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# Canvas & SIMBA 101 Overview

## Module Purpose and Objectives

The Canvas & SIMBA 101 module will guide you through some important first steps as you prepare on your Journey to SIMBA.  Additional modules in SIMBA 101 will not be available until you complete the Canvas & SIMBA 101 Orientation module as well as the Stewardship & Internal Control module.

*By the end of this module, you should be able to...*

* navigate Canvas using Home and Modules.
* identify iconography used throughout SIMBA 101.
* list reasons why the University is using SIMBA.

## Canvas Overview

### Introduction to Canvas

Canvas is a learning platform used in higher education and is a learning ecosystem that streamlines all the digital tools, services, and content for a simpler and more connected learning experience. The learning platform allows for mass enrollments, self-paced/directed learning, and content divided into separate modules to allow learners to focus on their specific needs.

### Canvas Navigation

Canvas is easy to navigate.  The short video below will show you how to navigate your way through the content in SIMBA 101.

**Additional Resources:**

* [Video Script](https://psu.instructure.com/courses/2009605/files/103994617/download?wrap=1)[Preview the document](https://psu.instructure.com/courses/2009605/files/103994617/download?wrap=1)

**Additional Navigation:**

* **Use Home to return to the Homepage:**Click on Home in the course navigation menu to see the homepage and choose which module you would like to view.
* **Use Files to view Course Files:** Click on Files in the course navigation menu to see files that are embedded into modules that you would like to view.

### Browser and Software Requirement

You will need reliable internet access and a PC or Mac with an updated web browser. In addition, you will need a broadband internet connection (DSL or faster), and the ability to playback media content (for courses that include audio and video).

**Supported Browsers:**Canvas runs on Windows, Mac, Linux, iOS, Android, or any other device with a modern web browser. Canvas supports the last two versions of every browser release. We highly recommend updating to the newest version of whatever browser you are using as well as the most up-to-date Flash plug-in. You can also learn more about [which browsers Canvas supports (Links to an external site.)](https://community.canvaslms.com/docs/DOC-10720).

### Get Help

If you encounter a problem, please email the SIMBA Training Team ([simba@psu.edu](mailto:simba@psu.edu)) and include the following information:

* **Email Subject:** SIMBA 101 Help
* **Email Body:**
  + Name
  + User ID
  + Message

NOTE: Please do not use the Help button from the left hand navigation bar. This button will direct you straight to Canvas support versus specific SIMBA 101 help. Also, please do not use the Canvas email system. You will not receive a response to your question. Use the preferred method from above.

### Complete the Orientation Module

When you're ready to continue, click **Next**below to go to the next page in the module.

## SIMBA 101 Overview

The SIMBA Training Team is developing training to prepare employees with the knowledge and skills they need for a smooth transition to SIMBA. We will use the Tell Me, Show Me, Let Me approach for training.

### Three-step Approach

* **Tell Me** is considered to be the core of basic instruction. It is the delivery of facts, rules, processes, and basic knowledge.
* **Show Me** is where the learner sees the tool in action. This includes everything from live demos to simple animations that demonstrate how to use the tool and execute different processes.
* **Let Me** is where the learner is hands on with the tool. This often means using branched scenarios to let learners see different results as a product of their actions. This allows learners to troubleshoot and learn from their mistakes before they are placed in a live situation.

Consider SIMBA 101 to be the **Tell Me** step in our training approach. SIMBA 101 will introduce users to core SIMBA financial concepts before more in-depth training in late spring 2020.  In late Spring of 2020 you will continue with training and participate in web-based training and instructor-led training which will bring in the **Show Me** and **Let Me** steps.

SIMBA 101 is using the Canvas Learning Management System. As a prerequisite, you will need to view the pages included within this module as well as all pages for the Stewardship and Internal Control Module. Once all pages are viewed, additional modules will become available to you.

SIMBA 101 is a non-credit bearing course that has learner enrollment but is not connected to LionPATH at Penn State.

### SIMBA 101 Iconography

Throughout the different modules you will see unique icons which represent important elements.

#### Terminology

***Name of Term***

Terminology will showcase a term that will be used in SIMBA. The term will be listed in bold and italic font and then followed by the definition.

#### Fast Facts

1. Fast Facts are important elements of the module that you should remember as an end-user.
2. Each module in SIMBA will end with some Fast Facts.

#### Knowledge Check

Throughout each module there will be Knowledge Checks to test your understanding of the presented concepts. Let's try it out. Read the question below and then when you think you have the correct answer in your head, click Show/Hide Answer to see if you were correct.

Question: The SIMBA Training Team is using the Tell Me, Show Me, Let Me approach for training. Which one of those three is SIMBA 101 considered to be

If you said Tell Me, you are CORRECT! Tell Me is considered to be the core of basic instruction. It's the delivery of facts, rules, processes, and basic knowledge. SIMBA 101 will introduce you to financial concepts.

## Bye, Bye IBIS - Hello SIMBA!

### Why is IBIS leaving?

An excerpt from the [LionPATH, WorkLion and now SIMBA: Penn State is a step closer to a new financial system (Links to an external site.)](https://www.centredaily.com/news/local/education/penn-state/board-of-trustees/article210135914.html) article in the Centre Daily Times from May 3, 2018 states why the University is moving on from IBIS:

“IBIS is "aging, if not ancient, technology," said Joseph Doncsecz, Penn State's associate vice president for finance and corporate controller. According to the university, it's approaching the end of its useful lifespan. SIMBA is expected to increase Penn State's business agility. "We're adding a whole lot more functionality that we didn't have before," said Nick Jones, Penn State's executive vice president and provost.”

Check out this IBIS video from 1989!!

**Additional Resources:**

* [Video ScriptPreview the document](https://psu.instructure.com/courses/2009605/files/101868723/download?wrap=1)

### Welcome SIMBA

SAP is a global provider of enterprise application software across multiple industries.  SAP was selected as the appropriate software for Penn State's new financial system through a process called a Request for Proposal (RFP).  Procurement managed the process, with Penn State leadership appointing a team which represented the various stakeholders for a new financial system.  This team finalized the requirements, prepared the RFP and then evaluated the vendors who responded to the RFP.  Based on the review of SAP's written response to our RFP as well as a demonstration of their system, the RFP Review team recommended SAP and specifically the S/4HANA financial system as the best of breed system for a new financial system for Penn State.

After contract negotiation, the SAP S/4HANA system was presented to the Penn State Board of Trustees for final approval of the contract.

Penn State has selected the SAP S/4HANA business system (ERP) to replace its financial and other integrated systems, including Penn State’s legacy Integrated Business Information System (IBIS).

#### Goals

Penn State has the following strategic goals for the SIMBA project:

* Streamline arcane and inefficient business processes
* Create better business practices
* Leverage what is currently working
* Maximize robust SAP S/4HANA reporting and analytics tools to provide the institution better data

#### Mission

The mission of the SIMBA project is to support and advance Penn State’s teaching, research, and service missions. The outcome will provide superior financial, budget, planning, and operational services through efficient, innovative, value-added processes and dynamic, real-time reporting.

#### Vision

The SIMBA solution will provide an intuitive solution to effectively plan, budget, manage, and steward Penn State’s assets and resources to meet the expectations of internal and external stakeholders.

## Next Steps

Congratulations! You've completed the last page of the Canvas & SIMBA 101 Orientation module. Begin by going back to the module home page. From there, click on the Stewardship & Internal Control Module.  Once you have completed that module, additional modules will become available to you.

**Please Note**: Not all modules are available for your viewing.  You'll be notified when new modules become available via the following methods:

* SIMBA website
* SIMBA Newsletter
* SIMBA Sessions
* SIMBA 101 Homepage

### Get Help

If you encounter a problem, please email the SIMBA Training Team ([simba@psu.edu](mailto:simba@psu.edu)) and include the following information:

* **Email Subject:** SIMBA 101 Help
* **Email Body:**
  + Name
  + User ID
  + Message

NOTE: Please do not use the Help button from the left hand navigation bar. This button will direct you straight to Canvas support versus specific SIMBA 101 help. Also, please do not use the Canvas email system. You will not receive a response to your question. Use the preferred method from above.

Alternative Format Statement: This publication is available in alternative media upon request.

# Stewardship & Internal Control Overview

## Module Purpose and Objectives

This module's purpose is to provide an overview of fiscal stewardship and the importance of internal controls within a financial system like SIMBA.  These concepts are important to understand the basic foundation of the financial system and why many policies and procedures are in place at Penn State.

By the end of this module, you should be able to...

* state why responsible stewardship of University resources is necessary.
* identify key stakeholders for the University.
* understand why internal controls are important for a financial system.

## Financial Stewardship

### Responsibility

Budget executives, budget administrators and budget assistants are stewards of the financial accounts under their authority, and have a responsibility to assure that all financial transactions posted to these accounts are appropriate and reasonable, based on various criteria:

* The transactions support or advance the unit’s mission and goals.
* The transactions are aligned with budget priorities.
* The transactions are compliant with legal requirements and stakeholder expectations.

Budget executives, administrators and assistants are accountable for judgments and decisions made regarding expenditures on accounts for which they are responsible.

The Financial Officer is responsible for assuring the transaction is compliant with University policy and procedure, especially to assure compliance with external laws and regulations.

Policy regarding expenditures will vary based on the source of funds for the account:

* **General funds**
  + Justifiable to students, parents, taxpayers, and legislators – and reasonable from their viewpoints.
* **Sponsored Awards (Restricted)**
  + Compliant with specific sponsor requirements and reasonable based on the purpose for which funds were provided.
* **Endowments and Gifts (Restricted)**
  + Compliant with the letter and spirit of donor guidelines and appropriate given the goals for which the funds were given.
* **Unrestricted donor funds**
  + Justifiable to donors who have entrusted funds to the discretion of the executive and administrators and reasonable given other needs these funds could satisfy.

Being good stewards of University funds is a responsibility of ***every***employee.  Just as we can be good stewards of the environment, through sustainability efforts, we can also be good stewards of financial resources.  We all must assure that funds are used in support of University and unit priorities, especially by assuring that our resources are used to support the mission and strategic plans we have developed.

Below is an example of the commitment one unit at Penn State has made to stewardship of the University's resources.

***What is stewardship?***

The thoughtful management of all University resources in a manner that is consistent with our mission and goals, and in a way that maximizes the value of resources to current and future constituents.

Stewardship is an individual responsibility of everyone at Penn State and must be a collective goal for the University as well.  Every employee must be a good steward.  Those who have been entrusted with the most resources have an even greater obligation for stewardship. Improved stewardship can extend resources to meet the challenges Penn State will face in the future.

***Who are our constituents?***

Anyone who provides resources to Penn State, through tuition, donations, appropriations, grants, awards or other means.  This includes students, faculty and staff, parents, alumni, legislators, taxpayers, donors, research sponsors, federal agencies and state government.  These constituents provide resources to Penn State to meet our mission, with the expectation that we will be good stewards of these resources.

Within our office, responsible stewardship of resources has always been a hallmark of our service efforts.  We apply responsible stewardship principles in our own daily management practices, promote those same principles to everyone we serve and encourage broad awareness of the concepts of accountability, integrity and transparency that go hand in hand with responsible stewardship.

Every action taken by individuals at Penn State regarding resource utilization should be guided by the following questions:

* How does this action support the mission of the University?
* Is this a good and practical use of University resources?
* Would Penn State’s constituents respect this action?
* If I were using my own money to support this, would I still decide it was the right thing to do?
* What risks will this create for the University? Do the benefits outweigh the risks?
* Am I investing my work-time wisely? Can I do this better or more efficiently?
* Would my action be upheld in the court of public opinion?

## Internal Controls

Internal controls are a critical part of any financial system, including SIMBA.  Those charged with managing the University's financial resources must institute controls to provide reasonable assurance that our operations, reporting and compliance activities are properly controlled against misuse, fraud, or misstatement.   Within a financial system such as SIMBA, internal controls are built into the basic enterprise system based on standard accounting controls, with enhancements made based on Penn State's unique control requirements.

## Auditing

As a public University, an instrumentality of the Commonwealth of Pennsylvania, and a recipient of federal funding, Penn State must adhere to the highest standards of internal control.  The University is audited by three major organizations - the Commonwealth of Pennsylvania, the Defense Contract Audit Agency (DCAA) and our current independent auditor, Deloitte:

* The [PA Auditor General (Links to an external site.)](https://www.paauditor.gov/) has the authority to audit the University on behalf of the Commonwealth to assure that we have used the funds received through the state appropriations or other grants appropriately.
* [DCAA (Links to an external site.)](https://www.dcaa.mil/) audits federal sponsored awards as well as the University's Indirect Cost Rate calculation.  Negative findings can result in disallowed costs which must be repaid, fines or penalties, and limitations on future federal funding opportunities.
* [Deloitte (Links to an external site.)](https://www2.deloitte.com/us/en.html) completes an independent audit each year of the University and provides assurance to our Board of Trustees as well as other external constituents, including banks and other financial entities, that Penn State's financial statements accurately reflect our operations.

Penn State is also subject to audit from other organizations and agencies, given the vast array of funding which Penn State receives.  For example, an audit may be conducted of a specific sponsored research award by a federal agency.

One of the basic foundations of any audit is an **internal control review.**  Auditors look at the University's systems, policies and procedures and assess our control environment.  Based on that assessment, more or less actual testing of transactions and other audit procedures may be required.  Better controls provide assurance that misstatements or fraud will be caught before impacting our operations.

Penn State also has an [Office of Internal Audit (Links to an external site.)](https://internalaudit.psu.edu/about-us), which provides independent review and oversight of the University's control systems.

Without an adequate system of internal controls, Penn State would not be eligible for many funding sources, including federal funding, gifts, grants, debt and bonds.

### Terminology

***Internal Control***

A procedure or policy put in place by management to safeguard assets, promote accountability, increase efficiency, and prevent fraudulent behavior.

## Components of Internal Controls

Internal control consists of five interrelated components as follows:

1. **Control Environment** The control environment sets the tone for an organization.  It provides discipline and structure and strongly influences the control consciousness of the people within the organization.  The control environment at Penn State begins with the administration’s philosophy and operating style as well as the priorities and direction provided by the Board of Trustees.  Key factors in the control environment include the integrity, ethical values, and competence of personnel. Competency of Penn State personnel is ensured through a systematic hiring process, periodic evaluations that include performance and ethical standards, ongoing training, and professional development programs.
2. **Risk Assessment** Risk assessment is the identification and analysis of relevant risks which may prevent the University or a department from meeting its operational, financial, and compliance objectives.  Management must assess risk based on the types of activities performed, organizational structure, staffing levels, and attitudes within the department.
3. **Control Activities**Control activities are the policies and procedures established to ensure that management’s directives are implemented.  Those managing financial operations at Penn State must be cognizant of University policies and procedures and supplement these procedures with department level guidance when necessary.
4. **Information and Communication** Pertinent information must be identified, captured and communicated in a form and timeframe that enables people to carry out their responsibilities.  Information systems produce reports containing operational, financial and compliance-related information that make it possible to run and control the University business.  The reports deal not only with internally generated data, but also information about external events, activities and conditions necessary to informed business decision-making and external reporting. All personnel must receive a clear message from top management that control responsibilities must be taken seriously.  They must understand their own role in the internal control system, as well as how individual activities relate to the work of others.  They must have a means of communicating significant information upstream.
5. **Monitoring**Monitoring is a process that assesses the quality of the internal control process over time.  This is accomplished through ongoing monitoring activities, separate evaluations or a combination of the two.  Ongoing monitoring occurs in the course of operations and includes regular management and supervisory activities such as reviewing reconciliations and summary reports.

## Internal Control Objectives

Management must establish internal control objectives to effectively assess areas of potential risk.  The following key internal control objectives apply:

* Accuracy of financial statements – sound information systems
* Validity of transactions, timeliness and completeness in processing transactions
* Compliance with applicable regulations and University policy
* Economy, efficiency, and effectiveness
  + Economy is getting inputs that can do the job at the best price
  + Efficiency is getting the best results from inputs, fine tuning processes so that they work well and are up to date
  + Effectiveness is getting the right results, achieving University objectives

## Internal Control Activities

The following internal control activities are tools used in accomplishing the internal control objectives:

* **Establishing a Control Conscious Environment***–*Setting the tone at the top within the University and each department is essential in developing sound internal controls.  Ensuring staff are properly trained, are knowledgeable of University policies and procedures, and receive feedback on a regular basis are key factors to a good control conscious environment.
* **Segregation of Duties** – The separation of certain functions such as initiating, authorizing, recording and reconciling transactions is an important control activity.  The amount of segregation possible within a function depends on the size and structure of the department.  However, every effort should be made by budget administrators and financial officers to ensure that one person does not have control over all parts of a transaction or process.
* **Authorization/Approval Processes**– Approving and authorizing responsibilities within departments should be limited to as few people as possible.  System passwords are used as an integral part of the approval process and must be kept confidential.  Supportive documentation should be reviewed for each transaction to verify business purpose, budgetary constraints and compliance.
* **Physical Control of Assets***–*Budget Administrators are responsible for the physical control of assets within the department.  Safeguards should be implemented to ensure proper accountability of assets.
* **Monitoring** – Monitoring activities by budget administrators and financial officers would include such things as monthly financial statement review (ie, budget to actual reports), departmental feedback sessions, and internal control self-assessments.  The Internal Audit office provides independent monitoring through internal audits.

## Strategic Budgeting

Penn State is a multi-campus, land-grant, public research institution that educates students from around the world, supporting individuals and communities through integrated programs of teaching, research, and service. However, Penn State faces more internal and external challenges in a period of disruptive change across U.S. higher education. Students, their families, and state and federal entities are focused increasingly on the cost of a college education, calling for better financial controls to minimize tuition increases, create more budgetary transparency, and maximize the return on every dollar spent.

**A New Budget Era**

To address these demands and challenges, Penn State must enter a new era in budget management, engaging in critical discussions about financial tools and processes that will help the university continue to achieve key institutional goals. Penn State’s current budget processes focus on short-term incremental changes, inhibiting long-term strategic decision-making and transparent, accurate financial reporting at all levels. These processes must evolve university-wide to meet current and emerging needs and expectations in conjunction with the implementation of a new enterprise financial management system (SIMBA) that will enable better financial tracking, reporting, and forecasting.

Before we move towards the new era of budgeting it’s important to know how we currently manage and where we came from to get here. For more information on our current budgeting approach and processes please visit the [Penn State Budget Overview (Links to an external site.)](https://budget.psu.edu/openbudget/default.aspx) and the [Penn State Budget Cycle (Links to an external site.)](https://budget.psu.edu/openbudget/budget_cycle.aspx).

The following information explains where we are going and how we plan to get there. The first piece of information will give you an overview  on the [Strategic Budgeting Approach (Links to an external site.)](https://budget.psu.edu/StrategicBudgeting/), and the second is a report generated by the [Strategic Budget Task Force (Links to an external site.)](https://budget.psu.edu/StrategicBudgeting/Strategic%20Budget%20Task%20Force%20Report.pdf).

While this document provides the road map and the stops along the way in the journey, more on the specific route and how we will implement it are now in development. We will provide more information and training as these elements are fully operationalized in the coming months.

## Strategic Procurement

The University has established policies and procedures related to the procurement of goods and services.  These policies assure that Penn State follows competitive bidding requirements in a fair and equitable manner, as required by the Commonwealth as well as policies to assure that we obtain the highest quality goods and services at the best value, manage conflicts of interest and comply with federal regulations.

[Purchasing Services (Links to an external site.)](https://purchasing.psu.edu/) is the primary department charged with assuring that Penn State is effectively employing its purchasing power across the University and is the principal agency to make commitments for equipment, goods and services.  This office has oversight over purchasing transactions, including electronic catalogs, contracts, purchasing card and travel.  Strategic procurement is a best practice for good stewardship and internal controls and leveraging existing contracts and purchasing mechanisms through Purchasing Services generates cycle time, transaction cost, and contract savings.

## The Why of Policy and Procedure

### The Why

Why does Penn State have so many policies and procedures?

* Policies and procedures are in place to **protect** the University, including its employees, students, and assets.
* Many policies have their roots in **federal or state law,** others relate to our status as an instrumentality of the Commonwealth of PA.
* Many others reflect **internal** **controls** which are standard accounting practice and which are required by our external auditors (federal, state, and independent).

Policies and procedures are in place to provide direction to the University community in conducting its operations.  The most important policy areas for financial and budget management are:

* Financial
* Budget
* Business Services, which includes Procurement
* Research Administration (Grants Management)
* Travel

### Source of Funds

Policies and procedures also vary based on the source of funds.

* **General Funds** – The primary funding source for general funds is tuition and state appropriation, with the major stakeholders being students, parents, and taxpayers.  So policies on the use of these funds reflect the views of the stakeholders, for example:
  + no alcoholic beverages
  + no gifts for employees or donors
* **Federal Funds** – Funds from the federal government, specifically sponsored research awards,  are controlled by various federal regulations and guidelines, including the Uniform Guidance.  Based on those regulations, the University's policies prohibit, as examples, the following:
  + alcoholic beverages
  + direct charging of costs included in F&A rate calculation
* **Unrestricted Gift Funds** – These funds are provided by donors with no restrictions and are therefore permitted to be used for alcoholic beverages and gifts for donors.

Understanding the funding source and the related stakeholders can help you to understand why certain funding can or cannot be used for a particular purpose.

## Stewardship & Internal Control Fast Facts

You might be wondering, "what do I need to know about Stewardship & Internal Control"?

