. Click the properties icon next to a team member name.
5. Enter a value in the Capitalization % field.

The value is used to calculate the percentage of operating cost and capital cost for the employee allocation.

**Note:** The Capitalization field does not display out-of-the-box for teams. The system administrator must configure the Teams view in Studio to display the field.

6. Click Save and Return.
7. Repeat this procedure for each team member for whom you want to display both capital and operating cost percentages.

## Verify that Capital and Operating Costs Display Correctly

Verify that the investment capital and operating costs display on the following pages:

- Budget
- Cost Plans Detail

**To view the Financial Summary page, follow these steps:**

1. Open Home, and from Portfolio Management, click the appropriate investment type (for example, Projects).
2. Open the investment and click Properties to open the menu.
3. Click Budget.

**To view the Cost Plans Detail page, follow these steps:**

1. Open Home, and from Portfolio Management, click the appropriate investment type.
2. Open the investment and click Financial Plans.
3. Open the Financial Plans menu and click Cost Plans.  
The cost plans list appears.
4. Click the name of the POR.

When the capital and operating costs appear on both pages, you have correctly displayed this information.

## Edit Cost Plans

You can edit the unit and cost details in a cost plan by clicking in the fields on the user interface and changing the values. 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

Make a cost plan the plan of record (POR) to prepare to submit the cost plan for budget approval.

**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.  
You can now submit the cost plan to be approved as the budget.

## 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.

## Manage Benefit Plans

Manage your benefit plans by creating new plans to associate with cost plans or update existing plans.

You cannot delete a benefit plan that is associated with a cost plan.

**Follow these steps:**

1. Open the investment.
2. Open the Financial Plans menu and click Benefit Plans.
3. Click New and complete the requested information. The following fields require explanation:

**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.

4. 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.

## 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.
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.
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:

- If a budget plan exists, the submitted cost plan must include the same grouping attributes to merge the submitted cost plan data with the existing budget plan data. If the grouping attributes are not the same, either replace the existing budget plan or cancel the submission.
- 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 can be either merged with or can replace the approved budget.

## Submit Cost Plans as Budget Plans

Submit a cost plan as a budget plan to create a new approved budget, or to update the budget after updating the cost plan.

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, you can submit the POR to merge with the approved budget plan or to completely replace the 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. Copy the value in the ID field. You need this value in one of the following steps.
4. Open the Actions menu, and from General, click Submit Plan of Record for Approval.
5. Complete the requested information.

The following fields require explanation:

**Plan ID**

Defines unique ID for the budget plan. Paste the ID value in this field.

**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.

**Grouping Attributes**

Displays the grouping attributes of the cost plan.

**Note:** If you want to merge the cost plan with an existing approved budget, the grouping attributes of the cost plan need to match. If they are different, you can either replace the entire budget plan, or cancel the approval request.

**Submit Options**

Specifies whether to merge the cost plan you are submitting with the approved budget, or to completely replace it.

**Note:** This option is hidden if you submit the first cost plan for approval. The option is set to Replace and is read-only if the grouping attributes or time periods are different from the attributes in the approved budget.

6. 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.

## How to Create a Budget Revision

An approved cost plan becomes the budget plan for an investment. Because elements of an investment change, you can revise various parts of the budget, or can replace the budget entirely.

You can make two types of revisions to an approved budget plan:

**Merged Budget Plan Revision**

- Submit a cost plan with new line items and merge the changes with the existing budget plan.
- Submit a portion of a cost plan by varying the start and end dates for the submission, or update the field values in specific time periods. You can submit only the changed time periods and can merge them with the budget.