### Fast Facts

1. Stewardship is the thoughtful management of all University resources in a manner that is consistent with our mission and goals.
2. Being good stewards of University funds is a responsibility of ***every***employee.
3. Within a financial system such as SIMBA, internal controls are built into the basic enterprise system based on standard accounting controls, with enhancements made based on Penn State's unique control requirements.
4. Policy and procedure are in place to protect the University, comply with state and federal law and to establish internal controls.

## Where Do I Start?

Congratulations! You have completed the last page of the Stewardship & Internal Control module.  Begin by going back to the module home page.

It is recommended that all participants review the following modules as they become available:

* Financial Concepts
* Reporting
* Security

You might be wondering if you should look at the other modules too. Of course! Right now you don't know your role in SIMBA, but you should have an idea as to the types of tasks you do on a daily basis. For example, if you work with grants, then review the Grants / Sponsored Awards module. As we get closer to spring 2020 and the end-user training, it's recommended that you review the concepts that are in SIMBA 101.

**Please Note**: Not all modules are available for your viewing.  You'll be notified when new modules become available via the following methods:

* SIMBA website
* SIMBA Newsletter
* SIMBA Sessions
* SIMBA 101 Homepage

# Financial Concepts Overview

## Module Purpose and Objectives

This module's purpose is to provide an overview of financial concepts which are critical for understanding SIMBA.  It provides an overview of fund accounting, the chart of accounts and introduces the concept of master data.

By the end of this module, you should be able to...

* state the four primary fund types.
* identify the three types of cost objects.
* understand the basic elements of the Chart of Accounts.

## Fund Accounting

As a non-profit organization, the University is successful if it meets its missions of teaching, research and service.  To do so it must secure funding and be accountable to the various stakeholders who provide that funding.  Fund accounting is used by non-profits to provide that accountability.

Different sources of funding are accounted for through different funds.  Each fund could be viewed as a separate company - and must have balanced books to track assets, liabilities, revenues, expenses and fund balances or net assets.

To work in the University's financial system, one does not need to be an accountant.  Most users of the system will focus on the revenue and expenditure aspects of managing the various funds.  Central offices and the system will manage postings to the balance sheet - assets, liabilities and net assets.

**What is important to understand is that there are various funding sources, which need to be tracked separately.**  Understanding the source of funding and the stakeholders to whom the University is accountable helps those using SIMBA to have a broader understanding of why we have so many funds and accounts.

The major fund types at the University are:

* General Funds
* Sponsored Award Funds
* Endowments & Restricted Gift Funds
* Unrestricted Gift Funds

These are the primary funds that most SIMBA users will encounter.

### Knowledge Check

Question: We learned about stakeholders in the Stewardship & Internal Controls module.  Who are the possible stakeholders for general funds?

**Show/Hide Answer**

General funds are composed of tuition and state appropriation. So the major stakeholders are those who provide that funding - for tuition, students and parents; for appropriation: Taxpayers and state legislators.

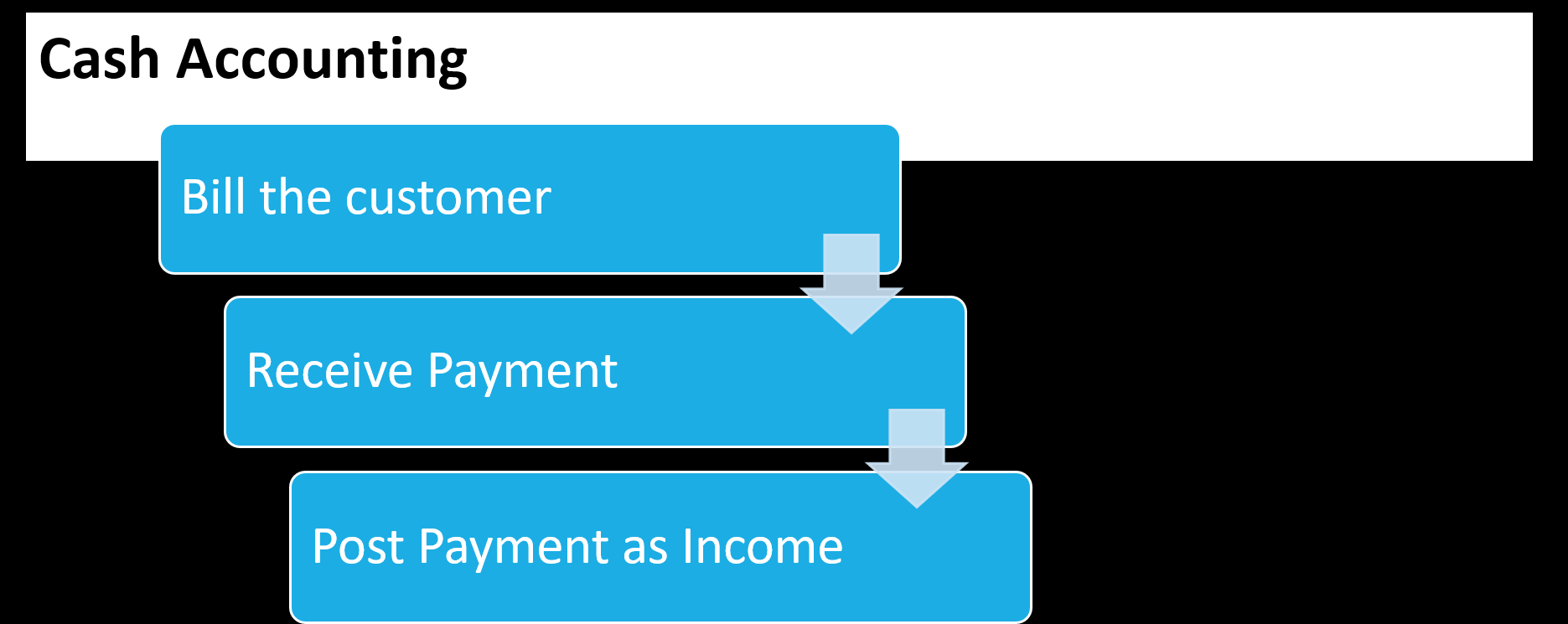
## Cash Accounting Versus Accrual Accounting

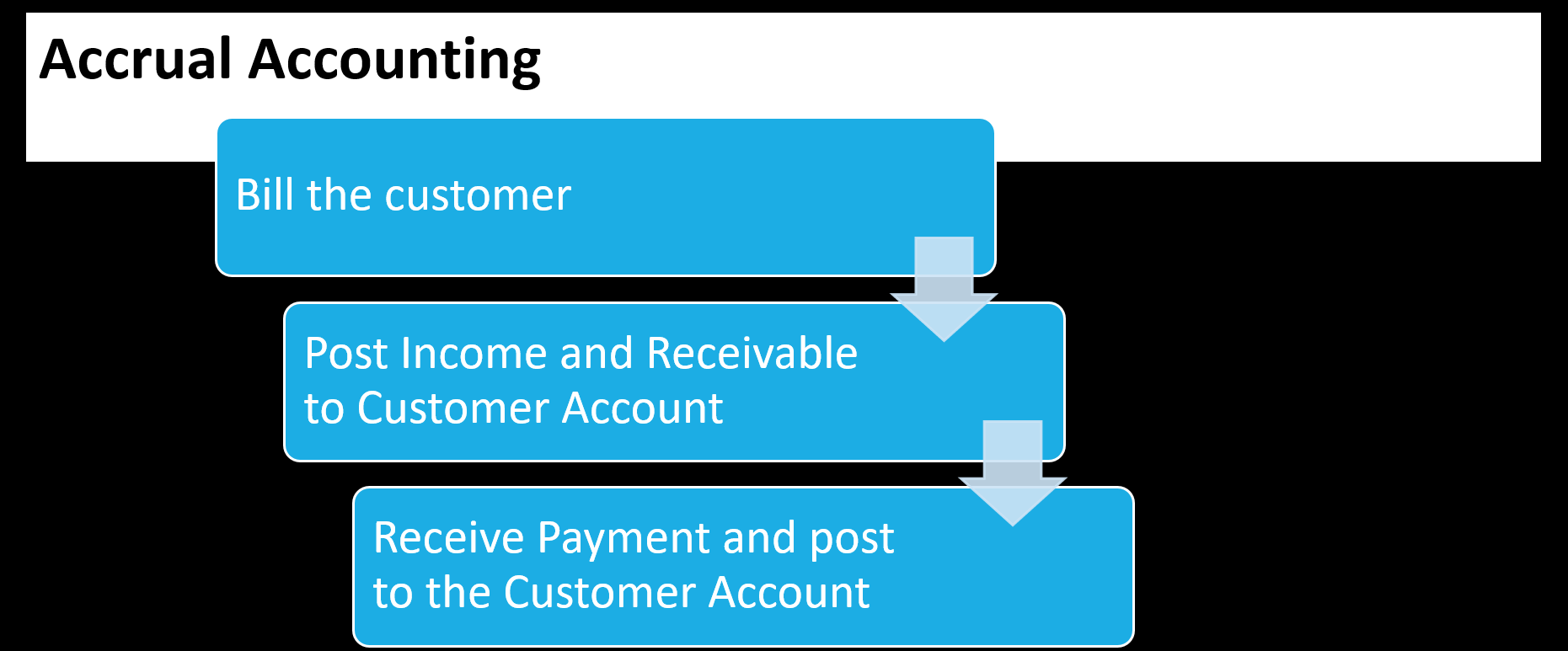
With the launch of SIMBA, the University will also transition from **cash accounting** to **accrual accounting**. That may sound daunting to you, or even frightening. Actually, it is very simple. You will not have to become an accountant to carry out your normal duties; the change is reflected mainly in how the transactions you post are managed in the system. In fact, over time, you will likely find that accrual accounting really makes more sense.

Accrual accounting is a method that records revenues and expenses when they are incurred, regardless of when cash is exchanged. The term "accrual" refers to any individual entry recording revenue or expense in the absence of a cash transaction. Accrual accounting better reflects the results of operations by matching the expenses with the corresponding revenue.

**Accrued** revenues represent money earned (for providing services or selling and delivering products) but not received in the current period. In other words, **accrued** revenue is **earned** but is not yet received in cash or other assets.

Let's distinguish the two systems through an income example:

With cash accounting, we bill the customer, receive the payment, and then post the payment as income. We never recognize revenue or income until we have the cash.



In accrual accounting, we bill the customer and immediately post the income and receivable to the customer account. So we are recognizing the income as soon as we bill it, because we have provided the goods or services and have **earned** the income. When we receive the payment, we post it to the customer account and relieve the receivable.

Consider some of the benefits. This allows you to recognize your revenue as soon as you have billed a customer. You are not waiting 30 or 60 or 90 days until the customer pays; you recognize revenue immediately. Given that, timely entry of invoices  into the system becomes very important.

We also use the accrual method for expenses.  If we incur an expense in one year, but do not pay for it until the next, we need to accrue that expense as an amount payable in the current year.

Accrual accounting is the standard for large entities like Penn State.  We have always adjusted our financial statements to the accrual method of accounting at year-end.  With SIMBA, we will be making the accrual entries when the transactions are posted.

### Accrual Accounting Resources

[LinkedIn Learning (Links to an external site.)](https://linkedinlearning.psu.edu/) has videos on accrual accounting that you can watch. Below are two examples.

[Differentiating accrual from cash-based accounting (Links to an external site.)](https://www.linkedin.com/learning/quickbooks-pro-2008-essential-training/differentiating-accrual-from-cash-based-accounting?trk=embed_lil) from [QuickBooks Pro 2008 Essential Training (Links to an external site.)](https://www.linkedin.com/learning/quickbooks-pro-2008-essential-training?trk=embed_lil) by [Suzanne Robertson](https://www.linkedin.com/learning/instructors/suzanne-robertson?trk=embed_lil)

## Chart of Accounts and Ledgers

### Chart of Accounts

A *Chart of Accounts* (abbreviated as CoA) is a structured representation of the way that an organization accounts for financial transactions and financial position.  It is comprised of the collection of individual general ledger (GL) accounts and the master data that each account tracks and reports.  It enables planning, tracking, and reporting of all the transactions that occur each fiscal year.

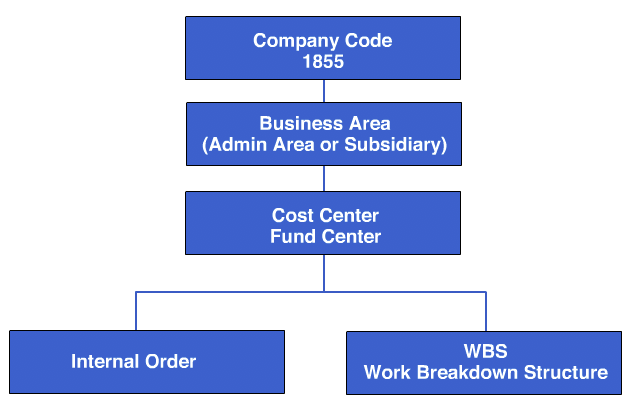
Penn State’s CoA for IBIS has evolved over the past thirty years in reaction to financial needs identified separately in each college, campus, and administrative unit.  The CoA works; but it lacks the university-wide structure and consistency that our needs for the future demand.

SIMBA includes a new, carefully planned CoA architecture that will provide many benefits as we move forward including:

* A consistent, parallel CoA structure across all organizational units
* Centralized management of all master data to ensure that master data in one organizational unit will be comparable to the data in another
* Intelligent GL account naming conventions that will provide disciplined consistency both within and across organizational units
* The SIMBA SAP platform will include look-up, search, and field auto-fill capabilities using natural language descriptions to represent underlying intelligent numeric codes
* Enhanced reporting capabilities with greater flexibility to meet information requirements within each organizational unit and the ability to report apples-to-apples information across the University
* Scalability to provide for future needs

### Ledgers

SIMBA uses SAP S/4HANA, which uses four different ledgers, which are tied together through what is called a Universal Journal.  An accounting transaction - such as a journal entry, purchase requisition or cash journal - will post into all of the relevant ledgers through the universal journal.



The four ledgers are:

* **Financial (FI)** - this ledger accounts for all financial transactions, except for budget, and is the primary ledger for tracking assets, liabilities and net assets.  This ledger is used for financial statements and is the ledger that adjusts for accrual accounting, including management of payables and receivables.
* **Controlling (CO**) - this ledger is used for cost allocations.  It will not be used extensively at go-live and will be used primarily by the Corporate Controller's Office.
* **Funds Management (FM)** - this ledger is focused on the budget and accounts for all transactions which impact budget, revenue or expense.  This is the primary ledger that departments at Penn State will use to manage general fund operations.  Reports from this ledger will show budget, encumbrance, actual and balances, like the current ICAG/ISTR reports in IBIS.
* **Grants Management (GM)** - this ledger accounts for all transactions which post to Grants.  It accounts for all elements - assets, liabilities, net assets, revenue and expense, as well as budget.  This allows for total reporting on grant activities for sponsors and others, including balance sheets and income statements.

So as we noted earlier, you do not need to worry about accrual accounting adjustments in your area - the system will make the accrual entries when you post your transaction in SIMBA.

## Master Data by SAP Ledger

**Master data**will be created centrally, and is used across all four ledgers. It remains constant over time but is updated as needed.

**Example:**    We create a business area number for a college - 5670 - which will be used consistently for this college in SIMBA.  If in the future, the college splits into two separate colleges, we would update the master data to reflect 5670 as one college and 6730 as the second college.  Or if we wished, we would create two brand new business areas and close the old one completely.

Master data is used across SIMBA to maintain consistent and correct information about our enterprise and its components.  SIMBA will maintain master data on the organization (chart of accounts), banks and other external partners, vendors/sponsors/customers, and other components of our operations that are consistent across transactions.

**Transactional data** describes specific business events such as the purchase of an item or the depositing of cash.  Every transaction posted in SIMBA will use a mix of master data (account to be charged, vendor, bank used) and transactional data (amount, date and document number).

Chart of Account elements are **master data**and are listed in the chart below**:**

| **Business Requirements** | **FI** | **CO** | **FM** | **GM** |
| --- | --- | --- | --- | --- |
| **Reporting Entity** | **Company Code** | **Controlling Area** | **Funds Mgmt Area** | **Company Code** |
| **Funding Source** | **Fund** | **Fund** | **Fund** | **Fund** |
| **Financial Classification** | **GL Account** | **Cost Element** | **Commitment Item** | **Sponsored Class** |
| **Function** | **Functional Area** | **Functional Area** | **Functional Area** | **Functional Area** |
| **Organizational Unit** **Revenue and Cost Collector** | **Business Area** **Cost Center** | **Business Area** **Cost Center** | **Fund Center** | **Fund Center** |
| **Program/Project** **Revenue and Cost Collector** | **Internal Order** **WBS Element** | **Internal Order** **WBS Element** | **Funded Program** | **Sponsored Program** |
| **Grant Funding Source** | **Grant** | **Grant** | **Grant** | **Grant** |

Note that in each ledger, the **label** for each element may be different.  However, within SIMBA, the underlying element (number) will be the same.  For example, if we look at the Revenue and Cost Collector element across the ledgers, the labels are different, but the master data is the same:

FICO  Cost Center

5421305000 - College of Arts & Arch, Visual Arts Dept, Undergrad Inst

FM  Fund Center

5421305000 - College of Arts & Arch, Visual Arts Dept, Undergrad Inst

GM  Fund Center

5421305000 - College of Arts & Arch, Visual Arts Dept, Undergrad Inst

## Master Data - IBIS Terminology Crosswalk

To provide some context for how the SIMBA Chart of Accounts relates to IBIS, the following chart shows the IBIS term in the Business Requirements column, which subsequently map to the four SAP ledgers:

| **Business Requirements** | **FI** | **CO** | **FM** | **GM** |
| --- | --- | --- | --- | --- |
| **-** | **Company Code** | **Controlling Area** | **Funds Mgmt Area** | **Company Code** |
| **Fund** | **Fund** | **Fund** | **Fund** | **Fund** |
| **Object Code - Sub-Object** | **GL Account** | **Cost Element** | **Commitment Item** | **Sponsored Class** |
| **Function Code** | **Functional Area** | **Functional Area** | **Functional Area** | **Functional Area** |
| **Administrative Area** | **Business Area** | **Business Area** | **Business Area** | **Business Area** |
| **Budget or Account** | **Cost Center** | **Cost Center** | **Fund Center** | **Fund Center** |
| **Account or Cost Center** | **Internal Order WBS Element** | **Internal Order WBS Element** | **Funded Program** | **Sponsored Program** |

It is also very important to understand that SIMBA will not work the same way as IBIS.  When we move into SIMBA, you will need to work within the new system and let go of how IBIS worked.  The chart above is just to try to provide some clarity based on what you are familiar with now, but in some cases, the new terms in SIMBA will not work as they did in IBIS.

SIMBA will use different cost objects for posting.  You can post to a cost/fund center, to an internal order(funded program/sponsored program) or to a work breakdown structure (WBS) element (funded program/sponsored program).  You must post to the correct cost object.

In IBIS, you could post to an account and then later move costs into a cost center through CRFN.   In IBIS, cost centers were not considered auditable - for central purposes, we only used the postings at the account level.

In SIMBA, postings to all cost objects are auditable.  Although internal orders and WBS elements are tied to a cost center in SIMBA, this is strictly for reporting and organization purposes.  If you post a transaction to a cost center, that is where it will be posted.  If it should have been posted to an internal order related to that cost center, you will be required to do a journal entry with appropriate approvals to correct the misposted transaction.

## Reports Provided by each Ledger

Each ledger has a specific purpose for Reporting.

* Finance (FI)
  + FASB (Financial Accounting Standards Board) official reporting
* Controlling (CO)
  + Cost allocations
* Funds Management (FM)
  + Budget, encumbrance and actual postings to revenue and expense
* Grants Management (GM)
  + Focus on grants, both for revenue/expense as well as balance sheet items.  Full reporting is available in Grants Management.

These charts outline master data stored in each ledger along with reporting types.

| **FI** | **CO** | **FM** | **GM** |
| --- | --- | --- | --- |
| * GL Account * Business Area * Fund * Functional Area * Grant | * Cost Element * Business Area * Fund * Functional Area * Grant * Cost Object   + Cost Center   + Internal Order   + WBS Element | * Commitment Item * Fund * Functional Area * Grant * Fund Center * Funded Program | * Sponsored Class * GL Account * Commitment Item * Business Area * Fund * Functional Area * Grant * Sponsored Program * Cost Object   + Cost Center   + Internal Order   + WBS Element * Fund Center * Funded Program |

|  |  |  |  |
| --- | --- | --- | --- |
| **FI** | **CO** | **FM** | **GM** |
| * FASB Statements * Component Unit Statements | * Cost Allocations * Diagnostics | * Budget, Encumbrance, Actual | * Grant Budget, Encumbrance, Actual * Balance Sheet |

## Company Code and Business Area

* Company code is the highest organizational unit of financial accounting for which a complete self-contained set of accounts can be drawn up for purposes of external reporting.  We will have one company code for Penn State and have determined that the code will be 1855.
* A Business Area is an organizational unit of financial accounting that represents a separate area of operations or responsibilities within an organization. Penn State has a current alphabetical listing of [business areasPreview the document](https://psu.instructure.com/courses/2009605/files/107013478/download?wrap=1). Please note that this listing is subject to change.

Business Areas in SAP relate to Administrative Areas in IBIS.  Each business area has 4 digits:

|  |  |  |
| --- | --- | --- |
| **Ist Digit** | **2nd & 3rd Digits** | **4th Digit** |
| 1-8  University  9 - Subsidiaries | Randomly numbered | Always Zero |

The fourth digit of the business area will always be zero.  SAP provides a four digit code, but Penn State only needed to use three digits and decided the fourth would always be zero.

Determining the business areas is important for financial reporting purposes, given that Balance Sheets can only be prepared at these levels:

* Company Code
* Business Area
* Fund
* Grant

## Cost Center Hierarchy

Cost Centers represent accounts which are of a more permanent nature in a business area.  To represent the organizational hierarchy present in business areas, cost centers also incorporate the concept of "department" which is reflected in the 4th and 5th digit of the cost center.  The hierarchy therefore is:

Business Area

Department

Cost Center

Cost Center was designed to incorporate this hierarchy in the numbering, by referencing the business area and department, as follows:

* Business Area: 3 digits (first 3 digits of business area - which is why the 4th digit will always be zero)
* Department: 2 digits
* Sequentially numbered starting with 10000 or use Common Cost Center: 5 digits

|  |  |  |
| --- | --- | --- |
| **Digits 1-3** | **Digits 4-5** | **Digits 6-10** |
| Business Area | Department | Randomly Numbered unless it is a Common Cost Center |

Returning to the account hierarchy, let's use the example of a small business area with three departments.

The Business Area is 5670

There are three departments under this business area:

* Department 01 - Dean's Office
* Department 02 - Academic Department
* Department 03 - Student Services

Each department can then have one or more cost centers/fund centers.  Given this, the cost centers/fund centers in each department would all begin with the same five digits:

* Department 01 - - all cost centers/fund centers begin with 56701
* Department 02 - - all cost centers/fund centers begin with 56702
* Department 03 - - all cost centers/fund centers begin with 56703

Therefore a business area can have up to 99 different departments.    If this business area had 99 departments, the last department would have cost centers/fund centers which begin with 56799.

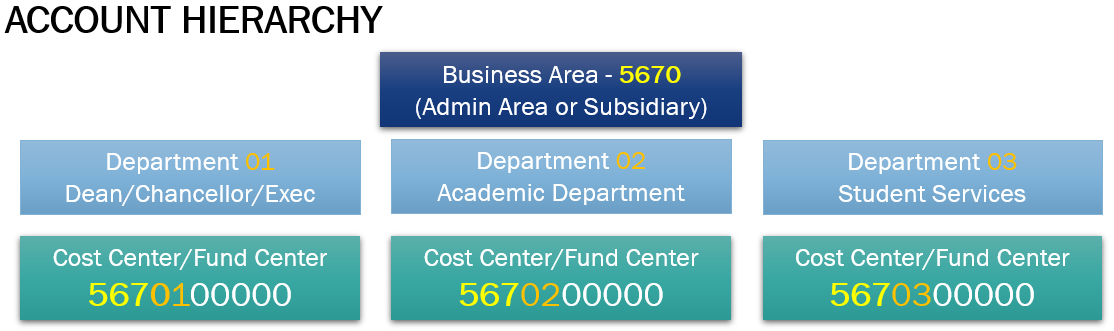
All departments will have one cost center which ends with all zeros.  This cost center will be used ONLY for budgetary purposes - it is a placeholder for the department in total.

### Knowledge Check

Question: What are the first five digits of the cost center for the Academic Department in Business Area 5670?

**Show/Hide Answer**

56702



## Common Cost Centers/Fund Centers

On the previous page, we indicated that the last five digits of the cost center/fund center are randomly numbered, with one exception.  Penn State is implementing the concept of Common Cost Centers.  These will be used to consistently classify cost center types, across all business areas.

* Use of the common cost centers is a requirement for high level institution reporting.
* For instance, all Information Technology units at Penn State will end in the last 5 digits ranging from 00400 - 00499.
* A small sample of common cost centers is included below:

|  |  |
| --- | --- |
| **Cost Center Code** | **Common Cost Center Name** |
| 00200 | Budget and Finance |
| 00300 | Human Resources |
| 00400 | Information Technology |
| 00500 | Development |
| 00600 | Alumni |
| 00700 | Facilities |
| 00900 | Advising |
| 01000 | Student Affairs |

Using common cost centers allows a compilation of all costs related to Budget and Finance by summing all related cost centers which END with 00200, no matter what business area or department the cost center belongs to.

## Cost Collector (Cost Center, IO, WBS) Hierarchy

We have discussed cost centers/fund centers in the previous section.  However, there are actually several "Cost Collectors" used in SIMBA.  These include Cost Centers, Internal Orders (IO), and Work Breakdown Structure (WBS or WBS Element).  Remember, that each of these can be labeled differently in each ledger, as noted below:

* Cost Center is the same as Fund Center, which is the term used in the funds management and grants management ledgers.
* Internal Order is the same as the funded program in funds management and the sponsored program in grants management.
* Work Breakdown Structure (WBS or WBS Element) is referred to as the funded program in funds management and the sponsored program in grants management.
* Note that the Internal Order and WBS are labeled the same in FM - Funded Program and in GM - Sponsored Program.

Internal Orders and Work Breakdown Structures are the same length (12 digits) and for Penn State's purposes, will be distinguished by the following:

Internal Orders will begin with 10-89

Work Breakdown Structure (WBS element) will begin with 95-99

As noted above, Cost Centers, Internal Orders and Work Breakdown Structures are ALL cost collectors.  However, the cost center is also a critical part of our organizational hierarchy - given that it relates to a business area and department.  Therefore, within SIMBA, every Internal Order and WBS element is linked to a cost center.  This link tells us what organization - business area and department - the internal order or WBS element belongs to.

## Internal Order, Funded Program, Sponsored Program

As noted in the previous section, there are three different cost collectors used in SIMBA:

Cost Center - also called Fund Center

Internal Order - also called Funded Program or Sponsored Program

Work Breakdown Structure (WBS Element) - also called Funded Program or Sponsored Program

In this section, we will be focusing on the Internal Order.

* + These cost collectors represent separately tracked projects, programs or initiatives within a department.
  + Internal Orders are also used to track specific funding sources, such as grants, gifts and endowments.
  + These cost collectors will also be used to track carryforward and the projects that are funded through that source.

Internal orders will have begin and end dates because the expectation is that in general, these cost collectors will only be used for a finite amount of time.

Endowments and gifts are the one exception to this.  Endowment and gift funds may exist indefinitely.

Internal Order will be 12 digits long in SIMBA.  The first two digits will designate the type of Internal Order, such as  "40" for Unrestricted Gifts.

For example: 400000000153 is an Unrestricted Gift

Examples of Internal Order types include:

* Research incentive funds
* Faculty start up
* Strategic plan initiatives
* Carry forward
* Gifts
* Grants
* Cost share
* Endowment spending
* Departmental use (at units' discretion)

Internal Orders can track projects or funds designated for a particular use.  In an academic college, an internal order can be set up to track funding allocated to a faculty member for spending, such as Faculty Start-up, Research Incentive Funds and other faculty designated funds.  If a portion of an endowment spending account is allocated to a faculty member for their use, an internal order can be set up within the endowment fund to track that allocation and subsequent costs.

Remember also that internal orders are tied to departments by linking every internal order to a cost center/fund center.

Below is an example of IO numbering structure.

|  |  |
| --- | --- |
| **1st Two Digits (IO Type)** | **Last 10 Digits** |
| 10 - Research Incentive Funds 12 - Faculty Start-Up 20 - Uncommitted Carryforward  40 - Unrestricted Gifts 50 - Grants 60 - Restricted Gifts 70 - EASIS Spending | Sequential Numbered |

Penn State has a complete list of the [Internal Order typesPreview the document](https://psu.instructure.com/courses/2009605/files/104176364/download?wrap=1).

## Work Breakdown Structure (WBS)-Funded Program-Sponsored Program

The third of the three cost collectors is the Work Breakdown Structure (WBS) element.  These are used for the same purposes as Internal Orders, but are more complex to set up and manage.  Work Breakdown Structures are commonly used in complex projects, such as construction or federal contracts, which require tracking various projects, tasks and sub-tasks.

* WBS elements generally have a finite life cycle, but they can be ongoing.
  + WBS elements will have begin and end dates.
* WBS will be the same length as the Internal Order - 12 digits.  The first 2 digits will range from 95-99 to distinguish WBS elements from Internal Orders.
* WBS elements will be used primarily by the Applied Research Lab and for capital projects.   Most areas will use internal orders rather than WBS elements.

## Functional Area

Each Cost Collector will have a functional area.  Internal orders and WBS elements must have the same functional area as the cost center to which they are linked.

* These functional areas reflect the National Association of College and University Business Officers (NACUBO) functional classifications.
  + Penn State uses the guidance of NACUBO to classify its expenses.
  + These codes are used for Integrated Post-secondary Education Data System (IPEDS) reporting to the National Center for Educational Statistics (NCES).
* Functional Area categories include:
  + Instruction
  + Research
  + Public service
  + Academic support
  + Student services
  + Institutional support
  + Auxiliary enterprises
  + Physical plant
  + Student aid

Functional area will be assigned to the cost collector when it is created.  It is part of the master data for the Chart of Accounts.

## Fund

Fund is used to designate the source of funding.  As noted earlier, all non-profits use fund accounting.  This allows us to track the various sources of funds and to report on these funds as needed.  We can also report on each fund - preparing balance sheets and income statements for each fund.

Every cost collector - the cost center/fund center, internal orders, and WBS elements will have a fund connected with it.  There is only one fund per cost collector.

* Fund examples include:
  + general
  + gifts
  + sponsored awards
  + endowments
  + auxiliary
* Each Cost Collector will have a 10 digit fund, structured in the format below.
* For example:
  + Fund 1100000001 is a General Fund
  + Fund 5800000002 is an Annuities Fund

|  |  |  |
| --- | --- | --- |
| **1st Digit (Net Asset Class)** | **2nd & 3rd Digit** | **Digits  4-10** |
| 1 - Without Donor Restrictions  5 - With Donor Restrictions  9 - Agency | Type of fund within each Net Asset Class | Sequentially Numbered |

## General Ledger Accounts (GL)

Cost Collectors will be used to organize our transactions - and will help us to know which organization controls the transactions, the funding source and the functional area.  However,  we also need to know the classification - is the transaction related to assets, revenue, or expense?  Is the expense for salaries, travel or supplies?

The General Ledger (GL) account is used to classify transactions in SIMBA and will be eight digits long.  General Ledger accounts are similar to the object codes now used in IBIS, but with one major difference.  GL accounts in SIMBA will be used to classify all transactions, not just those for revenue and expense.  The first digit in the GL account will reflect the major classification for the posting, as follows:

1: Asset

2: Liability

3: Net Asset

4: Revenue

5: Expenses

8: Allocations

9: Conversions

Classifications 1-3 are postings to the Balance Sheet.

Classifications 4-8 are postings to the Income Statement or Profit and Loss (P&L) statement.

Classification 9 is only for conversion and could be posted to either the balance sheet or income statement.

Most users will only use the revenue and expense GL accounts.   In fact, the Funds Management Module (FM) only uses the P&L GL accounts and labels them as commitment items.

In the Grants Module (GM), GL accounts are grouped and labeled as sponsored classes.  Several GL accounts used individually in FI and FM to reflect specific travel classifications would be grouped under one sponsored class - Travel.

The table below shows how each ledger - FI, CO, FM and GM uses the GL accounts and the label used in each ledger:

|  |  |  |  |
| --- | --- | --- | --- |
| **FI - GL Account** | **CO - Cost Element** | **FM - Commitment Item** | **GM - Sponsored Class** |
| Balance Sheet   * 1xxxxxxx Assets * 2xxxxxxx Liabilities * 3xxxxxxx Fund Balance or Net Assets   P&L Accounts (Income Statement)   * 4xxxxxxx Revenue * 5xxxxxxx Expenses * 8xxxxxxx Allocations * 9xxxxxxx Conversions | Follows the same format as the FI ledger | Only uses the P&L accounts - revenue, expense and allocations | Groups  many GL Accounts into a Sponsored Class |

## Revenue GL Accounts

As noted, most units will use the revenue and expense GL accounts.  Let's review the revenue GL accounts and how they are designed in SIMBA:

* All revenue GL Accounts will begin with "4."
* The next 2 digits designate high-level groupings of revenue, such as Tuition and Government sources.
* The next 4 digits provide further detail.
* The 8th digit is always "0."

Let's provide some examples:

Example 1:

* 41010100 is the GL account for Resident Tuition.  Breaking this down into it's components -
  + The first digit, which is 4 represents revenue
  + The second and third digit, which is 10 represents the tuition category of revenue
  + Digits 4-7, which is 1010 indicates this is resident tuition
  + The last digit is 0

Example 2:

* 43010100 is the GL account for State Appropriation.  Breaking this down:
  + The first digit, which is 4 represents revenue
  + The second and third digit, which is 30 represents the category of Government Sources
  + Digits 4-7, which is 1010 indicates this is specifically State Appropriation
  + The last digit is 0

 Knowledge Check

Now that we have looked at a few examples, let's try one using the information from the table below.

Question: For account 47002500, what is the high-level account grouping?

**Show/Hide Answer**

The second and third digit - which is 70 - represents the category of Sales and Services of Educational Activities.

|  |  |  |  |
| --- | --- | --- | --- |
| **1st Digit** | **2nd & 3rd Digits** | **4th-7th Digits** | **8th Digit** |
| Type of GL Account  4 = Revenue | 10 - Tuition  20 - Fees  30 - Governmental Sources  40 - Private Sources  50 - Gifts & Pledges  55 - Recovery of Indirect Cost  60 - Investment  70 - Sales & Services for Educational Activities  80 - Auxiliary & University Services  90 - Other | Detail | Always Zero |

## Expense GL Accounts

Let's review how expense GL accounts are designed in SIMBA:

* Expense GL Accounts will begin with "5."
* The next digit provides a high-level category by Personnel, Non-personnel, Capitalized expense and Overhead.
* The next 2 digits designate sub-level groupings; for instance Salaries and Wages would be a sub-category under Personnel.
* The next 3 digits provide further detail to designate a specific expense
* The 8th digit corresponds to allowable expenses under the Uniform Guidance, an authoritative set of rules and requirements for Federal awards with which Penn State must comply.  These costs are unallowable on federal awards and also must be coded on general funds to assure we exclude these costs from our Facility & Administrative rate or F&A rate which we charge the federal government.    "0" means the expense is allowable, while "1" means the expense is unallowable.
  + This is similar to X-Coding in IBIS.

Example 1:

* 51104100 is the GL account for Salary - Academic.  Breaking this down into it's components -
  + The first digit, which is 5 represents expense
  + The second digit, which is 1 indicates that this is under the Personnel category
  + Digits 3-4, which is 10 indicates this is under the sub-category of salary
  + Digits 5-7, which is 410 indicates that this is Academic salaries
  + The last digit is 0, which indicates this is an allowable cost under the Uniform Guidance

Example 2:

* 51404560 is the GL account for Fringe Benefits - Salary.  Breaking this down into it's components -
  + The first digit, which is 5 represents expense
  + The second digit, which is 1 indicates that this is under the Personnel category
  + Digits 3-4, which is 40 indicates this is under the sub-category of fringe expense
  + Digits 5-7, which is 456 indicates that this is Fringe Benefits - Salary
  + The last digit is 0, which indicates this is an allowable cost under the Uniform Guidance

### Knowledge Check

Now that we have looked at a few examples, let's try one.

Question: For account 52420101, what does the second digit tell us about the category of expense?

**Show/Hide Answer**

The second digit - which is 2 - represents the category of non-personnel.

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| **1st Digit** | **2nd Digit** | **3rd & 4th Digit** | **5th-7th Digit** | **8th Digit** |
| Type of GL Account  5 = Expense | Category  1 - Personnel  2 - Non-Personnel  3 - Capitalized Expense  4 - Overhead  5 - Business Area Allocations  7 - Clearing Accounts  9 - Interfund Transfers | Sub-Category.  For personnel, the subcategories are:  10 - Salaries  20 - Wages  30 - Overtime  40 - Fringes | Detail | 0 - Allowable  1 - Unallowable |

Penn State has a complete listing of the [General Ledger accounts for Revenue and ExpensePreview the document](https://psu.instructure.com/courses/2009605/files/104113793/download?wrap=1).

## Master Data Derivation for Revenue and Expense

We have reviewed a lot of different elements of the chart of accounts.  However, SIMBA uses a concept called Master Data Derivation.  This allows the user to enter a revenue or expense transaction by only supplying TWO of the master data elements.

* GL Account
* Cost Collector (Cost Center, Internal Order or WBS).

The other pieces of master data will be "derived" based on the cost collector entered.  Derived master data elements include:

* Business Area
* Functional Area
* Fund
* Grant (if relevant)

Oftentimes the FI ledger is considered to be the default ledger for master data terminology.  FI terms are used most frequently.  As such, the below chart uses FI terminology (GL Account, Cost Center, Internal Order, WBS), but the other 4 ledgers will be updated with their corresponding master data elements.

To post a transaction,  enter the GL account and either the Cost Center, Internal Order, or WBS.

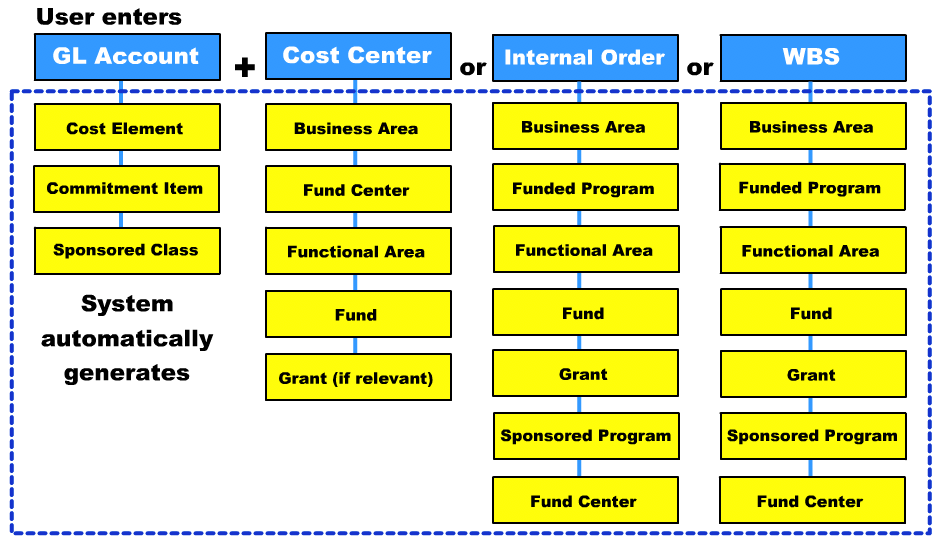
Once these are entered, the system will automatically derive the master data needed for the GL account - the cost element for CO, the commitment item for FM and the Sponsored Class for GM. Also, the system will derive the additional master data related to the Cost Center, Internal Order, or WBS entered.

For Cost Center the derived master data includes:

* Business Area
* Fund Center
* Functional Area
* Fund
* Grant (if relevant)

For Internal Order and WBS the derived master data includes:

* Business Area
* Fund Center
* Functional Area
* Fund
* Grant
* Sponsored Program
* Fund Center



Master data derivation is also used when posting balance sheet transactions (assets, liabilities and net assets).  When posting these types of entries, the user will need to enter four elements:

First, the General Ledger

Second, the Fund

Third, the Business Area

Fourth, the Grant, if it is related to a grant.  Otherwise, the user enters NA.

## Financial Concepts Fast Facts

You might be wondering, "what do I need to know about Financial Concepts?"

### Fast Facts

1. Business Area and department are used to show the organizational hierarchy in the Chart of Accounts.
2. Cost Center/Fund Centers always begin with the first three digits of the business area and the two digits for the department.
3. Internal Order and WBS elements are used to track sponsored awards, endowments, gifts and projects.
4. The first two digits of the Internal Order/WBS element tell you the type of Internal Order or if it is a WBS element.   WBS always begin with 95-99.
5. Internal Orders and WBS elements are always associated with a cost center-fund center to know who is accountable organizationally for those costs.
6. General Ledger accounts are coded with the first digit telling you the type:  For example, 4 is revenue, 5 is expense.
7. Master Data Derivation makes posting easier by only requiring a GL account and one of the three cost collectors to be entered.

# Funds Management Overview

## Module Purpose and Objectives

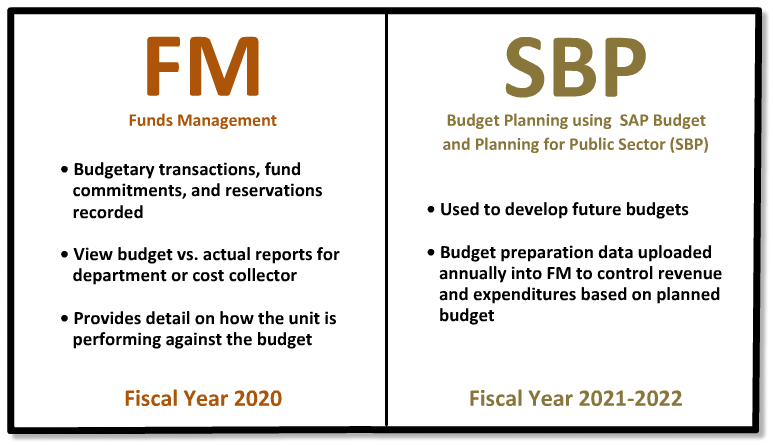
This module's purpose is to provide an overview of the Funds Management module within SAP S/4HANA as well as a brief introduction to SAP Budget Planning. Funds Management is the module that focuses on budget versus actual.  For more detail on the University's budget approach, please visit the [University Budget Office site (Links to an external site.)](https://budget.psu.edu/).