**Replacement Budget Plan Revision**

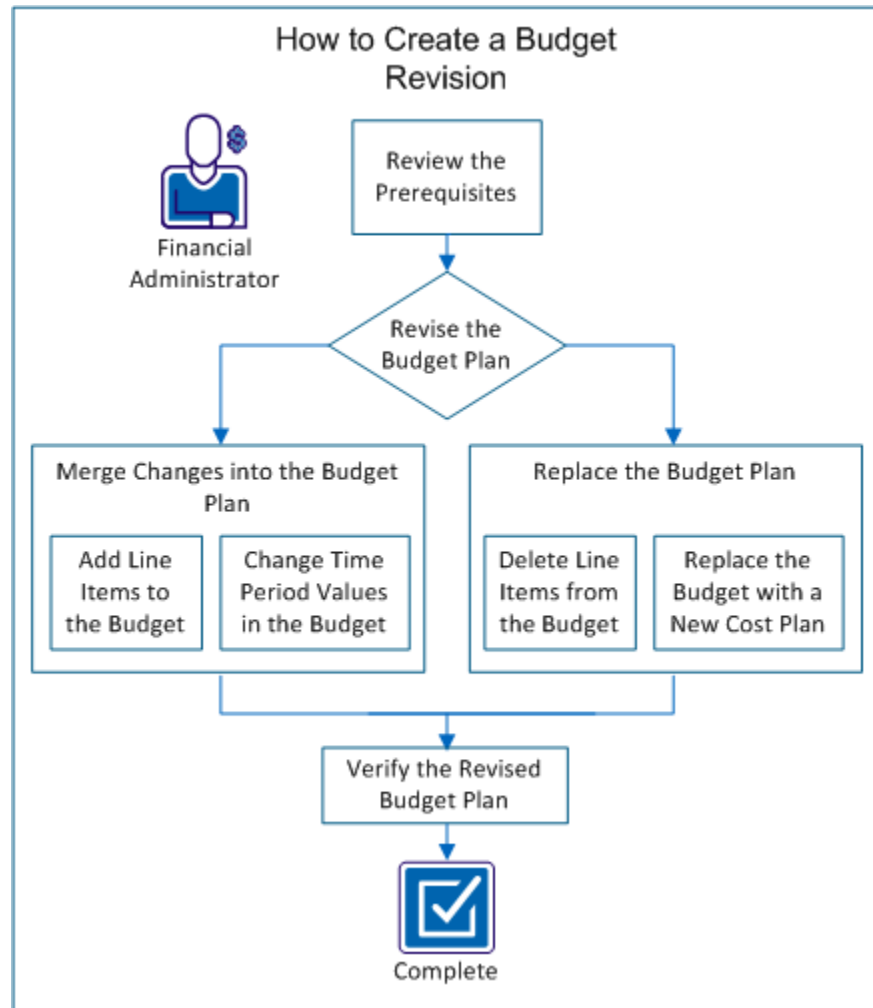
- Submit a cost plan with deleted line items and replace the budget to remove those line items from the budget plan.
- Create a cost plan, using different grouping attributes or time period types, and replace the budget.

Both revision types provide approval history. However, the replace feature enables you to delete line items that are no longer needed, and to revise grouping attributes and fiscal time periods.

When you submit a cost plan that revises an existing budget, you specify whether to merge or replace using the Submit Options pull-down list. This field appears only when there is at least one approved budget. If the new cost plan has a different structure than the existing budget, Replace is the only option.

When your cost plan is approved, it becomes the revised budget plan with a new version number. You can view the previous version of the budget, which is saved separately. You cannot edit either previous budget plans or the current approved budget plans.

The following diagram describes how a financial administrator creates a budget revision.





### Example: Revise a Forward, Inc. Budget Plan

The following example illustrates the options for updating the budget plan throughout this scenario. Forward Inc. has a new project that is planned for later this year. Alice manages the project and has already created a cost plan (ProjectA\_estimatedCP-00) with the required roles and estimated costs.

She needs the following roles:

- One software architect
- Three Java software engineers
- Two test engineers

Alice has not yet staffed the project. In her submitted cost plan, she added roles for each of the positions and populated the cost plan for the six months of the project.

When creating the cost plan, Alice used the following properties for her cost plan:

- Grouping attributes: Role
- Time period type: Quarterly.
- Start and End Dates: July 2 - December 31

She submitted the estimates for approval as the current budget plan. Alice's product manager approved the estimated budget. The manager knows that the budget will change before the project begins.