By the end of this module, you should be able to...

list the terms used in Funds Management.

identify the differences between funds management and budget planning.

understand the concepts of budget reservations and commitments.

Funds Management vs. Budget Planning**Funds Management (FM)**

* Funds Management is one of the four ledgers in SAP and integrates closely with Financial (FI), Controlling (CO) and Grants Management (GM) .
* This ledger is where budgetary transactions are recorded as well as fund commitments and reservations.
* FM is where you view reports on budget versus actual for your department or a cost collector.
* The SIMBA FM design is limited to budget management and execution.  It is the module which provides detail on how a unit or program is performing against the budget.
* **This module will focus on Funds Management (FM)**

**Budget Planning using  SAP Budget and Planning for Public Sector (SBP)**

* This tool will be used to plan future year budgets and will be used to budget all funds.  Some funds, such as restricted and endowment/gift, will be budgeted at a high level.
* The University Budget Office will implement this tool for Budget Development for Fiscal Year 2021-2022.
  + Most units will start using this tool in February or March 2021, with access limited to those who are involved in budget planning for the business area or department.
  + The annual operating budgets prepared utilizing the SBP system and approved by Penn State's Board of Trustees  will be sent to FM for capturing "real" revenue and expenditure postings.
* The budget preparation data from SBP will be uploaded annually into FM, beginning with Fiscal Year 2021-2022.
* Detail on SBP Budget Planning is NOT included in this module, which is focused on FM only.
* SBP will be used to develop future year budgets.  When the budget is approved, it is then loaded into the Funds Management (FM) module, where it is used to control revenue and expenditures based on the planned budget.

## FM: SAP Process Improvements with Funds Management

The Funds Management module in SAP provides Penn State with the opportunity for many process improvements.  It  will address many pain points associated with IBIS.  Some improvements include:

* Extensive reporting capabilities within SAP S/4HANA; these reports are called S/4 Embedded Analytics.  There will also be standard SAP reports available for FM reporting.
* Enhanced management and visibility of carryforward funding
* Real-time integration between budget and financial data
* Budget documents that are created and posted within GM will simultaneously generate an FM budget document
* Streamlined budget management processes between central budget owners and the associated business areas/departments
* Centralization and standardization of budget controls across the enterprise organization

## Funds Management (FM) Ledger

This module will focus on the Funds Management (FM) Ledger and features in SIMBA.  FM is one of the four ledgers in SAP S/4HANA and was developed specifically to provide Profit & Loss (P&L) reporting.  It reports on budget, encumbrance and actual transactions for revenue and expenditures only.

As a reminder of how IBIS terms map to the various SAP ledgers, review the Business Requirements column which translates to IBIS terminology.  These map to the various ledgers --Financial Accounting (FI), Controlling (CO), Funds Management (FM), and Grants Management (GM).

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| **Business Requirements** | **FI** | **CO** | **FM** | **GM** |
| **-** | **Company Code** | **Controlling Area** | **Funds Mgmt Area** | **Company Code** |
| **Fund** | **Fund** | **Fund** | **Fund** | **Fund** |
| **Object Code - Sub-Object** | **GL Account** | **Cost Element** | **Commitment Item** | **Sponsored Class** |
| **Function Code** | **Functional Area** | **Functional Area** | **Functional Area** | **Functional Area** |
| **Administrative Area** | **Business Area** | **Business Area** | **Business Area** | **Business Area** |
| **Budget or Account** | **Cost Center** | **Cost Center** | **Fund Center** | **Fund Center** |
| **Account or Cost Center** | **Internal Order WBS Element** | **Internal Order WBS Element** | **Funded Program** | **Sponsored Program** |

 You can see the relationship of the FM terminology to the other ledgers terminology.  Remember, in SIMBA, the labels may be different, but the numbers will be the same.

**Terminology**

As we discussed cost collectors in the Financial module, we noted that in FI, there were three cost collectors:

* Cost Center
* Internal Order
* Work Breakdown Structure (WBS Element)

In FM, the cost collectors are known as:

* Funds Center
* Funded Program
  + This cost collector incorporates both internal orders and work breakdown structures.

Transactions can be posted to either a Funds Center or a Funded Program.  Funds Centers are also used to identify the organization or unit to which the transactions belong.  All funded programs link to a funds center.

|  |  |
| --- | --- |
| **Business Requirements** | **FM** |
| **Reporting Entity** | **Funds Mgmt Area** |
| **Funding Source** | **Fund** |
| **Financial Classification** | **Commitment Item** |
| **Function** | **Functional Area** |
| **Organizational Unit** **Revenue and Cost Collector** | **Fund Center** |
| **Program/Project** **Revenue and Cost Collector** | **Funded Program** |
| **Grant Funding Source** | **Grant** |

 Object code as now used in IBIS is referred to as the Commitment Item in Funds Management (GL Account in FI).  In FM, only profit & loss commitment items are used - primarily revenue (4xxxxxxx) and expenditures (5xxxxxxx).  The Balance Sheet GL accounts (1xxxxxxx, 2xxxxxxx, 3xxxxxxx) are NOT used in FM.

## Reporting Features

The Funds Management ledger focuses on budget management, and only provides reporting related to the P&L - revenue, expenditures and net results.

**Master Data by Ledger:**

* Commitment Item
* Fund
* Functional Area
* Grant
* Fund Center
* Funded Program

**Reporting Focus:**

* Budget
* Encumbrance & Actual

## FM: Funds Center

Let's focus on the Funds Center as it is called in FM, which is the same as the Cost Center in FI.  Funds Centers are generally cost collectors which are more permanent in nature.  These represent the cost collectors that a department within a business area will use year after year.  A critical piece of master data for a funds center is the functional area which classifies the purpose of the funds center.  (Review [Functional Area](https://psu.instructure.com/courses/2009605/pages/functional-area) and how it is used in SIMBA.)

Funds Centers in Funds Management are the same number as the Cost Center in Financial.  As a reminder, cost centers/funds centers use the 10 digit naming nomenclature:

* 1 - 3 - Business area (corresponds to administrative units)
* 4 - 5 - Department
* 6-10 - Sequentially numbered unless a common cost center

In Funds Management, the other cost collector is the Funded Program, which is called the Internal Order (IO) or the Work Breakdown Structure (WBS) in Financial. We will explore Funded Programs in more detail.

**If you would like a review of the Cost Center/Funds Center in SIMBA,  
please refer back to the**[**Cost Center/Funds Center**](https://psu.instructure.com/courses/2009605/pages/common-cost-centers-slash-fund-centers?module_item_id=26787622)**in the Financial Module.**

## FM: Funded Programs

### Funded Programs

The Funded Program is the cost collector label in Funds Management (FM) - with a focus on managing budget,  revenue and expenditures. The funded program is also referred to as the IO and WBS element in FI or the sponsored program in Grants Management.

Every funded program is tied to a funds center, and must use the same functional area as the funds center with which it is associated.   Funded programs however, can have a different fund than its funds center.

### Naming Nomenclature

Funded Programs use a 12 digit naming nomenclature (the same as Internal Orders and Work Breakdown Structures) with the first 2 digits used to identify the internal order type.

**For a refresher on the Chart of Accounts element - Internal Order/WBS,**  
**please return to the**[**Internal Order, Funded Program, Sponsored Program**](https://psu.instructure.com/courses/2009605/pages/internal-order-funded-program-sponsored-program)**page.**

### Knowledge Check

Yes or No: A Funded Program can have a functional area different from its associated funds center.

**Show/Hide Answer**

If you said No you are CORRECT! A funded program must use the same functional area as the funds center to which it is related.

## FM: Fund

Fund is used to designate the source of funding.  As noted earlier, all non-profits use fund accounting.  This allows us to track the various sources of funds and to report on these funds as needed.  We can also report on each fund in Funds Management - preparing income statements (profit and loss) for each fund.

Fund number does not need to be entered when posting an entry - SAP will derive the fund number associated with the funds center or funded program being used.

**For a refresher on the Fund in the Chart of Accounts, please go to the**[**Fund**](https://psu.instructure.com/courses/2009605/pages/fund)**page.**

## FM: Commitment Item

### Commitment Item - Profit & Loss only

In SIMBA's Funds Management general ledger, Object Codes and Sub-Object codes are now Commitment Items.

Commitment Items are equivalent to GL accounts, but only for revenue (4xxxxxxx) and expenditures (5xxxxxxx).   FM focuses on the Profit & Loss statement, so no balance sheet GL accounts are used or posted to in FM.

**For a review of Commitment Items - called GL accounts in FI, please refer to the**[**General Ledger Accounts (GL)**](https://psu.instructure.com/courses/2009605/pages/general-ledger-accounts-gl)**page.**

### Terminology

**Commitment Item**

The term for the GL account in Funds Management.  Only revenue and expenditures GL accounts are used in FM.

## Funds Management

Funds Management (FM) serves as the system of record for the interaction of the institutional budget with commitments, encumbrances, and actuals.

* Budgets are posted to an **account assignment string** - which requires the cost objects (funds center or funded program) and the commitment item or classification.

Reminder:

* Cost Objects tell us what department or project is using the budget (funds center or funded program).
  + Remember that funds center is the equivalent of a cost center in FI and that funded program is the same as an internal order or WBS element.
* The commitment item tells us the classification - revenue or expense.
  + Remember that commitment item is the same as the GL account in the FI ledger

Once posted, the budgets tell us:

* The planned amount of expenditures or revenue receipts for one or more fiscal years (FY)
* The authorized and planned expenditure amount for the current fiscal year for a particular cost object/commitment item

In the SIMBA design, budgets may be posted for the current fiscal year and the subsequent five fiscal years.  With very limited exceptions, only budgets that are posted for the current fiscal year are expendable.  Exceptions to this may include a scenario in which a new fiscal year’s budget is loaded and made available for encumbrance postings prior to the actual start of that fiscal year.

There are three key concepts to understand within Funds Management:

* **Commitments** represent a planned or intended use of budget in a particular cost object (funds center or funded program) which is classified through the commitment item (salary, non-personnel, capital, etc).
  + These postings do not represent true obligations of the budget but are treated as “spent” for purposes of the FM Availability Control (AVC) functionality.
  + Commitments will be created directly in FM and will be associated with unique document types.
    - Example:  A department head creates a fund commitment for a new position which they hope to hire in the Spring.  The funding is committed, but it is not a true obligation because no one has yet been hired for the position.
* **Encumbrances** represent true obligations to expend budget on a cost object (funds center or funded program) and commitment item. Encumbrance postings consume budget for AVC purposes.
  + These types of postings may be captured via the creation of a shopping cart in the Shop OnLion system, planning done in Labor Distribution or by direct creation within FM using a funds reservation document.  These documents will also be utilized to capture encumbrances generated in external non-SAP systems via an interface program.
    - Example:  In Labor Distribution, a faculty member's salary is allocated 50% to a sponsored award.  Two encumbrances are created - one for 50% of the salary on the sponsored award and the other for 50% of their salary on their home cost center.
* **Actuals** are “real” revenue or expenditure postings against a cost object (funds center or funded program) and commitment item.
  + Actual postings that reference an encumbrance document will automatically decrease the encumbered amount.
    - * Based on the accrual method of accounting, an actual expense is recorded in FM at the time it is incurred regardless of when it is actually paid.  Similarly, an actual revenue is recorded at the time it is earned regardless of when cash is received.  For activity based on a PO requiring a goods receipt (GR), the actual expense will be recorded in FM at the time the GR document is posted.  If no goods receipt is required, the invoice receipt (IR) will record the expense.
        + Example:  Items ordered on a purchase order are delivered and the department user enters the goods receipt in SIMBA.  The encumbrance will be released and the expense will be posted as actual, even though payment may not be completed for a few days.

For actual postings, integration between the FM module and the Finance (FI) module occurs in real-time.  Revenue and expenditures are updated within FI and FM simultaneously at the time of posting.  FI documents that are “saved as complete” will be classified as a “commitment” within FM for reporting and AVC purposes.

In terms of budgetary integration, the FM module is directly linked with the Grants Management (GM) module.  Budget documents that are created and posted within GM will simultaneously generate an FM budget document.

The FM module is also integrated with the SBP budget planning system, with FM serving as the system of record for SBP.  Rather than a real-time integration, the two systems will interface utilizing specific jobs that are executed on a pre-defined schedule.

## FM: Budget-Only Master Data

To facilitate the different levels at which budget may be posted when compared with actuals, certain budget-only master data elements will be created.  These will only be available for budget postings within FM and will be locked for purposes of posting commitments, encumbrances, or actuals.

**Funds Center**

* The “business area” and “department” levels of the funds center will be created as budget-only cost collectors.
* The business area and department are represented by the first three, and fourth and fifth digits, respectively, of the cost/funds center.
* For the budget-only account, each digit in the latter half of the cost/funds center number will be set to “0.”  For instance:
  + 1230000000: Business Area level Budget Only Funds Center
  + 1234500000: Department level Budget Only Funds Center

The expectation is that the business area/department would "push" budget postings down to lower level funds centers. For example, the Budget Executive may allocate budgetary funds to a department.  The initial allocation would be posted to "Budget Only" Department level - 1234500000.    The department budget administrator would then determine where that funding should be allocated, and might ask for it to be allocated to a number of different funds centers and funded programs in the department.

For purposes of the SIMBA COA, *Budget Only* means that actuals, commitments and encumbrances cannot post to these higher level funds centers - only budget transactions.

**Commitment Item**

* As with funds centers, certain budget-only commitment items (GL accounts) have been created.  These will be used for the same purpose - posting allocations to a business area or department at a "higher level" commitment item for later reallocation to the specific commitment item for which the budget will be used.   Budget-only commitment items (GL Accounts) have been created.  For example, with the expenditure GL accounts, these budget only commitment items have been created:

| **GL Account Number** | **GL Account Short Name** | **GL Account Long Name** |
| --- | --- | --- |
| 50000000 | Exp-Budget Only | Expense-Budget Only Top Level |
| 51000000 | Exp-Personnel Bdgt | Expense-Personnel Budget Only |
| 51100000 | SAL-Budget Only | SAL-Budget Only |
| 51200000 | HRLY-Budget Only | HRLY-Budget Only |
| 51250000 | OCMP Budget Only | Other Compensation-Budget Only |
| 51300000 | OT-Hol Exp-SAL Bdgt | Overtime-Holiday Expense-Salary-Budget Only |
| 51350000 | OT Exp-Hourly Bdgt | Overtime Expense-Hourly-Budget Only |
| 51400000 | Frng-Burdn Bdgt Only | Fringe-Burden Budget Only |
| 52000000 | Exp-NonPer Bdgt | Expense-Non-Personnel-Budget Only |
| 52030000 | Mktg-PR-Advt Bdgt | Marketing-Public Relations-Advert-Budget Only |
| 52090000 | Benefits-EMP Bdgt | Benefits-Employee Budget Only |
| 52120000 | Centrl Svc-Fees Bdgt | Central Services-Fees-Budget Only |
| 52210000 | Gen Ofc Exp & Supl Bdg | General Office Expenses and Supplies-Budget Only |

* This is not an all inclusive list, but gives a general sense of how these will be used in SIMBA.  A more detailed listing of the expenditure commitment items (GL accounts) can be reviewed  on the [General Ledger Accounts (GL)](https://psu.instructure.com/courses/2009605/pages/general-ledger-accounts-gl)page

The allocation of budgets at the Funds Center level will be used for SIMBA go-live budgeting in July 2020.  SAP Budget Planning (SBP) will not be available for planning purposes until the next fiscal year, so general fund budgets for the first year of SIMBA will be **allocated to each business area at the funds center level,**with the **commitment items at the budget only level** (salary, fringe, non-personnel, etc.)

* Budget may be allocated to funds centers and funded programs as needed by individual business areas, using more specific commitment items.

## FM: Budget Types

In SAP, budget types are used to categorize the type of budget posting which is being done.  For SIMBA, the budget types which will be used will be:

|  |  |
| --- | --- |
| **Budget Types** | **Description** |
| CFWD | Budget postings associated with a budgetary carry forward process |
| BASE | Budget postings that represent a base budget amount |
| ONET | Budget postings that are associated with a one-time budgetary action that does not impact the base and is not otherwise classifiable as carryforward |

The designations “permanent” and “temporary” will no longer be utilized for budget data after the initial SIMBA go-live.

## FM: Budget Document Types

Budget postings in FM will use the concept of budget document types.  These will be used to control security as well as to assure the proper workflow (approvals).

Note that position budgeting will no longer be done, so there will not be an interface with Workday to increase budget spending authority each time a new position is created.  However, units will prepare budget plans down to the employee level in SBP's PEP (Personnel Expenditure Planning) module.

|  |  |
| --- | --- |
| **Document Type** | **Description** |
| GRNT | Budget postings initiated from GM; no workflow |
| SBPX | Budget postings initiated by the SBP system; no workflow |
| INTF | Budget postings from interface (i.e., EASIS, endowment spending accounts) |
| CENT | Budget postings that require central desk approval in workflow.  These documents would flow to the University Budget Office for approval |
| CRBA | Budget postings that cross Business Area; require workflow approval (Financial Officers of all impacted business areas) |
| CRDP | Budget postings that cross departments within the same business area;  require workflow approval (Financial Officer for business area) |
| RLDP | Budgetary reallocations within the same department; do not require workflow |
| GMCS | Budget postings to capture the required FM offset for grant cost share budgets |
| CFWD | Postings associated with a budgetary carry forward process |
| RIBX | Postings generated by the RIB program |

## FM: Budget Versions

Budget versions will be utilized to capture a “snapshot” of the budget at a formal point in time during the budget cycle, such as the approved annual budget from the Board of Trustees.

* The current “working” or consumable budget will always be posted to version 0.
  + Transfers, reallocation, and other modifications to the budget made during the course of a FY will post to version 0 and be segregated using the appropriate budget processes in FM.
* The “Other” budget version will not be used for official reporting purposes.
* The Budget Version will be utilized to characterize the nature of a particular budget allocation:

|  |  |
| --- | --- |
| **Budget Version** | **Description** |
| 0 | The "true", or productive, current budget |
| 1 | The Interim Operating Budget |
| 2 | The Approved Annual Budget |
| 3 | Re-forecasts (official) |
| 4 | Other |
| 5 | A&BS Forecasting |
| 90 | GM Planning |

## FM: Earmarked Funds

SAP offers functionality called "earmarked funds".  These are funds which are committed or reserved, but not yet actualized in the system.  In IBIS, we referred to these as encumbrances.

There are two primary types of earmarked funds in SIMBA:

**Reservation**

* Represent a true ***encumbered*** obligation to spend.
* Funds Reservation **documents** will be utilized to record *encumbrances* against the budget for those obligations that are not established through purchase orders in the purchasing system (Shop OnLion)
* The majority of these will be created via an interface to reflect an *encumbrance* established in an external system, primarily for those units with designated purchasing authority.
* Manual funds reservations must go through a budget and financial approval within the business area
  + Example: grant sub-awards will utilize funds reservations
* Funds Reservation documents will utilize unique document types to classify the type of *encumbrance* being posted by a particular document and to drive workflow.

**Commitment**

* Represent an *intention* to spend instead of an obligation
* Funds Commitment **documents** may be utilized to record ***commitments*** against the budget as each unit sees fit
  + Do not represent true obligations like a purchase order
  + Represent intended spending such as planned hiring for future years or faculty start-up commitments.
    - The department is identifying potential future budget commitments which may or may not occur.
* Committed funds will be reserved for Availability Control (AVC)
* Funds Commitment documents must be approved by the FO of the appropriate business area
* Funds Commitment documents will utilize unique document types to classify the type of commitment being posted by a particular document.

### Knowledge Check

What is the difference between Funds Commitment and Funds Reservation?

**Show/Hide Answer**

Funds Commitment represents an intention to spend, whereas a Funds Reservation represents an actual obligation to spend.

|  |  |  |  |
| --- | --- | --- | --- |
| **Earmarked Funds Type** | **Document Type** | **Description** | **Created Through:** |
| Reservation | YL | Library Special Collections | Integration |
| Reservation | YM | COM Funds Reservation | Integration |
| Reservation | YO | E-Builder (OPP) | Integration |
| Reservation | YE | Other Encumbrances | Workflow |
| Reservation | YA | ARL Funds Reservation | Workflow |
| Reservation | YS | Grant Sub-Awards | Workflow |
| Reservation | YD | Labor Distribution | Labor Distribution |
| Reservation | YP | MMPC Funds Reservation | Not Yet Used |
| Commitment | YG | Pending Grant Cost Share | Commitment |
| Commitment | YF | Future Year Commitments | Commitment |
| Commitment | YC | Current Year Commitments | Commitment |

## FM: Revenues Increasing Budget (RIB)

The Revenues Increasing the Budget (RIB) function in SIMBA will be utilized to establish the expenditure budget for individual gift spending accounts (funded programs/IOs) based on income posted to the funded program.

* For gift funds, posted accrued revenue will generate an equivalent expenditure budget within FM utilizing the Revenues Increasing the Budget (RIB) functionality
* A program will run on a scheduled basis to automatically align the expenditure budget with the amount of revenue recorded for a particular gift spending funded program

RIB will only be used for restricted and unrestricted gifts funds.  Revenue for non-gift fund cost collectors will be estimated during the budget planning development cycle and entered into SBP.

The advantage of RIB is that the system will do the budgeting of income automatically, based on a recurring cycle.  Departments will not need to post budget adjustments on gift accounts to budget earned income.