Perform these steps to create a budget revision:

1. [Review the prerequisites](#) (see page 98).
2. Revise the budget plan:
  - Merge changes into the budget plan:
    - [Add line items to the budget](#) (see page 98).
    - [Change time period values in the budget.](#) (see page 99)
  - Replace the budget plan:
    - [Delete line items from the budget.](#) (see page 101)
    - [Replace the budget with a new cost plan.](#) (see page 102)
3. [Verify the revised budget plan.](#) (see page 103)

## Review the Prerequisites

To complete all tasks in this scenario, consider the following information:

### Access Rights

Have the following access rights:

- *Financial - Cost Plan - Edit*
- *Financial - Financial Plan - Submit for Approval*
- *Project - Budget Plan - View*
- *Project - Budget Plan - Edit*

### Completed Tasks

Complete the following tasks before you begin the scenario:

- Create a cost plan for the investment.
- Specify the cost plan as the Plan of Record (POR).
- Submit the POR for approval and have it approved as the budget plan for the investment.

### Other Information

After you submit a cost plan for approval, it becomes the submitted budget plan. You can edit the submitted budget plan; you cannot edit the budget plan after it is approved.

## Add Line Items to the Budget

Add line items to the cost plan and merge the new lines into the budget. For example, you can add a role to a cost plan, and can submit the cost plan for approval as a merged change.

### Example: Revise the Budget with a New Role

Alice determines that the new project needs a technical writer to document the online help. She adds the role of Senior Technical Writer to the cost plan, and submits the revised plan, ProjectA\_estimatedCP-00, as a merged revision to the budget.

### Follow these steps:

1. Open Home, and from Portfolio Management, click the appropriate investment type; for example, Projects.
2. Open the investment and click Financial Plans.

3. Open the Financial Plans menu and click Cost Plans.
4. Open the cost plan.
5. Click Add to add the new line item.

The Cost Plan Detail: Properties page appears and displays fields for each grouping attribute that appear in the cost plan. For example, if Role is a grouping attribute, then the Role field displays.

6. Select the values for the new line item (for example, roles) that you want to add.
7. Click Save and Return.
8. Enter the time period detail for the line item.
9. Save your changes and click Return.
10. Click Actions and select Set as Plan of Record.

**Note:** If the cost plan is already the plan of record, skip this step.

11. Click Yes to confirm.
12. Click Actions and select Submit Plan of Record for Approval.

**Note:** If you receive the following message, another cost plan for the investment exists as a submitted budget plan.

Error: A submitted budget already exists.

The submitted budget plan must be approved or rejected before you can submit another plan for approval.

13. Enter the requested values.
14. Select Merge in the Submit Option pull-down list.
15. Click Submit for Approval.
16. Open the Financial Plans menu and click Budget Plans to view the list of budget plans and their status.

You have submitted a cost plan for approval that merges an added line item into the existing budget.

## Change Time Period Values in the Budget

You can revise the time period values in a cost plan and can merge them into the existing budget plan. Merging values from one or more time periods helps you keep the budget accurate, without having to replace the entire budget.

For example, you receive incremental funding for your budget to account for increases in resource costs. You can revise the cost of the resource for only the affected months.

If you have set a freeze date in the financial entity, you can only edit the cost plan for periods *after* the freeze date.

**Example: Append Time Periods to the Budget Plan**

Alice reviews the project plans with her manager and finds she needs to add three months for a new required feature. Alice revises her cost plan by adding three months to the project and populates fields with the cost information for each resource. She submits the revised cost plan, with the ID of ProjectA\_estimatedCP-00, as a merged revision with only the additional months.

**Follow these steps:**

1. Open Home, and from Portfolio Management, click the appropriate investment type; for example, Projects.
2. Open the investment and click Financial Plans.
3. Open the Financial Plans menu and click Cost Plans.
4. Open the cost plan.
5. Go to the correct time period for the plan in the Unit, Cost and Revenue Details section.
6. Edit the Units, Cost, and Revenue fields for the time period, as shown in the following graphic:

	Jan 1, 2011-Jan 31, 2011	Feb 1, 2011-Feb 28, 2011
Units	1.00	2 Units
Cost	100.00 USD	
Revenue	200.00 USD	4,000
		3,000

7. Save your changes and click Return.
8. Click Actions and select Set as Plan of Record.  
**Note:** If the cost plan is already the plan of record, skip this step.
9. Click Yes to confirm.
10. Click Actions and select Submit Plan of Record for Approval.

**Note:** If you receive the following message, another cost plan for the investment exists as a submitted budget plan.

Error:A submitted budget already exists.

The submitted budget plan must be approved or rejected before you can submit another plan for approval.