## FM: Availability Control (AVC)

The Availability Control functionality enforces permitted budget consumption based on pre-defined business rules that compare the amount of posted budget with any consumed amounts for a particular cost collector.   In IBIS, we referred to this as budget controls.

* AVC prevents spending over the available budget (Available Budget = Total Budget - actual expenses - reservations/commitments).
* It allows you to monitor and control the costs posted to a cost collector.
* It enables you to control costs actively by issuing warnings and error messages when spending thresholds are met.
* FM AVC will be set differently based on the type of fund, as follows:
  + General Funds:  FM AVC will be set at the combination of following account assignments:
    - Fund
    - Department (first five digits of the funds center)
    - Funded program (if applicable)
      * “Budgeted” internal orders will check budget at the funded program level regardless of funding source.
  + Non-General Funds:  The AVC levels of non-general funds will be set at various levels.

 As noted above, in IBIS, budget controls were used similarly to AVC controls.

* In IBIS, the Financial Officer was able to manage controls by removing or "overriding" the control if budgeted funds had not yet been received.
* **In SAP, AVC controls are not easily overridden**.  As such, budgeted funding will be provided earlier in the fiscal year.
  + Access to changing the rules that define the AVC control object structure will be strictly controlled and limited to a central support team.
  + Similarly, the ability to “override” or bypass FM AVC will be centrally controlled and maintained based on the process described below.
    - The AVC bypass function will be restricted to “emergency” scenarios; budget errors should be addressed by the end user performing the appropriate budgetary realignment where possible.

### Knowledge Check

How should AVC warnings be handled?

**Show/Hide Answer**

The ability to override FM AVC will be centrally controlled. The AVC bypass function will be restricted to "emergency" scenarios. AVC warnings should be addressed by the business area, by performing the appropriate budgetary realignment where possible.

## Funds Management Fast Facts

You might be wondering, "what do I need to know about Funds Management?"

### Fast Facts

1. Budget Planning will be done in the SAP Budget Planning module (SBP), while operational budgeting, including budget to actual reporting will be done in Funds Management (FM).
2. The three budget types in SIMBA will be Base, One-time and Carryforward.
3. RIB or Revenue Increasing the Budget will allow the system to budget accrued revenue for gift funded programs, negating the need for departments to track and budget income on those accounts.
4. AVC is Availability Control and will be used to prevent overspending on cost collectors.  Unlike IBIS, AVC cannot be easily overridden or lifted if budgeted funds are not available.

# Grants Management Overview

## Module Purpose and Objectives

This module will introduce how grants and contracts are managed in SIMBA, including  grant accounting, controlling, and billing.  Only the post-award management will be managed in SIMBA. Pre-award management will continue in Strategic Information Management System (SIMS); however, the systems will be integrated.

By the end of this module, you should be able to...

* identify the uses of internal orders and work breakdown structures.
* summarize the grant master data relationships.
* describe the advantages of SIMBA's Grants Management features.

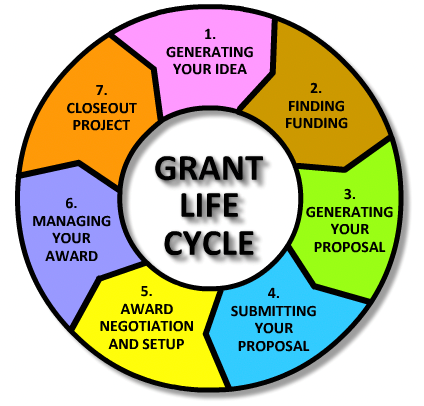
## What is Grants Management?

Grants management is the management of sponsored awards, grants, and contracts.

***NOTE:  Grants is used as a generic term in this module but refers to all sponsored programs whether they are grants, contracts or other types of awards.***

It covers all the administrative responsibilities that must be completed during the life cycle of the grant including grant accounting, control, and billing.

The Grant Life Cycle is represented in the graphic.



1. A faculty member develops an idea which requires funding to be realized
2. The faculty member looks for funding
3. The faculty member generates a proposal based on the requirements of the sponsor.
4. After review by the appropriate offices at the University, the proposal is submitted to the sponsor for consideration.
5. If the sponsor decides to fund the proposal, the University and the sponsor negotiate the terms of the award, and the award is established with the faculty member designated as the Principal Investigator (PI) for the award.  Setting-up the award in SIMBA begins the post-award administration process.
6. The PI and any additional PIs manage the award - allocating labor based on effort performed, purchasing equipment and supplies, and managing negotiated items such as cost-share and sub-awards.
7. When the project period ends, the PI and the University close-out the award by finalizing expenditures, doing final billing, and submitting all required deliverables to the sponsor, including reports.

Grants management includes staying in compliance with the terms of the grant, following through on all the deliverables, and submitting reports according to the sponsor's requirements.

SIMBA will be used for the **post-award research administration**only - pre-award administration is not part of SIMBA.  Pre-award administration will continue to be administered through the Strategic Information Management Systems (SIMS).  SIMS will be integrating with SIMBA in setting-up the grant when it has been awarded by the sponsor.

In SIMBA, grants will be categorized into one of four categories:

1. **Standard**
   * Most grants and contracts at Penn State, including federal, state and private.
   * Only those which fall into another category will NOT be included here.
2. **Applied Research Lab (ARL)**
   * All contracts and grants awarded to the Applied Research Lab
3. **Academic Research Service Orders (ARSO)**
   * All ARSOs issued for research services provided by the University's research service centers.
4. **Agriculture Federal Appropriations**
   * Grants connected to federal appropriations for agriculture
   * Specific to the College of the Agricultural Sciences

## Grants & Stewardship

Earlier in the Stewardship and Internal Control Module, we learned that being good stewards of University funds is a responsibility of every employee.

Just as we can be good stewards of the environment, through sustainability efforts, we can also be good stewards of financial resources.  We all must assure that funds are used in support of University and unit priorities, especially by assuring that our resources are used to support the mission and strategic plans we have developed.

For Sponsored Awards that means that the use of the funds is compliant with specific sponsor requirements and reasonable based on the purpose for which funds were provided.

For any awards with federal funding, the University also must comply with federal grant policies, which are outlined in the [Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Links to an external site.)](https://www.grants.gov/web/grants/learn-grants/grant-policies/omb-uniform-guidance-2014.html), also called the **Uniform Guidance.**

## GM Ledger - Grants Management

This module will focus on the Grants Management (GM) Ledger and features in SIMBA.  GM is one of the four ledgers in SAP S/4HANA and was developed specifically to manage post-award grants administration.

Please note that Grants Management also includes contracts, but the generic term grants is used to cover both grants and contracts.

As a reminder of how IBIS terms map to the various SAP ledgers, review the Business Requirements column which translates to IBIS terminology.  These map to the various ledgers --Financial Accounting (FI), Funds Management (FM), Controlling (CO) and Grants Management (GM).

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| **Business Requirements** | **FI** | **CO** | **FM** | **GM** |
| **-** | **Company Code** | **Controlling Area** | **Funds Mgmt Area** | **Company Code** |
| **Fund** | **Fund** | **Fund** | **Fund** | **Fund** |
| **Object Code - Sub-Object** | **GL Account** | **Cost Element** | **Commitment Item** | **Sponsored Class** |
| **Function Code** | **Functional Area** | **Functional Area** | **Functional Area** | **Functional Area** |
| **Administrative Area** | **Business Area** | **Business Area** | **Business Area** | **Business Area** |
| **Budget or Account** | **Cost Center** | **Cost Center** | **Fund Center** | **Fund Center** |
| **Account or Cost Center** | **Internal Order WBS Element** | **Internal Order WBS Element** | **Funded Program** | **Sponsored Program** |

**Terminology**

As we discussed in the Financial module, FI uses three cost collectors:

* Cost Center
* Internal Order
* Work Breakdown Structure (WBS Element)

In GM, these cost collectors are known as:

* Fund Center
* Sponsored Program
  + This cost collector incorporates both internal orders and work breakdown structures.

In Grants Management, all postings are to Sponsored Programs.

Fund Centers are connected to the sponsored programs, but are used strictly to identify the organization or department which has oversight over the sponsored program.  No financial postings are made to fund centers in Grants Management.

One critical master data element in GM is the GRANT.  This identifies the grant or contract from the sponsor and is tied to the Agreement Number.  In IBIS, one agreement may have been set-up under several accounts.  In SIMBA, generally, one agreement will be managed under one GRANT number.

Under the grant (agreement), there can be one or more sponsored programs.  Again, no posting is done at the GRANT level (it is not a cost collector), but it serves to "group" all the sponsored programs which are using the funding under the agreement as well as sponsored programs capturing cost share, sub-awards, and/or participant costs.

|  |  |
| --- | --- |
| **Business Requirements** | **GM** |
| **Reporting Entity** | **Company Code** |
| **Funding Source** | **Fund** |
| **Financial Classification** | **Sponsored Class** |
| **Function** | **Functional Area** |
| **Organizational Unit** **Revenue and Cost Collector** | **Fund Center** |
| **Program/Project** **Revenue and Cost Collector** | **Sponsored Program** |
| **Grant Funding Source** | **Grant** |

Object code as now used in IBIS is referred to as the Sponsored Class in Grants Management.  Sponsored Class is a grouping of the GL accounts used in Financial, and these sponsored classes are set up to consolidate GL accounts into sponsored classes required by the sponsor.   For example, the FI Ledger may have 25 different GL accounts related to travel, but these could all be grouped under one sponsored class for the GM Ledger.

### Reporting Features

The  Grants management ledger is very detailed, more so than the other ledgers. We are able to do grant budget, encumbrance and actual reports (P&L or income statement), as well as balance sheet reports. With this level of detail available for reporting, we can show a sponsor exactly what we have done with the funding provided to use through the grant.

**Master Data by Ledger:**

* Sponsored Class
* GL Account
* Commitment Item
* Business Area
* Fund
* Functional Area
* Grant
* Sponsored Program
* Cost Object
  + Cost Center
  + Internal Order
  + WBS Element
* Fund Center
* Funded Program

**Reporting Focus:**

* Grant Budget, Encumbrance & Actual
* Balance Sheet

### Knowledge Check

The Grants Management ledger has the functionality to do grant  budget, encumbrance & actual reports, and balance sheet reports. Yes or No?

**Show/Hide Answer**

If you said Yes you are CORRECT! With this level of detail available for reporting, we can show a sponsor exactly what we have done with a grant.

## GM: Fund Center

Let's focus on the Fund Center as it is called in GM, which is the same as the Cost Center in FI.  When managing grants, we use Fund Centers, but not as a cost collector. The Sponsored Program is the primary cost collector but must be linked to a responsible funds center, which tells us what department and business area is responsible for that sponsored program.  It also is used to assign the functional area for the Sponsored Program, given that the functional area for a sponsored program must be the same as the fund center's.

Fund Centers in Grants Management are the same number as the Cost Center in Financial.  As a reminder, cost centers/fund centers use the 10 digit naming nomenclature:

* 1 - 3  - Business area (corresponds to administrative units)
* 4 - 5 - Department
* 6-10 - Sequentially numbered unless a common cost center

In Grants Management, the primary cost collector is the Sponsored Program, which is called the the Internal Order (IO) or the Work Breakdown Structure (WBS) in Financial. We will explore Sponsored Programs in more detail.

**If you would like a review of the Cost Center/Fund Center in SIMBA, please refer back to the**[**Financial Concepts Module**](https://psu.instructure.com/courses/2009605/modules/3313682)**.**

## GM: Sponsored Programs

The Sponsored Program is the primary cost collector used to manage revenue and expenditures for a grant or contract. The sponsored program is also referred to as the IO and WBS element in FI or the funded program in FM.

A grant may have one or more sponsored programs attached to it.  For example, Grant 123456 may have four sponsored programs under it:

* **5000000098 -**Cost Collector for all costs related to PI Dr. Smith's work on the grant and funded by the grant.  This sponsored program is associated back to a fund center in the Department of Geology.
* **5200000198** - Cost Collector to track all cost sharing committed by the Department of Geology from general funds.  This sponsored program is linked to a fund center in the department.
* **5000000245** - Cost Collector for all costs related to Co-PI Dr. Jones' work on the grant and funded by the grant.  It is associated back to a fund center in the Department of Chemistry.
* **5200000678** - Cost Collector to track all cost sharing committed by the Vice President for Research.  This sponsored program is linked back to a fund center in the VPR business area and is funded from unrestricted gifts.

Every sponsored program has a unique fund associated with it, which indicates the source of funding for the particular component of the grant.  Generally, the primary sponsored programs will reflect a fund number indicating that it is external sponsored funding.   Sponsored Programs for cost sharing may have a fund number attached to general funds, unrestricted gifts, or an endowment spending account, depending on from what source the cost share funding is being committed.

### Naming Nomenclature

Sponsored Programs use a 12 digit naming nomenclature (the same as Internal Orders and Work Breakdown Structures).

* First 2 digits identify the internal order type:
  + 50 - Grants - Most sponsored programs outside of ARL will begin with 50, which is the internal order type for Grants.
  + 98-99 ARL WBS Projects -  Sponsored programs in ARL will be using the Work Breakdown Structure, so their sponsored programs will begin with 98 or 99.
  + 52 - Cost Share Awarded - Sponsored Programs managing cost share will begin with 52.

**For a refresher on the Chart of Accounts element - Internal Order/WBS,**  
**please return the**[**Internal Order, Funded Program, Sponsored Program**](https://psu.instructure.com/courses/2009605/pages/internal-order-funded-program-sponsored-program)**page.**

### Knowledge Check

A Sponsored Program, the primary cost collector in GM,  will be distributed across several funds. Yes or No?

**Show/Hide Answer**

If you said No you are CORRECT! All cost collectors will be associated with a single fund.

## GM: Fund

Fund is used to designate the source of funding.  As noted earlier, all non-profits use fund accounting.  This allows us to track the various sources of funds and to report on these funds as needed.  We can also report on each fund - preparing balance sheets and income statements for each fund.

In IBIS, every grant/sponsored award had a unique fund number.  In SIMBA, the GRANT is the unique element. The fund number, which will be associated with each sponsored program under the grant, will identify the source of funding for that sponsored program.

The most common fund numbers used for Sponsored Programs for Grants are:

|  |  |
| --- | --- |
| **Common Fund Numbers** | **Sponsored Program** |
| 1450000001 | Federal Awards |
| 1450000002 | Commonwealth Awards |
| 1450000003 | Private and Other Awards |

Every Sponsored Program will have a fund connected with it, including those not funded from the grant itself.  Sponsored Programs under a Grant which are related to cost sharing could be associated to one of the following funds:

* general
* gifts
* endowments

Fund number does not need to be entered when posting an entry - SAP will derive the fund number associated with the sponsored program being used.

Remember that the GRANT will tell us more about the grant than the fund number.  The fund tells us it is a federal award, but the GRANT tells us the specific federal agency as well as other critical data about the sponsored award.

**For a refresher on the Fund in the Chart of Accounts, please go to the**[**Fund**](https://psu.instructure.com/courses/2009605/pages/fund)**page.**

## GM: Sponsored Class

### Sponsored Class =  One-to-Many Relationship

In SIMBA's Grants Management general ledger, Object Codes and Sub-Object codes are now Sponsored Classes.

Sponsored classes are a one to many relationship. A Sponsored class is an aggregation of multiple general ledger accounts into one sponsored class. We will use Sponsored classes to classify the accounting transactions such as asset, liability, net asset, revenue, and expenditure.  Sponsored classes will be used in grant budgets to classify expenses, indirect costs and billing.

**Example 1: Domestic Travel**  
Domestic is categorized as in-state, inter-campus, or CONUS. We can group those three categories together to make a domestic travel Sponsored class.

**Example 2: Salary Expense**  
There are many different types of salary classifications,  each represented by different  general ledger account numbers. We could aggregate all salary GL accounts into one sponsored class and call it Salary Expense.

The advantage of Sponsored classes is that we can classify transactions as the sponsor wants to see them classified.  The detailed GL accounts that we use in FI and FM are not needed by the sponsors, and in many cases, the sponsored class provides better explanation than our detailed GL accounts.  For example - our sponsors want to know what is salary expense, but don't need to know the detail of what type of appointment it is at Penn State.

**For a review of GL accounts please refer to the**[**General Ledger Accounts (GL)**](https://psu.instructure.com/courses/2009605/pages/general-ledger-accounts-gl)**page.**

### Terminology

**Sponsored Class**

An aggregation of general ledger accounts into a single Sponsored Class.

### Knowledge Check

True or False:  Sponsored Classes combine GL accounts into groups based on the sponsor's needs.

**Show/Hide Answer**

If you said true you are correct.

## GM: Master Data Relationship

### Master Data

SIMBA employs the concept of Master Data. The goal of this Master Data is to reduce data entry and classification errors. This means that the end user is only required to enter certain data points and the system automatically generates the remainder of the data.

For example, the end user enters the GL account and the cost collector.  For grants, that is the GL account and the Internal Order or WBS (Sponsored Program).

The GL account entered is then posted to the**sponsored class** in the GM ledger - the system derives sponsored class from the GL account entered.

The Internal Order or WBS element entered derives the **Sponsored Program** in the GM ledger.  It also derives the business area, fund center, fund, functional area, and most importantly, the Grant.

To review Master Data derivation in SIMBA, please refer back to the [Master Data Derivation for Revenue and Expense](https://psu.instructure.com/courses/2009605/pages/master-data-derivation-for-revenue-and-expense) page.

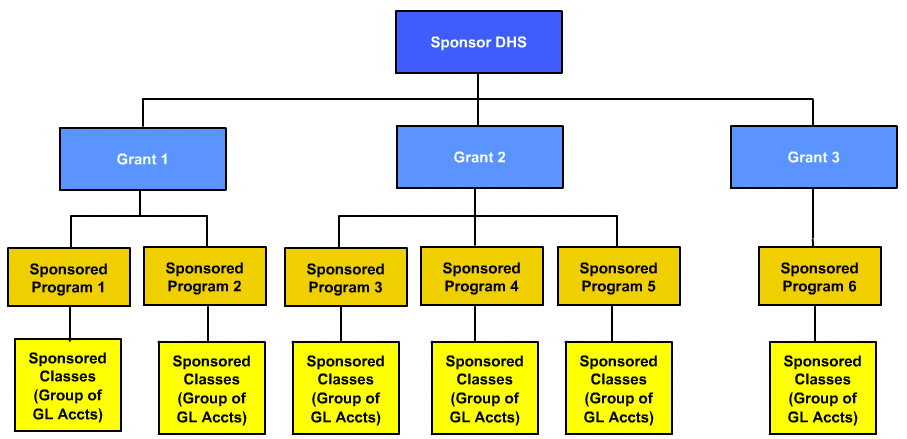
### Data Relationships

1. A Sponsor can grant a recipient numerous awards in the form of grants, contracts, or agreements.  SIMBA's Grants Management ledger will reflect the award regardless of the type.
2. An award may be broken down into numerous sections for internal management reasons, billing, or sponsor reporting.  In SIMBA, the sponsored program reflects each separately budgeted "bucket" of funds.
3. Each sponsored program may be restricted by the type of allowable revenue or expense; these are sponsored classes such as Salaries, Travel, Equipment, Indirect Costs, etc.

**Example:**

Penn State has received three grants from the sponsor DHS:  Grant 1, Grant 2, Grant 3.

NOTE: Grant numbers are six digits starting with 100000.

* Grant 1 has two Sponsored Programs (internal orders): Sponsored Program 1 and Sponsored Program 2. Each of the Grant 1 Sponsored Programs has one Sponsored Class assigned to it.
* Grant 2 has three Sponsored Programs and each of the Sponsored Programs has one Sponsored Class.
* Grant 3 has one Sponsored Programs and each of the Sponsored Programs has one Sponsored Class.

Sponsored programs (IO) are related to a single fund center, but under a single Grant there can be multiple sponsored programs, each related to a different fund center. This allows us to see all the funding sources for a grant, including direct costs and cost-sharing.

Separate Sponsored Programs can also be established to manage the portion of the grant being managed by separate PIs.  By associating the Sponsored Program to a fund center in their home department, the PI and their authorized staff can manage that portion of the grant directly.  These sponsored programs can also be tagged with the PI's name, which will allow the sponsored program to be put into a reporting group specific to the faculty member.  This will give us the ability to show a PI all of their sources of funding from multiple grants, as well as general funds such as start-up and RIF funding.

The data relationships give us more flexible and accurate reporting on the status of a grant, especially in being able to see the big picture of all grant funding and related commitments such as cost sharing and sub-awards.

## GM: Master Data Tabs

Within the Grants Module, master data related to the grant is available through various Master Data Tabs.

At the Grant level, Master Data Tabs are:

* Additional Grant Master Data
  + Agreement Number
  + Agreement Number Type
  + Initial OSP Number
  + Special Agreement Types
  + Document Destroy Date
  + etc.
* Negotiation History
* Reports
* Terms and Conditions
* Responsibilities
  + Principal Investigator
  + Labor Distribution Approver
  + Research Accountant
  + OSP Administrator
  + etc.
* Assignment of Credit

At the Sponsored Program level, the Master Data Tabs are:

* Sub-Award Monitoring
* Building and Room (where the research is being conducted)
* Contacts
  + Billing
  + Reporting
  + Technical
  + Program Manager
  + Grant Manager
* Additional Data (comments and document uploads)

## GM: Award Creation and Budgeting

When grants or contracts are awarded, the GRANT and one sponsored program will be created in SIMBA based on an interface from SIMS.  If additional sponsored programs are needed, such as for cost-share or sub-awards, these will be requested through the SIMBA master data team.

If a grant does not flow through SIMS, it will be created manually by the SIMBA master data team.

Budgets also need to be entered onto the sponsored programs.  In SAP,  budgeting will not be done at the GRANT level, but on each of the sponsored programs under the grant.  The end user responsible for adding the budget to a sponsored program will use a “Budget Upload Tool.”  This tool will be an Excel Spreadsheet.  SIMS will supply the end user with a button that is specific to this tool within the SIMS Budget section.  The end user will select the button, and a file will be generated that will include the information necessary to set-up the budget in SIMBA.

Adjustments to the budget will also be managed through the "Budget Upload Tool."

## GM: Award Status

The Grants Management Module displays three primary life-cycle statuses - active, closing, and closed.  In the grants master data, a button at the top of the page will indicate the life-cycle status - green (active), yellow (closing), or red (closed).

There is another button which will show various users statuses within each life-cycle status:

|  |  |  |
| --- | --- | --- |
| **Lifecycle Status** | **User Status** | **Description** |
| Award | Incoming | Initial grant record created from SIMS interface |
| Award | Advance/Departmental Guaranteed | Approved advanced-funded proposals |
| Award | Pre-Award | Pre-award has been granted but Period of Performance (POP) has not begun |
| Award | Active | Awarding document has been fully executed and is within the POP |
| Award | Pre-close | Award will end in <=60 days |
| Closing | Pending/Department Guaranteed | POP has ended but department or PI is guaranteeing funding pending extension |
| Closing | Ended | Award has ended |
| Closing | Research Accounting | Award has ended and Research Accounting is preparing final billing and close |
| Closing | Closed | Awaiting final payment |
| Closing | Legal Hold | Award is under legal hold |
| Closing | In Audit | Award is under audit |
| Closing | Suspended | Funding suspended (ex: Government shutdown) |
| Closed | Closed | All closing activities have been completed |
| Cancelled | Cancelled | Award was established in error |

## GM: Labor Distribution & Effort Certification

SIMBA will streamline the grant management labor distribution and effort certification process as we move from the current paper-based system to online. The changes include:

* Research Administrators will review and initiate the Effort Certification Process
* Principal investigators (PI) will certify efforts electronically and Budget Admins will approve electronically
* PI and Research Admins will approve labor distribution plans (encumbrances) for all grants
* Effort will be certified on sponsored awards only, not general funds

Below is a chart which compares IBIS to SIMBA for both Labor Distribution and Effort Certification:

|  |  |
| --- | --- |
| **IBIS Pay & Effort** | **SIMBA Labor Distribution** |
| Paper/Excel based planning process (Salary Assignment Sheets) | 100% On-line |
| No automated workflow | SIMBA driven workflow |
| Limited to current year planning | Rolling Periods – LD Plan will carry over and can be planned for up to 5 years |
| Can’t see clearing account balance per person | Can view clearing account balance for each employee and will receive error notification if clearing account is not balanced at $0 for the fiscal year |
| Direct charged employees must be encumbered manually | Direct charged employees will be auto-encumbered by the system for the year |
| Can’t see SUPP I or SUPP II caps | Shows SUPP I and SUPP II Caps on individual LD planning screen |
| No flag for accounts with salary caps | Accounts on distribution will be flagged if a salary cap applies |
| Tuition rate does not calculate for graduate appointments | Tuition rate will calculate and update for graduate appointments |
| Overtime and other pay is included in base pay amount | Overtime and other pay will be separated by GL |
| Must look up IPES screen by PSU ID only | Can filter by account, business area, PSU ID, etc… |
| Limited reporting in EDDs/PDF files | Reporting within module that will be filterable and easy to access, update and manipulate |
| User interface not very flexible | Can complete distribution by pay period or by fiscal year |

|  |  |
| --- | --- |
| **IBIS Pay & Effort** | **SIMBA Effort Certification** |
| Paper reports | 100% On-line |
| No automated workflow | SIMBA driven workflow |
| Only Financial Officers and Assistant Financial Officers can access effort reports | Financial Officers, Assistant Financial Officers, Research Administrators (for grants only), PIs (for grants only) and Labor Dist. Planners by Dept. will have access to effort reports |
| Only check effort by account once a year during effort certification process | Can run effort report anytime during the year to see current effort distribution by account or person |
| Have to store paper effort reports for retention period | Effort certification stored electronically for retention period |
| Cumbersome paper based/manual entry issue resolution process | Online rejection and comment section that goes to planner to make any necessary adjustments |
| Only see effort by account | Will be able to see effort by account and by individual |

## GM: Award Closure

The Award Close-Out process will not change dramatically.  There will be a notification when an award has entered the closeout process. The Grant Closeout Notification Workflow will notify certain users, the Research Accountant, and the PI identified for the grant.

Research Accounting will manage the final billings and process the final closure of the award.

## GM: Grants Management Fast Facts

You might be wondering, "what do I need to know about Grants Management?"

### Fast Facts

1. To reduce errors and increase efficiency there will be a reduced number of data entry points by deriving information based on what is entered e.g. when the sponsored program (internal order) is entered, the fund number is derived from that information.
2. The grants management general ledger has the capability to create grant budget, encumbrance and actual reports, as well as a balance sheet report for each grant.
3. Sponsored classes will be used to group GL accounts used in FI for posting to the GM ledger.

# Gifts and Endowments Overview

## Module Purpose and Objectives

This module aims to help you clearly understand how the transition to SIMBA will impact existing gift and endowment processes. Some things will not change at all—the EASIS system will continue to be used, for example. Other aspects will change for the better, such as the way we manage endowments that use multiple spending types.  There are new capabilities and increased detail in endowment activity tracking and reporting.

By the end of this module, you should be able to...

* differentiate what remains the same in EASIS usage from what will change.
* identify enhancements in endowment activity tracking and reporting.
* explain why endowments that use multiple spending types will be easier to manage in SIMBA.

## Gifts and Endowments Explained

Gifts and endowments are funds provided by individuals, corporations, non-profits, or foundations for the University's use.   The entity providing the funding can provide input for how the funds are used or - in other words - place restrictions on the account.   Below are the major categories of gifts:

### Unrestricted Gift Funds

Funds given by a donor which can be spent in any way deemed appropriate by University leadership.  The use of these funds is "unrestricted" - and this is the funding source that can be used more broadly than any other fund, including for the purchase of gifts and alcoholic beverages.

Most colleges and campuses have unrestricted gift funds, which are sometimes referred to as OGE funds - with OGE referencing the Office of Gifts and Endowments.   The donor may designate that the funds be used by a particular unit - a college or campus for example - but the funds are still considered to be available for any use deemed appropriate by the Dean or Chancellor.

### Restricted Gift Funds

These are funds provided for a specific purpose, which must be used based on the donor's wishes.   A donor may provide funding toward a new building, which means the funds are restricted for this purpose and cannot be used for any other expenditures except those related to the new building.

### Endowments

These are funds which are given by a donor for a specific purpose - to fund scholarships, an academic program or a departmental chair - with the intention of providing continuing funding for the purpose identified.  These funds are used to establish endowed or named annually funded /non-endowed accounts.

### Endowed Account

These are set up so the original gift, or principal, is invested.  Invested gifts provide stable, sustained revenue to support their intended purpose in perpetuity and the income earned from the investment of the principal account is put into a spending account for use as the donor intended.  These are also called perpetual gifts - by not spending the principal, but investing it and only spending the earnings, there are funds available year after year for use as intended.

There are always at least two components to an endowed account:

1. Principal Account - this is an asset for the University
2. Spending Account - this is the revenue available for spending by the University based on the amount earned by the principal account.

**Example:**

An alumnus gives a $100,000 endowment to the Eberly College of Science to be used for undergraduate scholarships.  The $100,000 is set up in a principal account and is invested by the University.

Each year, the University projects the amount of funding that will be generated by the investment of the principal account based on expected returns.  This amount is budgeted into the spending account.  One year it might be $3,500, the next year it might be $3,250.

The Eberly College of Science determines what scholarships will be given each year within the amount available in the spending account.  Any funds which remain at the end of the year are either reinvested in the principal account or remain in the spending account, depending on the donor's wishes.

### Named Annually Funded Account (NAFA)/Non-Endowed Account

These gifts are made annually to the NAFA by the donor, and are spent in accordance with the guidelines. To establish NAFA guidelines, the donor must pledge, for a period of at least 5 years, a dollar amount equal to at least 5% of the minimum required to endow the same type of account.

Only a spending account is created for a NAFA/Non-Endowed account with the gifts made by the donor that are spent immediately as available and are not to be invested.

There are other variations of gifts and endowments, but these are the three major types which SIMBA users need to understand.

## Stewardship of Gifts and Endowments

We need to be good stewards for all sources of University funds, including gifts and endowments.  There are two major factors to consider when stewarding gifts and endowments:

* That the use of the funds is compliant with letter and spirit of donor guidelines
* That the funds are used appropriately based on the goals for which the funds were given

Endowments and some major gifts have donor guidelines, which are a legal contract between the donor and the University.   If the donor does not believe the University is using the gift appropriately, they can ask for the funds to be returned.  There have been court cases where donors or their heirs have sued an institution to return the endowed principal based on their perception that the funds were not being used in accordance with the original intent of the donor.

Most unrestricted gifts come from annual giving from alumni and others.  These generally do not have any guidelines, but we still have a responsibility to use the funds as effectively as possible.  Unrestricted funds are not limitless and good choices must be made to assure that the funds are used as effectively as possible to meet the University's mission and goals.

## Endowments and Chart of Accounts

### Endowment Accounting Continues in EASIS

Endowment Accounting is currently managed in EASIS, which is a home-grown system **NOT**being replaced as part of the transition to SIMBA. Endowment Accounting will continue to be managed in EASIS, and year-end reporting will be generated from it.

The existing EASIS integrations with IBIS and e-Steward will be replaced by SIMBA integrations. Standard SIMBA reports will be used to review master data, journal entries posted, and spend planning. The process in EASIS will change due to the redesign of the Chart of Accounts, including Fund, Internal Orders, and GL Accounts.

* Fund – Each Endowment will be represented by a Principal Fund and Spending Fund
* Internal Order (IO)– Internal Order(s) are assigned to the Fund. There could be multiple IOs assigned to one Fund. Internal Order type of 70 will be used to identify where EASIS will post the available spending.
* Fund Group – Fund Group will be used to link different funds associated with one Endowment

eSteward will also be maintained, but updated to reflect the new SIMBA Chart of Accounts.

### Contrasting IBIS with SIMBA

#### IBIS

* Uses a Principal Account and a Spending Account
* Budget number is different for each endowment, but the same for the endowment's principal and the spending accounts.
* Fund is the same, based on the type of account.  For example, 1902 is used for all scholarship endowments, with 1920 used for all scholarship spending accounts.

#### SIMBA

* Principal Account
  + Unique fund for each endowment
  + Unique Internal Order for the principal account
* Spending Account
  + Internal Orders will have a unique spending fund that will have a common numbering scheme to associate with the principal fund
  + Multiple internal orders if needed to differentiate spending accounts
    - 70     EASIS Spending (where the "income" for the spending account will be posted)
    - 71     Student Endowments Scholarship Spending
    - 72     Student Endowments Fellowship Spending
    - 77     Department Determined Endowments Spending

### Terminology

**Internal Order**

Provides additional classification of costs and revenues incurred for a job, project, program, or initiative.  Internal Orders will be used for all endowment spending and an endowment may have one or many internal orders associated with it.

### Knowledge Check

True of False: Endowment Spending Accounts for each Endowment will have a unique fund.

**Show/Hide Answer**

If you said TRUE you are CORRECT!

**Dealing with Endowments that Use Multiple Types of Spending**

When an endowment allows for multiple types of spending - such as scholarships and program support -  EASIS will place the income into a separate internal order strictly designated for EASIS spending, which will begin with 70. EASIS will not track spending down to each specific internal order, but it will update this primary spending account associated with the principal fund to which central investment income will post. Then the unit will decide how much is allocated to scholarships or fellowships, reallocating funds into the appropriate internal orders:

* 71     Student Endowments Scholarship Spending
* 72     Student Endowments Fellowship Spending
* 73     Program Support Endowments Spending
* 77     Departmental Endowment Spending

This will make the management of endowments that have multiple types of spending much easier. Instead of the current practice of establishing a single spending account with multiple cost centers below it, you will use a group of internal orders. For example, if you have an endowment to be spent by multiple faculty, you will associate each faculty member to a unique internal order. Tracking the amount of funds remaining for a given faculty member becomes much easier.

**eSteward**

In an effort to limit the over-allocation of scholarship funds, eSteward currently requires establishing a budget before a scholarship can be dispersed through it. That requirement will remain.

## Gifts

### Gifts Entered via Cash Journal

Donor & Member Services and other departments that receive gifts will book the cash directly in SIMBA using the cash journal. Just as you do now, there will be a central gift clearing account (i.e. 06800 in IBIS) where everyone will process their gifts.

Once the gift funds have been deposited and booked to the central gift clearing account in SIMBA, the gift transaction will be recorded in the University's gift system, AWA, using the detailed gift information - including gift allocation code - provided by the receiving unit. Through an integration with AWA, a detailed journal entry will be made in SIMBA. The journal entry will ensure that gifts are posted to the correct SIMBA internal order.

* Donor & Member Services and other departments receiving gifts will book cash directly in SAP via the cash journal
* AWA will send a detailed journal entry to SIMBA through an integration.
* This is similar to the current process with IBIS.

In SIMBA, gifts will be managed through internal orders.  Unrestricted gifts will post to internal orders beginning with 40.  Restricted gifts will be posted to internal orders beginning with 60. Gifts designated to an endowment principal account or spending account will be posted to an internal order beginning with 70.

Cost centers will NOT be used as a cost collector for endowments and gifts. However, all endowment and gift internal orders will be **connected** to a cost center for organizational purposes.  The designation of the cost center on the internal order will tell us what department is responsible for the management of the endowment spending account or gift funds.

## Gifts & Endowments Fast Facts

You might be wondering, "what do I need to know about Gifts & Endowments?"

### Fast Facts

1. EASIS and eSteward will be maintained, but updated with the SIMBA Chart of Accounts.
2. Endowment spending accounts will be managed through internal orders, with IOs beginning with 70 used for the EASIS Spending amount.
3. Gifts will be managed through internal orders.  Unrestricted gifts will be in internal orders beginning with 40, while restricted gifts will be in internal orders beginning with 60.

# Procurement Overview

## Module Purpose and Objectives

This module will introduce the strategies to manage the procure-to-pay process in SIMBA.  We will explore some new features including a vendor master database for strategic purchasing, mapping of product categories to the general ledger, and three way matches to ensure the products and services ordered match what was delivered and paid for by Penn State.  These features will streamline and make the purchasing process more efficient.

By the end of this module, you should be able to...

* list the advantages of a centrally managed Business Partner Master Data Record.
* understand the concept of "three-way match" as it pertains to procurement.
* summarize the processes that will be streamlined with the adoption of the new system.

## Procurement and Purchasing Options

### Procurement

[Purchasing Services (Links to an external site.)](https://purchasing.psu.edu/), a division of Procurement Services within the Office of Auxiliary and Business Services, is responsible for the procurement of and payment for all materials and services obtained for use by the University Park Campus and all Commonwealth Campuses. Purchasing Services' primary objectives are to provide quality service to University requisitioners; ensure compliance to applicable policies, laws and regulations; and cost containment for maximum use of University dollars.

### Terminology

**Procurement**

The management of procure-to-pay process to obtain goods and services needed for University operations.

### Payment Methods

Currently in IBIS,  we have three payment options when making a purchase:

1. Purchase Orders (PO)
2. Purchasing Card (PCARD)
3. Special Request for Check (SRFC)

Purchasing options are based on what is being purchased and the amount.  There is a recently updated [Payment Decision Matrix (Links to an external site.)](https://guru.psu.edu/resources/decision-tools/payment-decision-matrix) in GURU, which provides guidance on which of the three payment options should be used.

In SIMBA, we will continue to use these three options, but with some modifications:

**Purchase Orders** will be managed in Shop OnLion.  This module will provide more detail on the PO process.

**Purchasing Cards** will still be used, but all settlement of PCARD charges - travel and goods & services - will be managed in SAP Concur, which will be reviewed in the module:  [SAP Concur - Travel & Purchasing Card](https://psu.instructure.com/courses/2009605/modules/3353345)

Payment to individuals for services, now done through the SRFC, will be done through a **Non-PO Invoice** in SIMBA, which is reviewed in the latter part of this module.

## Vendor Management

### Business Partners

Vendor management is a key component in the procurement process and will continue to be so in SIMBA.  Vendor management starts with creating business partners.

### Terminology

**Business Partner**

A person, organization, group of persons, or group of organizations in which Penn State has a business interest.

Business partners include the following:

* Suppliers/Vendors
* Customers
* Sponsors

**NOTE:** A business partner can have multiple roles, e.g. they could be both a supplier and a customer.  For example:

**Business Partner:**Dell Computers

**Supplier:**  Dell is an approved vendor for purchasing IT equipment  for University use, with an electronic catalog available to users.

**Customer:** Dell contracts with Penn State to offer training for its employees on-site

**Sponsor:**Dell funds a grant with the Smeal College of Business to study Supply Chain issues inherent to technology companies.

In IBIS, a single vendor can be in the system multiple times, with no linkages between the various records. This is because IBIS does not have a master listing of vendors.   In IBIS, all payments made through the SRFC are not entered against master vendor data, but entered as temporary vendors.  There is also no coordination of vendors between different procurement systems, such as eBuy and ARL's procurement system.  This leads to multiple versions of the same vendor within IBIS.  Multiple vendor entries can make reporting challenging.

SIMBA creates a central master vendor record through the use of  a "Business Partner" concept. This master vendor data record, which is centrally controlled, will eliminate multiple vendors and improve reporting.

### Vendor Registration

Vendors wishing to be suppliers for Penn State will register online through a Vendor Portal.  This will include suppliers selected through the Procurement system as well as individuals who were formerly paid through SRFC.

Those who wish to be paid by Penn State, such as suppliers providing goods & services and individuals performing services for Penn State (including honorarium, research participants, etc.) will register on-line.  Departments will be provided the information to share with potential vendors and individuals.  The use of the portal provides a secure mechanism which protects sensitive data for companies and individuals - including Tax Identification Numbers, such as EIN and SSN, and bank account data.  Vendors will have a unique ID and password so they can control the data and update it directly if changes are needed.

NOTE:  Many current vendors will be converted from IBIS to SIMBA as part of the cut-over process.  These vendors will be contacted and asked to review the information we have in our system and to update it as needed through the portal.

Vendor applications will be reviewed by Purchasing Services or Accounting Operations and upon approval activated as an approved vendor. Departments will work in collaboration with Purchasing Services and Accounting Operations to ensure necessary vendors are added into the system.   Purchase Orders and non-PO Invoices cannot be processed unless the vendor is approved.

Payment preferences will be included in the vendor master data record. Our goal is to move the majority of vendors to the Automated Clearing House (ACH) for payments.   So instead of cutting a check and mailing, we can  set up and work with our vendors so their payments are directly deposited into the account they indicate. This will streamline payments for Penn State and the vendors.

### Terminology

**Vendor Master Data**

A centrally controlled database of vendors.

## Shopping Carts

In IBIS, we manage procurement through eBuy and call the initial request a requisition. In SIMBA, the procurement system is referred to as Shop OnLion.  In Shop OnLion, a requisition is now referred to as a shopping cart which, upon approval, becomes a purchase order which is issued to the vendor. The system will also ensure the goods and service are received prior to issuing payment.

Shopping Penn State’s preferred suppliers for commodity items will be very similar to the experience now in eBuy. There will continue to be electronic catalogs available for users, which will continue to be managed by the same platform now used for eBuy - Jaggaer.  End-users will access the punch-out catalogs through a link named Lion Marketplace. Shopping carts will also be used to enter requisitions for items not in a catalog - these will be free text orders.

### Terminology

**Shopping Cart**

An online representation of a requisition used to procure the goods and services.

## Procure-to-Pay Process

Let's take a look at the SIMBA procure-to-pay process  The procure-to-pay process follows a purchase from the beginning, when an employee enters an item into their shopping cart, through the intermediate steps including the necessary approvals, delivery confirmation and three way invoice match, and ending with the vendor payment.  We will explore some  of these steps in more detail.

## Product Categories

Every item that is entered into a shopping cart requires a product category to identify the type of good or service.  Product categories are used to classify the items in your shopping cart and may be mapped to a  general ledger account. Mapping product categories to the general ledger accounts will reduce the need to correct classification after purchases are made.

There will be times when the product category identified for the item does not produce the correct general ledger account.  You will have the option to override the default general ledger code. A good example is the purchase of dry ice. When purchased for a laboratory it would be coded as a lab supply.  But dry ice may also be used by the Creamery to pack ice cream and the general ledger account should be updated to indicate shipping supplies.

### United Nations Standard Products and Services Code (UNSPSC)

SIMBA uses **UNSPSC** codes for product categories. These codes are based on the the United Nations Standard Products and Services Code protocol, a standardized worldwide hierarchical convention used to classify products, goods and services.

Examples of Product Categories

* Laboratory & Scientific Equipment (41100000)
* Laboratory Supplies (41120000)
* Laboratory Equipment Maintenance (81101706**)**

### Terminology

**Product Category**

SIMBA's coding convention, using the UNSPSC, to classify items in the shopping cart, which is used to map to the appropriate General Ledger account (GL account).