11. Specify the Start Period and End Period values for only the months in which you are adding or updating the values.
12. Select Merge in the Submit Option drop-down list.
13. Click Submit for Approval.

14. Open the Financial Plans menu and click Budget Plans to view the list of budget plans and their status.

You have submitted a cost plan for approval that merges revisions to time periods in the existing budget.

## Delete Line Items from the Budget

Delete unnecessary line items and submit the cost plan as a replacement for the budget. For example, if you want to remove a line item from the budget plan, delete the line item in the cost plan. Submit the revised cost plan as a replacement for the budget plan.

**Note:** Select Replace to delete line items. Selecting Merge prevents the deletion and the line item remains in the submitted budget plan.

### Example: Delete a Role and Replace the Budget

Several months before the project starts, Alice discovers that she must transfer the headcount of a test engineer to another project. She deletes the line item for the role for the junior test engineer from the cost plan, ProjectA\_estimatedCP-00, and submits the plan for approval. Alice selects Replace to remove the line item from the budget.

#### Follow these steps:

1. Open Home, and from Portfolio Management, click the appropriate investment type; for example, Projects.
2. Open the investment and click Financial Plans.
3. Open the Financial Plans menu and click Cost Plans.
4. Open the cost plan.
5. Select the line item that you want to delete and click Delete.
6. Click Yes to confirm and click Return.
7. Click Actions and select Set as Plan of Record.

**Note:** If the cost plan is already the plan of record, skip this step.

8. Click Yes to confirm.
9. Click Actions and select Submit Plan of Record for Approval.

**Note:** If you receive the following message, another cost plan for the investment exists as a submitted budget plan.

Error: A submitted budget already exists.

The submitted budget plan must be approved or rejected before you can submit another plan for approval.

10. Select Replace in the Submit Option pull-down list.
11. Click Submit for Approval.
12. Open the Financial Plans menu and click Budget Plans to view the list of budget plans and their status.

You have submitted a cost plan for approval that replaces the existing budget.

### Replace the Budget with a New Cost Plan

Choose new grouping attributes and time period types for the budget by creating and submitting a new cost plan that replaces the approved budget plan.

For example, when planning for an upcoming project, you provide an estimated budget with the roles that you think you need. Before the start of the project, you create a cost plan with the actual resources and change the grouping attributes to include Department and Location. You can then submit the new cost plan to replace the approved budget plan.

#### Example: Submit a New Cost Plan and Replace the Budget

Alice fills all the positions for the team and knows the cost of each resource. She has resources in two locations and wants to group by department and location. Additionally, the product manager asks that she use monthly time periods instead of quarterly. Alice creates a cost plan and adds each resource with their cost details. She makes the following selections to the properties of the cost plan:

- Grouping Attributes: Location and Department
- Time period type: Monthly

Alice saves her changes as ProjectA\_actualCP-00, and submits the new budget for approval.

#### Follow these steps:

1. Open Home, and from Portfolio Management, click the appropriate investment type; for example, Projects.
2. Open the investment and click Financial Plans.
3. Open the Financial Plans menu and click Cost Plans.
4. Create a cost plan and populate it.
5. Click Save and click Return.
6. Click Actions and select Set as Plan of Record.  
**Note:** If the cost plan is already the plan of record, skip this step.
7. Click Yes to confirm.

8. Click Actions and select Submit Plan of Record for Approval.

The Submit Option field lists Replace as the only available option. You must replace the budget when the grouping attributes or the fiscal time period type are different from those selected properties for the existing budget.

**Note:** If you receive the following message, another cost plan for the investment exists as a submitted budget plan.

Error: A submitted budget already exists.

The submitted budget plan must be approved or rejected before you can submit another plan for approval.

9. Click Submit for Approval.
10. Open the Financial Plans menu and click Budget Plans to view the list of budget plans and their status.

You have submitted a cost plan for approval that replaces the existing budget.

## Verify the Revised Budget Plan

After you submit the cost plan for approval, it becomes available as the submitted budget plan. You can view the status of the budget plan, as well as edit the plan if you have access rights.

### Example: Edit and Verify the Submitted Budget Plan

Alice has submitted the revised cost plan for approval. The plan remains in the submitted budget plan state until her manager approves it. She verifies that her revisions have been merged into or have replaced the budget correctly. While Alice reviews the plan, she sees that the cost value for October is incorrect for one of the resources. She manually changes the value and saves her changes. Her manager approves the budget; and Alice has successfully revised the approved budget plan with her changes.

#### Follow these steps:

1. Open Home, and from Portfolio Management, click the appropriate investment type; for example, Projects.
2. Open the investment and click Financial Plans.
3. Open the Financial Plans menu and click Budget Plans.
4. Open the submitted budget plan to view the revisions and verify that the revisions are correct.
5. Edit values in the budget plan with any necessary revisions.
6. Save your changes and click Return.

After you have verified that the submitted budget is correct and it has been approved, you have successfully revised the approved budget plan.

## 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.

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.

## 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: How to Process Transactions

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This section contains the following topics:

[About Transaction Processing](#) (see page 109)

[About Transaction Entries](#) (see page 110)

[How to Make Voucher and Resource Types Available for Processing](#) (see page 111)

[How to Manage Transactions](#) (see page 111)

[Create Voucher Headers](#) (see page 111)

[Create Transactions Entries](#) (see page 112)

[Delete Transactions](#) (see page 114)

[Manage Work-in-Progress Transactions](#) (see page 115)

[Review Processed Transactions](#) (see page 122)

## 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.

### 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.
2. (Optional) Create a cost/rate matrix for each labor type.
3. Add the resource as a team member to the investment.

## 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 111).
2. [Create new transaction entries](#) (see page 112).
3. Edit transaction details.
4. [Post transactions to WIP](#) (see page 115).

## 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.

After creating a transaction, you can edit the 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. With the voucher header open, click New.

The transaction details page appears.

2. Enter the required information to define the transaction. The following fields require explanation:



**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.

**Expense Type**

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

### 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.

## 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.

## Manage Work-in-Progress Transactions

Work-in-progress transactions enable you to adjust and review transactions before they get invoiced.

Manage your WIP transactions by posting them, adjusting them as needed, and approving or rejecting them.

### 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. To post transactions within the specified date range, use the date picker.

**Note:** If you do not enter any dates (start date or end date), all available transactions from any past date are pulled up to the current (today's) date. So, to post any available transactions with a future date you must specify an end date.

**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.

## About 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.
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.
5. Modify the required information. The following fields require explanation:

**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: How to Process Chargebacks

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This section contains the following topics:

[About Chargebacks](#) (see page 123)

[About General Ledger Accounts](#) (see page 126)

[How to Set up GL Accounts and Chargebacks](#) (see page 126)

[Create GL Accounts](#) (see page 127)

[Chargeback Rules](#) (see page 128)

[Rule Headers and Time-based GL Allocations](#) (see page 140)

[Investment Chargebacks](#) (see page 140)

[Department Invoices](#) (see page 142)

[Department Recovered Costs](#) (see page 149)

## 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.

### 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
<input type="checkbox"/>	7/1/2011	7/31/2011	50.00%
<input type="checkbox"/>	8/1/2011	8/31/2011	50.00%
<input type="checkbox"/>	9/1/2011	9/30/2011	50.00%
<input type="checkbox"/>	10/1/2011	10/31/2011	80.00%
<input type="checkbox"/>	11/1/2011	11/30/2011	80.00%
<input type="checkbox"/>	12/1/2011	12/31/2011	80.00%

**Credit Rule: CREDIT00002 - Properties - Details**

Filter: None

	GL Account	Department	Allocation			
			Jul 1, 2011-Jul 31, 2011	Aug 1, 2011-Aug 31, 2011	Sep 1, 2011-Sep 30, 2011	Oct 1, 2011-Oct 31, 2011
<input type="checkbox"/>	100-1	ret_app_dev	50.00%	50.00%	50.00%	80.00%
<input type="checkbox"/>	100-1	ret_tech_ops	25.00%	25.00%	25.00%	10.00%
<input type="checkbox"/>	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	Allocation			
			Jul 1, 2011-Jul 31, 2011	Aug 1, 2011-Aug 31, 2011	Sep 1, 2011-Sep 30, 2011	Oct 1, 2011-Oct 31, 2011
<input type="checkbox"/>	100-2	rti_slf_srvc	50.00%	50.00%	50.00%	50.00%
<input type="checkbox"/>	100-2	rti_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.