## Three Way Match

SIMBA employs  the three way match protocol which is a standard in the procurement environment and considered a best practice.  A three way match verifies that the purchase order, goods receipt, and vendor invoice match in terms of amounts and items received.

The advantage of the three way match is it avoids situations when an invoice is paid and it is later discovered that the goods delivered were not correct, or damaged, or there were issues with the service provider. Completing the three way match takes less time and effort than it does to correct the problem after the fact. It is also a best practice and internal control which will strengthen Penn State's position for auditing purposes.

## Procurement Catalogs and Contracts

### Catalogs

In SIMBA we will have the capabilities for both internal and external catalogs for purchasing goods and services. Our current external catalog is the eBuy Plus punch out catalog, which runs on the Jaggaer platform. We will continue to use the Jaggaer platform and anticipate the same vendors for facilities, scientific/lab supplies, furniture, electronics and IT supplies.

Penn State providers, General Stores (office and janitorial supplies) and Software at Penn State (software licensing) punch out catalogs, will offer a similar shopping experience allowing shoppers to search for items and pull those into a shopping cart. End-users will access the punch-out catalogs through a link named Lion Marketplace.

### Contracts

What is a procurement contract? Procurement contracts are contracts **pre-negotiated by Purchasing**for goods and services.  A contract includes items, pricing, and product categories available from the vendor. When you purchase a good or service on a procurement contract, a purchase order will automatically be generated which can help expedite the purchasing process.

Procurement contracts have long been used by Penn State, but Purchasing was limited in the ability to publish these contracts for use by the Penn State community.  SIMBA provides the vehicle to publish the contracts making them available to a wider audience.  Using procurement contracts provides opportunities for efficiencies when purchasing goods and services.

An example of using a procurement contract is hiring temporary staff.  Penn State may have a procurement contract with a staffing service that has pre-negotiated rates. This allows you to bring in a temporary hire at the negotiated daily or hourly rate. Because the service is purchased on a contract, a purchase order can be automatically created from an approved shopping cart for that vendor and uses the negotiated rate for the service, without the need for Purchasing to review and process the PO.  The work has been done ahead of time.

## Strategic Sourcing

Competitive bid requests (RFx) are a critical part of strategic sourcing. RFx refers to "Request For (RF)" and the x stands for Proposal, Quote, or Information. SIMBA allows for the building and publishing of RFx events and live auctions. This will allow us the opportunity to follow the entire life cycle of a procurement directly in the system and connects all of those documents together.

The procure to pay cycle can be followed by those involved with the purchase from beginning to end. The purchasing staff can use this information to strategically initiate contracts or catalogs for those frequently purchased items to streamline that process.

### Terminology

**Strategic Sourcing**

 An organized and collaborative approach to finding solutions that delivers the best value.  For example, identifying ways to streamline processes, researching and analyzing spend data, refining business partner services, or evaluating purchasing activities in order to increase efficiency.

### Knowledge Check

Question: Can a purchasing agent initiate a competitive bid from a shopping cart?

**Show/Hide Answer**

If you said Yes, you are CORRECT! When reviewing a purchase request, the purchasing agent can initiate a competitive bid directly from a shopping cart to streamline the process.

## SIMBA Shop OnLion Benefits

As we transition into SIMBA,  we will realize many benefits of Shop OnLion:

* Shoppers can include items from different catalog vendors in their shopping cart. The system will separate the different vendors to create purchase orders for each vendor.
* The general ledger account code, currently called the object code, may be derived from the product category of the item purchased. About 80% of our product categories have been mapped to GL accounts.  If the product category has an associated GL account, the shopper will not need to input it into the system, but will need to verify the default  general ledger account selected based on product category is correct and change if necessary.
* Published contracts will be available to search in Shop OnLion so across the University users can identify if a contract has been negotiated for a good or service.  This will help to improve our ratio of contracted spending and expedite ordering processing. The evolution of contracts will take time and will not be completely in place July 2020.
* Vendor reporting will be improved by having all of Penn State and ARL in a single system using the master vendor data record.
* A single purchase order will be able to span multiple fiscal years through incremental funding.

## Team Shopping

Team shopping will be new functionality available in SIMBA.  This will allow a group of users - or teams - to jointly manage a shopping cart.  For example, a faculty member might start the shopping cart, with a budget assistant in the department completing and ordering the cart, and another person in the department performing the goods receipt.  All team members will be able to follow the progress of a shopping cart in Shop OnLion.

**How will teams be created?**  
Users will be trained on how to establish and maintain purchasing substitutes to facilitate team shopping.

**Example**:

Let's say a researcher named Dr. Smith purchases lab supplies. Dr. Smith may not know the financial details of the transaction or the delivery address, but as part of a shopping team the shopping cart can now be handed off to another team member who has the necessary knowledge to complete and submit the cart.

Team members will have access to the purchase's approval path and can follow the process throughout the entire life cycle of the purchase from shopping cart, purchase order, goods receipt, and invoice.

### Terminology

**Team Shopping**

Team members can take over shopping carts of other members and process them. Team members can follow the progress of the life cycle of the shopping cart.

## Non-PO Invoices

The Non-PO Invoice will replace the Special Request For Check (SRFC) and will be used for payments, primarily to individuals, which do not need to flow through the procurement process.  This payment type will be used to pay for goods and services where the procurement process does not produce benefit.  Examples include honorarium, research participants, and utility payments.

Unlike the SRFC, those entering the Non-PO Invoice will need to select a vendor from a drop-down list.  This will require that departments coordinate with individuals and companies to assure they are registered in the Vendor Portal.  This is where the individual can securely enter information required for payment, including the Tax ID number (SSN, EIN) and banking information (optional).  The portal will also require submission of a W-9 form which is required under IRS regulations.

When the Non-PO Invoice is submitted, it will flow through a standard workflow, with those authorized to perform the role for the cost collectors on the Non-PO Invoice doing the approval in the system. The final approval will be done in Accounting Operations before payment is issued.

**Advantages of Non-PO Invoice vs SRFC**

* **Business Partners.** Selecting the payee from the Vendor Master Data list will reduce the possibility of the vendor being in the system multiple times.
* **Standardization of approval process**. Previous approval processes could have up to nine levels of approval or as few as two levels. There was no consistent process among departments.
* **Document Management.** Invoices or other documentation can be attached in the system, eliminating the need to mail or fax documents to Accounting Operations.

### Knowledge Check

Question: Will each campus, college and administrative area have and maintain their list of vendors?

**Show/Hide Answer**

If you said No, you are CORRECT! We will be moving to a centrally managed master data list that will eliminate multiple listings for the same vendor.

## Strategic Issues

Let's discuss some of the strategic issues around procurement although these are not necessarily related to SIMBA.

* Procurement methods are being reviewed. PO/Contract usage will be required for more commodities including services, which may have previously been paid on an SRFC.
* There will be a push to limit non-PO invoices, the SRFC replacement in SIMBA, for its intended use, mainly for payments to individuals for honorariums, research participation, officials, referees and utilities. All other goods & services should be done through a PO or if the dollar amount is low enough, on a PCARD.
* The goal is to ensure that purchases are made using the appropriate method, ensuring compliance with policies, regulations, and laws and that Penn State is getting the best possible price when purchases are made.

## Procurement Fast Facts

You might be wondering, "what do I need to know about Procurement?"

### Fast Facts

1. SIMBA will utilize a centrally managed master data record list to reduce redundancy of vendors in the system.
2. Three-way match - which assures that the purchase order, goods receipt, and vendor invoice agree - will be implemented in SIMBA.
3. Contracts will be available to search and purchase against and punch out catalogs will transition to SIMBA.
4. Team shopping allows members of a team to follow the progress of a shopping cart through the procurement process.

# SAP Concur: Travel & Purchasing Card Overview

## Module Purpose and Objectives

This module will provide an overview of changes and updates to the SAP Concur Application.

By the end of this module, you should be able to...

* understand what is meant by a "new instance" of Concur including the new Request module.
* recognize changes to travel expense.
* identify the changes in how purchasing card transactions and card maintenance will be managed.
* understand how goods & services transactions will be settled in Concur.

## About SAP Concur

SAP Concur is the new name for the current Employee Reimbursement System (ERS).  Penn State implemented Concur approximately 14 years ago and with the upgrade to a new financial system,  SIMBA,  it is time to update. Concur has always been the software vendor behind ERS and ERS was recently purchased by SAP, which is our software vendor for SIMBA. Using SAP Concur as the new name recognizes this relationship.

SAP Concur  is a web-based application that automates the process of submitting, approving and tracking expense reimbursements. We are going to be implementing a "new instance" of SAP Concur.   What this means is that we are rebuilding SAP Concur based on our current functionality, updating to include new features and generally refreshing the site.

**Features that are not changing**:

* Basic user interface
* Approval process
* Travel Policy

The largest change from ERS to SAP Concur is that the Purchasing Card will be managed completely in this system, including card maintenance and goods & services transactions.  Travel will continue to be booked and settled in SAP Concur, with little change, as was done in ERS.

## SAP Concur Request

The **Request** module is new in SAP Concur.

Request will be used for three different functions. Throughout this module we will take a look at the three functions in more detail.

1. **Generate a Travel Cash Advance.**
   * In place of a Special Request for Check (SRFC) you must use Request to obtain a cash advance for travel.  Other types of cash advances will be requested through SIMBA.
2. **Request for Travel estimate.**
   * An optional feature to estimate travel expenses, for example, a trip. For travel this can include travel segments such as airfare, car, etc. and expected expenses such as meals, seminar fees, etc.
3. **Manage all Purchasing Card maintenance.**
   * Request a new Purchasing Card
   * Replace a worn out Purchasing Card
   * Request limit increase or decrease
   * Cancel lost/stolen/compromised Purchasing Card
   * Department transfer re-org

## Travel Reservations

Travel reservations can still be made through SAP Concur, as they are now in ERS.    This is the Travel OnLion module and there will be no major changes as we transition to SAP Concur.

If you are not familiar with Travel OnLion and would like to learn more, please visit the [Penn State Travel website (Links to an external site.)](https://travel.psu.edu/travel-onlion-training%C2%A0).

## Travel Settlement

Travel settlement, including settling travel purchasing card transactions, will continue to be done in SAP Concur.  There are no major changes from the process now used in ERS to settle travel charges.

* There will continue to be two expense report types for travel:
  1. Employee - Travel
  2. Non-Employee - Travel
* Expenses on a report will be allocated based on selecting the Business Area, the cost collector type (Cost Center, Internal Order, WBS) and then selecting the correct cost collector to use for posting the transaction.
* General ledger accounts will be pre-determined based on the type of expense and other attributes selected, but can be overridden if necessary.
* Approvers will continue to be the Budget Administrator and Financial Officer for the cost collectors used on the report, as required by University Policy FN18.   If needed, additional "ad hoc" approvers can be entered on a particular report.

Travelers will still be able to use delegates for the submission of travel settlement reports.

### Expense Reports for Travel

#### Creating a new expense report

 On the Report Header under the Report Type drop down menu,  choose **Employee Travel** or **Non-Employee Travel**.

#### The Report Header

* Fill in all the required information.
* The new SIMBA cost object/GL structures will be used. You can review these concepts in the [Financial Concepts module](https://psu.instructure.com/courses/2009605/pages/financial-concepts-overview?module_item_id=27695770).
* The Report Header has been updated to include **Trip Start date, End date and Personal Travel Dates**.

#### Itinerary

After you have completed the required fields on the Report Header,  click Next at the bottom of the page, and you will be prompted with a pop up window.  If your report will contain per diem, select “Yes”, otherwise select “No”.

By default “Yes” is selected.

#### Expense Types

After you have saved the Report Header and added your Itinerary if needed, you'll add your Expense Type(s).

For example,  let's look at one of the changes to the Expense Types for travel.

**Group Meal Expense Type:**

Group meal is now categorized in **Event & Meeting Costs** and is called an **Event Expense.** We have broken down the Event Expense into five different options. The same requirements for attendees apply.

#### The Approval Process for Travel Expense Report

Approval workflow for Travel Expense reports is based on report line item allocations.   The reports will flow to the Budget Administrator Approver and then the Financial Officer Approver for each cost object on the report.   Based on certain conditions/rules some reports could flow to the Corporate Controller, Principle Investigator, or Accounting Operations for approval.

## Travel Request without Cash Advance

The new instance of SAP Concur will add additional functionality related to travel.

At the option of the Business Area, users may be asked to complete a Travel Request, prior to booking travel.   The user will select who needs to approve the travel request, generally their supervisor or other manager in the department.

### Request to Estimate Travel without Cash Advance

Click on **Requests** and **New Request**at the top of the page.

Fill in the required fields. Click **Save**.

Note: Do not fill in the Cash Advance portion on the header.

The **Expenses tab** will open. Add your estimated Expenses. Rental Car, Hotel Motel, per diem, etc.

Click on **Approval Flow** tab to add a **Request Approver.**

**Type in the Request Approver (usually your supervisor).**

**Click the Save Workflow button.**

**Click the orange Submit Request button**

Note: After the Request for travel estimate is approved you can attach the request estimate to an expense report.

### Approval Process for Request to Estimate Travel without a Cash Advance

The estimate for travel expenses Request will route to the Person (usually the Supervisor) that is manually entered into the Approval Flow tab on the Request.

### Travel Request with Cash Advance

A Travel Request will be required to issue a cash advance for travel.   All Travel Requests including a cash advance request will require approval from the Budget Administrator and Financial Officer.

Cash advances will be issued to the employee through ACH to their designated bank account in the system.  The cash advance will then be settled in SAP Concur as part of the travel settlement process.

## Request with Cash Advance

Click on **Requests** and **New Request**at the top of the page.

Fill in the required fields. The  **Cash Advance Amount** is located at the bottom of the Request Header.

Click **Save** at the top of the Request Header.

* If you are not estimating travel expenses, Click**Submit Request**and continue on to the approval flow tab directions below. Lines 5 through 8 to complete the cash advance request.

Note: The following steps are optional and used if you need to estimate travel expenses.

The **Expenses tab** will open. Add your estimated Expenses. Rental Car, Hotel Motel, per diem, etc.

Click on **Approval Flow** tab to add a **Request Approver.**

**Type in the Request Approver (usually your supervisor).**

**Click the Save Workflow button.**

**Click the orange Submit Request button**

Note: When the Cash Advance Request is approved and issued you will be able to attach that Request to an expense report.

### Approval Process for Request with a Cash Advance

When the Request with a cash advance is submitted, the approval flow will start with the approver that was added at the Request Approver flow tab.   Next, the Request will flow through to the Budget Administrator approver and Financial Officer approver.  After the approvals are completed, the cash advance will be issued by the Cash Advance Administrator in your Finance Department.

### Knowledge Check

True or False: A Request for Cash Advance can be created using SAP Concur for any type of cash reimbursement?

**Show/Hide Answer**

If you said False, you are CORRECT! A Cash Advance Request using SAP Concur is strictly for travel only, all other Cash Advances will be entered using SIMBA.

## Good and Services Purchasing Card (PCARD) Transactions

ALL purchasing card transactions, including Goods and Services will now be managed in SAP Concur, not just travel.   This is the major change in the transition from ERS to SAP Concur.

* Goods and services PCARD transactions will flow into Concur and will be settled in a goods and services report. This report may be completed by the cardholder or by a delegate.  There will be two reports:
  + - Employee - Non-Travel (G&S)
    - Non-Employee - Non-Travel (G&S)
* A delegate can submit the report on behalf of an employee. This follows the same guidelines we currently use when a delegate has permissions to submit on behalf of an employee. The delegate must print the Submit form Certification, and the employee must sign the form which is then attached to the report.
  + - Given this required review, monthly statements will no longer be issued and will not need to be signed and retained as is now required for control purposes.
* Reports can settle one or more PCARD transactions - although they must all be for the same employee (report is unique for the cardholder)
* Receipts and back-up material to back-up all the purchasing card transactions being settled on the report can be scanned into Concur, as is now done for travel
  + - Purchasing Card Support Forms will no longer be required.
    - Once scanned or uploaded, paper receipts do not need to be maintained.
* Unsupported transactions which were mistakenly put on the PCARD can be settled with deductions made through the payroll system, as is now done with travel.
* Reports may also include cash reimbursements for non-travel expenses, such as items paid now through petty cash.  Payment to the employee would be to the designated bank account, just as is now done for travel.

**APPROVALS**

* Reports will flow to the Budget Assistant for the department related to the cost collector selected in the report header.  If the transactions are charged to a department outside the header cost collectors, a warning flag will indicate that additional approvals may be required.  In that case, the Budget Assistant will manually add the Financial Officer for their business area, who can then determine if additional Financial officers need to be added based on the business areas being charged.
* If the report includes a cash reimbursement or a payroll deduction, the workflow will automatically include the Budget Administrator and Financial Officer, based on the header cost collector.

**CHANGES FROM IBIS**

* We will lose the ability to auto-post Purchasing Card transactions after 30 days.  This will require that delegates and financial assistants closely monitor all purchasing card transactions to assure proper and timely settlement.
* Pnumbers will no longer be assigned to each purchasing card transaction.

## Purchasing Card (PCARD) Report

All purchasing card expenses will now be reconciled using SAP Concur.

### Expense Reports for Goods & Services

When creating a new report, on the Report Header under the Report type drop down menu, choose **Employee -Non Travel (G&S)** or**Non-employee- Non-Travel (G&S)**.

Complete the required fields on the Report Header and click N**ext** at the bottom of the Header.

You will be prompted for Travel Allowance. Select No.

The goods and service expense types will be displayed.  The Expense types list is in alphabetical order and will automatically filter when you start typing. Note: This is not the entire list.

A Goods & Services report is completed based on cardholder expenses. All expenses for the cardholder could be processed on one report and allocated as needed.

### Approval Process for Goods and Services Expense Report

The Goods and Service Expense Report will route for approval based on the cost object listed on the report header.  There are several criteria to determine the workflow:

1. The majority of these reports will contain only purchasing card entries. If the header cost object is the only one on the report, approval will be done by the Budget Assistant approver.
2. If the report contains only purchasing card entries and any allocations are done to different cost objects than the one on the header, routing will be Budget Assistant approver and Financial Officer approver.
3. If the report contains cash reimbursement or results in a payroll deduction, workflow is Budget Assistant approver, Budget Administrator approver and Financial Officer approver.

The approvers can add additional approvers as needed.

## Purchasing Card (PCARD) New Card Request

SAP Concur will also be used to manage the request and updates for PCard, replacing APCA and UPCA in IBIS.  The tutorial/quiz and cardholder agreement will still be required, but the request for a card will be done in SAP Concur.

### New Cards

Cards can be issued with both travel and goods & services, or only travel or only goods & services.  Limits will be set for single transactions and for a cycle (one month) for travel and/or goods & services.   A daily limit will no longer be set.   University maximums are still in place.

Employee may submit PCard requests or a delegate can do so on behalf of an employee.  The request must indicate the department that will be managing the card and the cost collector to be used for workflow approval of the card request.

An employee may have multiple cards in different business areas, but these must be approved by the Financial Officer in each business area.

### Card Updates

PCARDs will now be permitted to be transferred between business areas.  There will no longer be a requirement to cancel the card in one business area and request a new card in a new business area if an employee transfers positions.

There will be an expanded "Reason for Request" list.  This will include a new option for a new PCARD to be reissued by PNC Bank to the cardholder if the card stripe is worn out or the card is cracked.  As always, if a card is lost or stolen, that card should be cancelled and a new card requested.

### Request for New PCARD

Click on **Requests** and **New Request**at the top of the page.

Fill in the required fields. Click **Save**.

Each Expense represents an action related to a purchasing card.

Choose the **Expense Type**on the right of the screen**.  Select 01 New Card Request.**

Fill in the required fields and Save on the bottom right of the screen.

Lastly click **Submit Request**.

### Approval Process for New Purchasing Card Request

When the request for a new purchasing card is submitted the report will flow to the Budget Administrator approver, the Financial Officer approver, then to the Purchasing Card Coordinator in the Purchasing Department.   If there are exceptions on the purchasing card request (for example, a permanent limit increase above the policy), it will flow to the Purchasing Card Control Coordinator and possibly the Corporate Controller for approval prior to obtaining the approval from the Purchasing Card Coordinator.

## Purchasing Card (PCARD) Maintenance

### Request for Purchasing Card Maintenance (Travel Limit Changes Example)

Click on **Requests** and **New Request**at the top of the page.

Fill in the required fields. Click **Save**.

After the Required fields have been completed, click on the **Expense tab** at the top of the page to add Expenses to the report.

Each Expense represents an action related to a purchasing card.

Choose the **Expense Type**on the right of the screen**.**This example is showing **Travel Limit**changes. You can perform multiple actions on one request by selecting multiple expenses.

Complete the required fields for each expense you add.

Click **Save** at the bottom of the page.

Fill in the required fields and Save on the bottom right of the screen.

Lastly click **Submit Request**.

### Approval Process for Purchasing Card Maintenance Request

When the request for an update to a purchasing card is submitted the report will flow to the Budget Administrator approver, the Financial Officer approver, then to the Purchasing Card Coordinator in the Purchasing Department.   If there are exceptions on the purchasing card update request (for example, a permanent limit increase above the policy), it will flow to the Purchasing Card Control Coordinator and possibly the Corporate Controller for approval prior to obtaining the approval from the Purchasing Card Coordinator.

### Knowledge Check

Which of the following Purchasing Card Maintenance tasks cannot be completed using SAP Concur Request?