## About 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.

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.

## 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 11)
- [Departments](#) (see page 20)
- [Locations](#) (see page 18)
- [GL accounts](#) (see page 126)
- Charge codes and input type codes
- [Financial classes](#) (see page 27)
- Financially enabled investments or services.
- Financially enabled team members of investments or services including any labor, equipment, material, and expense resources.
- Users must be granted access rights to manage GL accounts and standard, credit, and overhead rules.
- [Credit rules](#) (see page 130)
- [Standard or debit rules](#) (see page 129)

## Create GL Accounts

Verify that an entity exists before creating GL accounts. After creating a GL account, you can edit the account. You can delete a GL account not referenced by any cost plan or transaction.

**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 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.

## Chargeback Rules

Rules drive chargebacks and credits for investment and service costs and WIP transactions process them. During transaction processing, use these rules to apply charges or credits appropriately to designated departments or GL accounts.

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. On the Chargebacks page for an investment or service, you can view a list of any debit rules defined for the investment or service.
- **Standard Debit Rules.** A standard set of debit rules that can be used globally within an entity to charge departments for investment costs. Debit rules are investment-specific and are setup by the investment or service manager or the finance manager.
- **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. The finance manager sets up credit rules.
- **Overhead Rules.** A standard set of rules that determines how to charge remaining or overhead costs for a specified period. The finance manager sets up overhead rules.

When setting up debit rules, as the investment manager or service manager, you can base charges on standard rules or investment-specific rules.

You can configure the unique codes—Allocation Code (for standard rules) and Resource Credit Code (for credit rules)—to auto-populate.



## 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

The following procedure describes how to create a standard rule header.

**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.

**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

The following procedure describes how to edit the standard rule header properties.

### 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 desired properties.
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

The following procedure describes how to create a credit rule header.

### Follow these steps:

1. Open Administration, and from Chargebacks, click Credit Rules.  
A list of existing rule headers appear.
2. Click New.

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.

## Create 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.
2. Open the Chargebacks menu and click Debit Rules.  
The chargeback debit rules page appears.
3. Click New.
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.

**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.

## 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.

## Define 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.

The allocation percentage for a credit rule for any time period must always equal 100 percent.

**Follow these steps:**

1. Open the investment or service.
2. Open the Chargebacks menu and click Debit Rules or Credit Rules.
3. 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.

4. 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.

5. 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.

6. Enter a start and end period for the rule.
7. Specify the percentage to debit or credit the department for the specific period.
8. Click New Row to continue adding time periods and percentages.
9. Click Save and Return when done.

## Edit GL Allocations for Debit Rules

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.
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. Under the General section:
  - a. Select or change the GL account.
  - b. Select or change a corresponding department.
5. 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.
6. Specify the percentage to allocate with charges to the GL account and department combination.
7. Save to continue adding allocations for more time periods.
8. Save the changes.

## 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.

## Remove GL Allocations from Chargeback Rules

Use one of the following methods to remove GL allocations from chargeback rules:

- Remove GL allocations from standard rules or credit rules.
- Remove GL allocation from overhead rules.

You can remove GL allocations only if they are not referenced in chargebacks and cost plans.

### **Remove GL Allocations from Standard or Credit Rules**

#### **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).	The allocation percentages add up to more than 100% in the debit rule. To find out if your debit rule has allocation percentages that add up to more than 100%, configure the “Debits” list column views for the GL Allocation Detail object to display an aggregation row. For more information, see <i>Studio</i> .
	Error disbursing overhead charges (overallocation).	The allocation percentages add up to more than 100% in the overhead rule. To find out if your overhead rule has allocation percentages that add up to more than 100%, configure the “Overhead Rule List” list column views for the GL Allocation Detail object to display an aggregation row. For more information, see <i>Studio</i> .
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.

Type	Message	Possible Resolution
Error	No matching credit rule found.	<p>Do one of the following:</p> <p>If no credit rule exists, create a credit rule. Contact the finance manager.</p> <p>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.</p>
Error	No matching debit rule found.	<p>Do one of the following.</p> <p>If no debit rule exists, create a debit rule. Contact the investment or service manager.</p> <p>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.</p>
	No overhead rule found.	<p>Do one of the following:</p> <p>Create an overhead rule. Contact the finance manager. Clear the option to charge remaining costs to overhead on the debit rule.</p>
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].	<p>Do one of the following:</p> <p>Set the Expense Type of the WIP Transaction to match the Billing Expense Type of the investment. Contact the finance manager.</p> <p>Set the Billing Expense Type of the investment to match the Expense Type of the WIP Transaction. Contact the investment or service manager.</p>

## 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.

## 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.

### 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.

## Investment Chargebacks

Managing chargebacks from investments involves setting up chargeback options. You can select from the following chargeback options or types:

- Standard debit rules

- Investment-specific debit rules

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.
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.

## 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.
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
- [Investment-specific debit rules](#) (see page 131)

Or

- [Standard debit rules](#) (see page 129)
- [Credit rules](#) (see page 130)
- 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

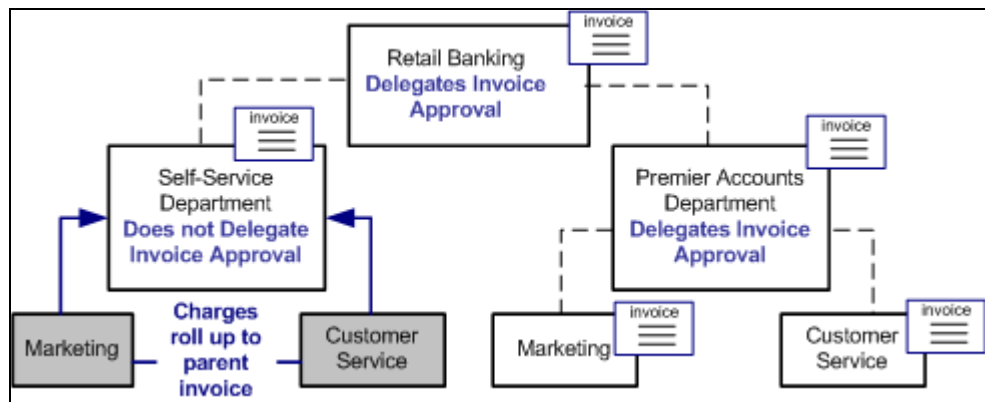
Delegated invoice approval enables sub departments to view and approve their own invoices. Delegated invoice approval is determined when setting up departments.

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:

- IT Service Management User Guide
- Project Management User Guide

### **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.

## Submit Department Invoices

Department managers can view a list of invoices generated for their departments. Finance managers can view all generated invoices from the financial management invoice pages. From an invoice, you can drill-down to view the following details:

- The WIP or adjustment status of a transaction.
- The amount of the transaction.
- The percentage charged. For example, 100 percent indicates that only one service is using the investment and 50 percent indicates the investment is shared between two services.
- The scaled dollar amount based on the percentage charged to the service.

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 Home, and from Organization, click Departments.
2. Open the department and click Invoices.  
A list of invoices for your department appears.
3. Click an Invoice Number link to open the invoice. The following fields require explanation:

**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.

4. Submit the invoice.

## Lock or 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 Home, and from Organization, click Departments.
2. Open the department and click Invoices.  
A list of invoices for your department appears.
3. Click the Invoice Number link to open the invoice.
4. 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, recalls, or rejects an invoice. You can change the status of an invoice back to its submitted state by recalling it.

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 Home, and from Organization, click Departments.
2. Open the department and click Invoices.  
A list of invoices for your department appears.
3. Click an Invoice Number link to open the invoice.
4. Click Approve or Reject.

## 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 Home, and from Organization, click Departments.
2. Open the department and click Invoices.  
A list of invoices for your department appears.
3. Click an Invoice Number link to open the invoice.
4. Click Regenerate.  
A progress bar appears during the regeneration process. When complete, the recalculated invoice appears.
5. Click the Current Amount or Total Amount link to view transaction details and see the effects any adjustments had on the invoice.

## 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.
- 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.

### **Example: IT Departments Aren't Cost Centers Anymore**

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

You can view a recovery statement that summarizes all your incurred costs, recovered costs, and credits for each investment.

**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 recovered costs (approved) and total credits (approved and unapproved).

## 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.