* Request a new Purchasing Card
* Replace a worn out Purchasing Card
* Request limit increase or decrease
* Open a dispute with the bank
* Cancel lost/stolen/compromised Purchasing Card
* Department transfer re-org

**Show/Hide Answer**

If you said Open a Dispute with a Bank, you are CORRECT! You cannot open a dispute with a bank.

## App Info for your Mobile Phone

### SAP Concur Mobile Solution

**Travel Benefits**

* Search and book flights, hotel and rental cars from anywhere.
* View your itinerary.
* Map locations, obtain driving directions, view vendor details.
* View travel agency contact information.

**Expense Benefits**

* Capture and upload receipt images instantly.
* Add, edit, and delete out-of-pocket expenses.
* Add attendees and itemizations to expenses.
* Create, edit, delete and submit expense reports.
* Approve or reject expense reports (if you are an approver)

Get started by viewing [additional documentation (Links to an external site.)](https://ers.psu.edu/mobile-apps-ers).

### TripIt Pro

TripIt is the world’s highest-rated travel organizing app, and it's available for free to all Penn State employees.

With TripIt Pro,

* You’ll  get master itineraries for every trip.
* Get notifications straight to your phone, even if plans change.

By connecting a new or existing TripIt account to SAP Concur, you’ll activate your free TripIt Pro subscription. When your accounts are connected, plans organized in TripIt will also be available in Concur Travel, making expensing travel easier than ever.

Connect a new or existing TripIt account by logging into [SAP Concur](http://ers.psu.edu/) and visiting the SAP Concur App Center. Once there, select the TripIt icon then Connect, to sign in or sign up.

Finally, don’t forget to [download the app](https://www.tripit.com/web/download)to access TripIt Pro on the go.

## SAP Concur - Travel & Purchasing Card Fast Facts

You might be wondering, "what do I need to know about SAP Concur - Travel & Purchasing Card?"

### Fast Facts

1. SAP Concur is the new name for the updated new instance of the Employee Reimbursement System (ERS).
2. Travel reservations and settlement will be done in SAP Concur much as it is now in ERS.
3. A new Travel Request form will be available.  It will be optional unless the business area requires it.  If a cash advance is requested, a Travel Request will be required.
4. Goods & Services PCard transactions will now be settled through a report in SAP Concur, with an approval flow to the Budget Assistant of the department.
5. Requests for new cards or updates to existing cards will also be done through SAP Concur.

# Asset Management Overview

## Module Purpose and Objectives

Asset Management is a module in SIMBA which will manage the University's fixed assets - also called capitalized assets.  This includes land, buildings, infrastructure, leases and equipment.

* By the end of this module, you should be able to...
* list the basic master data for asset records.
* understand the concept of Government Owned Property.
* understand the role of the asset custodian in a business area.

## Asset Management

"Asset Management" is a module in SIMBA used to track all land, buildings, infrastructure and equipment being capitalized as an asset for the University.  Capitalization is an accounting method in which a cost is included in the value of an asset and expensed over the useful life of that asset, rather than being expensed in the period the cost was originally incurred.  The asset is **depreciated** over its useful life.

[Property Inventory  (Links to an external site.)](https://controller.psu.edu/property-inventory) is part of the Office of the Corporate Controller and manages all University assets.

## Asset Master Data

Property Inventory maintains the records for all University assets including the master data on each asset.  Examples of master data are:

**Condition:**New, New Reconditioned, Used, Used Repairs Required…

**Owner:**University, Government, Sponsor…

**Acquisition Type:** Purchase Order, Fabrication, Gift, Consignment, Leased, Loaned…

**Disposal Type:**Active, Write-Off, Trade-in…

**Inventory Location:**Off-Campus, Fruit Research, UP, Other campuses…

This information is added to each asset record upon acquisition, as well as putting the asset in the proper asset class.

## Asset Classes

In SIMBA, asset classes are used to classify the fixed asset according to it's asset type.  Each asset must be assigned to one asset class.  Therefore, every asset that the University possesses belongs to one of the following classes:

|  |  |
| --- | --- |
| **Class Number** | **Class** |
| 10000 | Land |
| 10001 | Land Improvements |
| 11000 | Buildings |
| 11001 | Building Improvements |
| 12000 | Infrastructure |
| 13000 | Asset Under Construction (AUC) |
| 14000 | Vehicles |
| 15000 | Appliances |
| 15001 | Furniture |
| 15002 | Instructional Equipment - Not IT |
| 15003 | Machinery Equipment |
| 15004 | Research Equipment - Not IT |
| 15005 | Computer and Storage |
| 15006 | End User and Peripheral Devices |
| 15007 | Network Equipment |
| 15008 | Robotics and VR Devices |
| 15009 | Video Equipment |
| 16000 | Software |
| 17000 | Heavy Equipment |
| 18000 | Works of Art |
| 20000 | Government and Sponsored |
| 21000 | Operating Leases |

Some asset classes are very specific:

* **Land:** All land assets will be classified as land whether it's a field, a piece of property, or if somebody gives us some land.
* **Buildings:**  All buildings will be classified under the buildings category.
* **Assets Under Construction:** These are assets that are being built or fabricated by the University.  It can range from the construction of a new building to the fabrication of a driverless vehicle as part of a sponsored award.
* **Government and Sponsored:** These are capital assets provided by the government or a sponsor that the University does not own. These are not managed as our property, but are placed into this class so we can track the assets for insurance purposes and for reporting to the government or sponsor.
* **Operating Leases:** Certain leases are required by accounting standards to be managed as capital assets.  These will be tracked in this asset class.

The other asset classes listed pertain to equipment, which will primarily be obtained through purchase.  When you do a requisition that includes capital equipment or equipment, the requisition will flow over to Property Inventory as part of the workflow.  Property Inventory will review the item being requisitioned and if it is capital equipment, they will create an asset shell and assign the correct asset class.   When the item is purchased and received, then the asset will be finalized.

### Knowledge Check

True or False: Every capital asset must be assigned to an asset class in SIMBA.

**Show/Hide Answer**

If you said TRUE, you are CORRECT!

### Terminology

**Asset Management**

Land, buildings, and capital equipment generally managed by property inventory.

## Asset Acquistion

The University acquires assets through a number of methods.  Land is purchased or donated, buildings are purchased, donated or constructed - these major asset acquisitions are managed through central offices.

Equipment assets are primarily purchased through shopping carts in Shop OnLion.  If the equipment in the cart is a capital item it will route to Property Inventory.  That office will create an asset shell in the Asset Management module - and capture the master data for the asset.  Much of this asset shell data will be in the purchase order - model number, manufacturer, warranty information.  Property Inventory will also assign the appropriate asset class.

Remember that in Shop OnLion we will be doing a three-way match - purchase order, invoice and goods receipt.  The goods receipt completion is the department's way to indicate that the equipment was received in good condition. If the equipment is damaged or needs to be installed before finalizing receipt, the goods receipt should not be completed.  When the good is received, supplier invoice posted and paid in Shop OnLion, the asset management module will be notified and the asset will be capitalized.  So, the goods receipt process is very critical for capital equipment.

All capital assets will also be tagged, as is currently done, by Property Inventory.  This process will not be changing.

## Assets - Government Owned

The University has a large volume of Government owned assets that are being used by the University but are still owned by the government.  Equipment may be purchased through federal/state awards, or the government may provide an asset to Penn State to be used in a sponsored award.

The key is that these assets are NOT University property, but must be safeguarded and tracked just as we do our own assets.  We must maintain insurance on these assets and also must provide reporting as required by the government.

If the asset comes from the Department of Defense (DOD), there's something called an IUID number which will now be incorporated into the master data record for these assets.

Property Inventory manages reporting to government entities on all property held by Penn State.

### Knowledge Check

True or False: Government Owned Property is considered an asset of the University.

**Show/Hide Answer**

If you said FALSE, you are CORRECT! Government Owned Property is not a University asset, but is tagged and tracked so we can account for and insure this property, which we are holding on behalf of the federal or state government.

## AUC and Fabrication

### Assets Under Construction (AUC)

These are generally buildings or improvements to buildings that are managed as capital projects and normally coordinated with the Office of Physical Plant.

The asset management module provides improved functionality to OPP and Property Inventory to manage the complicated process of managing AUC.

### Fabrication

Another type of AUC is an equipment fabrication - creating or building a piece of equipment from various components.  In SIMBA, all fabricated equipment that will be capitalized ($5,000 or more) must be managed through an internal order/ sponsored program, so the total costs related to the fabrication can be captured for proper creation of the asset when completed.

## Leases

### Land and Building Leases

The leasing of land and buildings should be managed through the [University Real Estate Office (Links to an external site.)](https://opp.psu.edu/sub-division/university-real-estate-services).  They will be working closely with Property Inventory to assure that all of these types of leases are properly accounted for in SIMBA.

### Equipment Leases

New lease accounting regulations were implemented July 1, 2019.  These impact how equipment leases are managed at the University, with some leases now required to be managed as capital leases.  Property Inventory and Financial Reporting in the Corporate Controller's Office will be managing the process for capital equipment leases.

## Asset Custodian & Inventory

### Asset Custodian

Each Business Area or Department will need to have at least one person assigned to the **Asset Custodian**role in SIMBA.  This person will be responsible for the management of assets for that business area.  This person will have the authority to initiate the appropriate transactions for:

* Master Data updates for assets (changes in custodian, location or other master data),
* Transfers to other units
* Retirements of assets

Forms will flow into Property Inventory for approval before updating the asset record.

The asset custodian will also be able to view the records for all assets for their business area in SIMBA and run reports as needed to assure that asset records are up to date and correct.

### Inventory

Property Inventory will continue to conduct physical inventories, which is a critical internal control for the University.  They will work with the asset custodian for the business area as well as others, such as the Facility Coordinator.

## Asset Management Fast Facts

You might be wondering, "what do I need to know about Asset Management?"

### Fast Facts

1. Asset Management is a module in SIMBA to account for all fixed or capital assets.  Property Inventory is the primary office involved in asset management.
2. Asset custodians in the business area will support this process, including updating asset records and running reports on business area assets.

# Internal Billing & Journal Entries Overview

## Module Purpose and Objectives

This module will introduce the internal billing process in SIMBA. Internal billings are used when one Penn State unit obtains goods and services from another Penn State unit, such as Auxiliary Enterprises and University Services.

This module will also overview the journal entry process.   The journal entry will be used by units to correct errors in posting or to make adjustments as required.

By the end of this module, you should be able to...

* list the new internal billing processes available in SIMBA.
* identify the changes and improvements in the internal billing process.
* understand the different ways to create journal entries in SIMBA.

## Internal Billing

### Current Processes

Currently there are three processes for Internal Billing. On the next several pages, we'll go in greater detail about each process.

1. Interdepartmental Charges and Credits (IDCC) - to pay for goods and services between departments
2. Journal Voucher Central (JVCN) - used by larger units to bill many accounts at one time
3. Direct Bill - charges are uploaded into IBIS from a third-party system, such as ones used by A&BS and OPP

### Future Processes

We will transition to three different process that relate back to our current processes.

1. Internal Service Request (ISR) - to request and pay for goods and services from a department, will replace the IDCC.
2. Journal Entry Upload - Central - used by larger units to bill many accounts at one time
3. Interface Posting - uploaded from 3rd party systems

### Knowledge Check

True or False: The Internal Service Request (ISR) is used by departments.

**Show/Hide Answer**

If you said True, you are CORRECT! The Internal Service Request (ISR) is used by departments. The interface posting is used by large service units with third-party systems to upload direct bills into SIMBA.

### Knowledge Checks

Question: How many internal bill processes are there in SIMBA?

**Show/Hide Answer**

If you said three, you are CORRECT! They are Internal Service Request, Journal Entry Upload, and Interface Posting.

### Terminology

**Internal Billing**

Process for goods and services obtained/ provided between internal Penn State units.

## Internal Billing - Internal Service Request

### Work Flow

The Internal Service Request (ISR) replaces the IDCC which is used to pay for goods and services between departments.

## Internal Billing - Journal Entry Upload - Central

Journal Entry Upload - Central can be used by larger units to bill many accounts at one time. The journal entry upload will replace the JVCN.

Units needing to process many billing transactions who cannot integrate their billing system to SIMBA will use an Excel template to enter the charges for internal transactions to upload into SIMBA.

1. The unit doing the billing will enter all charges into an Excel template.
2. The Excel file will then be uploaded into SIMBA.
3. The journal entries created through the upload will be validated to ensure active cost objects are being used.
4. If there are errors, the file will be rejected and it will be returned with a list of errors that require correction. When the corrections are made, the file can once again be uploaded.
5. When the file successfully uploads, a journal entry will be created in SIMBA and the transactions will be posted.
   * There will only be central approval of the journal entry because the charges must be pre-authorized by the unit providing the service.
   * AVC checks (availability of funding) will NOT be performed.

## Interface Posting

Interface Posting will replace direct billing for units who currently send direct billing files directly to IBIS.

* Using the Journal Entry Upload template, the Supplying Department provides a file to SIMBA  with the charges to be billed.
* The interface will validate all accounting elements and reject the entire file (batch) if errors are encountered. SIMBA will return as many errors as possible during the validation process.
* If the file uploads successfully, the transactions will post into SIMBA.
  + There will be no workflow because the charges should have been authorized previously.
  + There will be no AVC  (available funding) checks, because these charges are pre-authorized or approved through the third-party systems process.
  + If the accounting elements are correct, the transaction will post even if it creates an overdraft.
* Per existing policy, supplying departments using the  interface process must have approval from the Corporate Controller's Office.

## Journal Entries

Departments use journal entries (or journal vouchers) on a regular basis in IBIS.  These are used to correct errors or mispostings.  There are three types of journal entries in IBIS:

|  |  |
| --- | --- |
| Journal Entry Abbreviation | Journal Entry Type |
| JTDP | Journal Transaction - Departmental |
| JVDP | Journal Voucher - Departmental |
| JVCN | Journal Voucher - Central |

In SIMBA, journal entries will also be used to correct errors and mispostings and to distribute actual expenditures if needed.   There will be four types of journal entries:

1. Journal Entry - Manual - Departmental
2. Journal Entry - Manual - Central
3. Journal Entry Upload - Departmental
4. Journal Entry Upload - Central

Journal entries will also be designated as coming from one of two sources:

1. Departmental
   * These would be entries initiated by departments.  The document would follow an appropriate workflow based on the cost objects being charged and would route to a central office if required.  There will be an AVC check performed to assure that funding is available before posting.
2. Central
   * These will be entries initiated by central offices, primarily in the Controller's Office.  The workflow will only be through central approvals, and will not route for approval based on cost objects charged.  AVC will not be performed for these forms.

There are two ways that journal entries can be input into SIMBA:

1. Manual journal entries
   * These will be entered directly into SIMBA, using either the departmental or central JE form.  There are three steps in posting a document in SIMBA:
     + Create
     + Park
     + Post
2. Journal Entry Upload
   * This will use an excel template to allow a unit to complete the detail of the journal entry in the spreadsheet, and then upload the file into SIMBA.  There is the ability to run the journal entry in test run mode, which will validate all the accounting elements and provide a report of any errors, but will not process the file.  This is a best practice for Penn State.  If test run mode produces no errors, then the journal entry can be uploaded.

### Knowledge Check

True or False: Journal entries may only be done by central offices at Penn State?

**Show/Hide Answer**

If you said False, you are CORRECT! Both central offices and departments can do journal entries, but the rules for workflow and AVC are different.

## Internal Billing & Journal Entries Fast Facts

You might be wondering, "what do I need to know about Internal Billing and Journal Entries?"

### Fast Facts

1. The Internal Service Request (ISR) replaces the IDCC as the method to order and pay for goods and services between departments.
2. Units doing direct billing can use either a central journal voucher upload or an interface billing process
3. Journal entries, departmental or central, can be done either manually or through an upload template.

# Revenue and Accounts Receivable Overview

### Module Purpose and Objectives

This module aims to familiarize you with revenue posting and accounts receivable tasks supported by SIMBA.  It will highlight several new capabilities and process improvements that should prove popular and explain how the Central Accounts Receivable unit will streamline a good deal of existing activity. While revenue posting and accounts receivable will not change as much as some other areas, there are new things to learn and new capabilities to look forward to.

We will also discuss how third-party billing systems fit into this picture.  The module will close by examining a number of significant benefits arising from the new tightly integrated treasury activities.

This module is structured around revenue-generating activities, which fall into three categories:

1. **Paid upon receipt** - Any time a customer receives goods or services from us and we receive payment immediately by cash, check, or credit card. This also includes other circumstances where we receive cash, such as a refund check from a vendor or an employee reimbursing an expense that must be posted into SIMBA.
2. **Billed**- Goods or services have been rendered to a customer, but we have not been paid yet and so must bill them for the amount owed.
3. **Third-party external billing** - Billing activity that uses an outside system, requiring departments to send the revenues and receivables into SIMBA in a timely manner.

By the end of this module, you should be able to...

* list the major accounts receivable-related processes that SIMBA will support.
* explain how the Central Accounts Receivable unit will make the receivables process easier and more efficient for business units.
* provide examples of third-party billing systems that will continue to be used.
* explain why the timely recording of receivables and payments into SIMBA from third-party billing systems is so critical.
* identify several new capabilities and process improvements realized by SIMBA's Accounts Receivable module.

## Paid Upon Receipt: Cash Operations

### Cash Operations Versus Miscellaneous Receipts

**Cash operations**refers to work areas that receive operating income on a regular basis. We distinguish cash operations from miscellaneous receipts.

You will use the **Cash Journal** in SIMBA to post incoming cash to the correct cost collector (Cost Center, Internal Order or Work Breakdown Structure (WBS)).

What you need to know about cash journals:

* Used to post incoming cash and check payments to cost objects
  + Cash journal can be used throughout the day to post cash and checks received.
* Settlement step to withdraw funds from cash journal and record deposit to the bank
  + This will be done when the deposit is ready to be prepared for the cash and checks received since the last settlement was completed.
* One cash journal per department
* Can easily print receipts directly from SIMBA
* Uses a standard report for printing the cash journal itself

By contrast with cash operations,**miscellaneous receipts** refers to situations in which non-income-operating-units have received cash. For example, you might receive a check from an employee to reimburse the unit for an expense, such as a mistaken purchasing card transaction.

## Cash Clearing

The**Cash Clearing**is a new term for all of us and represents a partial change in process.

### Terminology

**Cash Clearing**

Clearing account used to track all bank deposits.  Each bank will have a set of unique Clearing GL accounts based on the type of deposit.

**How this is the same:**You will still record the deposit, still deposit the money in the bank, and still use a deposit slip.

**How this is different**:

* In IBIS, when you enter a Report of Cash Receipts, you must indicate the specific bank where you deposited the funds.
* In SIMBA, the cash journal replaces the Report of Cash Receipts, and you will post to a specific cash clearing GL account for that bank - choosing the correct one based on the type of deposit.  Below is an example of a set of clearing GL accounts for Citizens Bank:

|  |  |  |
| --- | --- | --- |
| **GL Account** | **Short Name** | **Long Name** |
| 11001106 | CTZ-Trans-Clr-IN-Che | Citizens-Transfer-Clr-IN-Chec-1682 |
| 11001107 | CTZ-Trans-Clr-IN-ACH | Citizens-Transfer-Clr-IN-ACH-1682 |
| 11001108 | CTZ-Trans-Clr-In-Wir | Citizens-Transfer-Clr-IN-Wire-1682 |
| 11001109 | CTZ-Trans-Clr-In-Mis | Citizens-Transfer-Clr-In-Misc-1682 |

If you are depositing checks or cash to Citizens Bank, you would select GL 11001106.  Most deposits at a departmental level will be checks or cash.

**Additional Resources:**

* [Video Script](https://psu.instructure.com/courses/2009605/files/107130752/download?wrap=1)[Preview the document](https://psu.instructure.com/courses/2009605/files/107130752/download?wrap=1)

Here is the new process in more detail:

1. Open the cash journal for your department.
2. Indicate the cost collector where you want to post your income.
3. Once you are ready to make the bank deposit, withdraw the appropriate amount of cash and checks from the cash journal, and create the bank deposit outside of SIMBA
   * Indicate which depository bank you are using by selecting the correct Cash Clearing GL account based on the bank and deposit type.
4. Deposit funds to the bank
5. When the deposit posts to the bank, it comes in on the daily record from the bank statement, and it then records the cash and clears to the positive from the bank clearing
6. The banks will provide daily feeds to SIMBA, so all incoming receipts will be posted every day in the bank clearing and bank accounts
7. The Bank Reconciliation group will be in charge of managing the clearing.

**The bottom line**: You will need to do the cash journal to receive your income and record the deposit to the bank, just as you currently need to do the Report of Cash Receipts (ROCR). You still need the deposit slip, so that when an outstanding standing item appears on the bank statement, the deposit can be cleared.

NOTE:  There is no approval for the Cash Journal and related deposit as there is for the ROCR - the process in the system reconciles the deposit to the cash journal posting.  If there are concerns about where cash and checks are being posted, reports can be run to review the income postings for the cash journals.

## Paid Upon Receipt: Credit Cards

### Credit Card Operations

**Merchant Operations with Elavon: No Change**

Since we recently converted everyone accepting credit card payments to the RECR, there really are no changes to credit card operations. Elavon will send a journal entry that will post into SIMBA to provide the summary detail by terminal ID. The process is unchanged; only the mechanism will change.

**Merchant Operations with Other Processors**

For merchant operations with other processors, such as Chase Paymentech, you will process a journal entry to input your credit card receipts into the system. Other than using a journal entry instead of the ROCR, there is no change in that process.

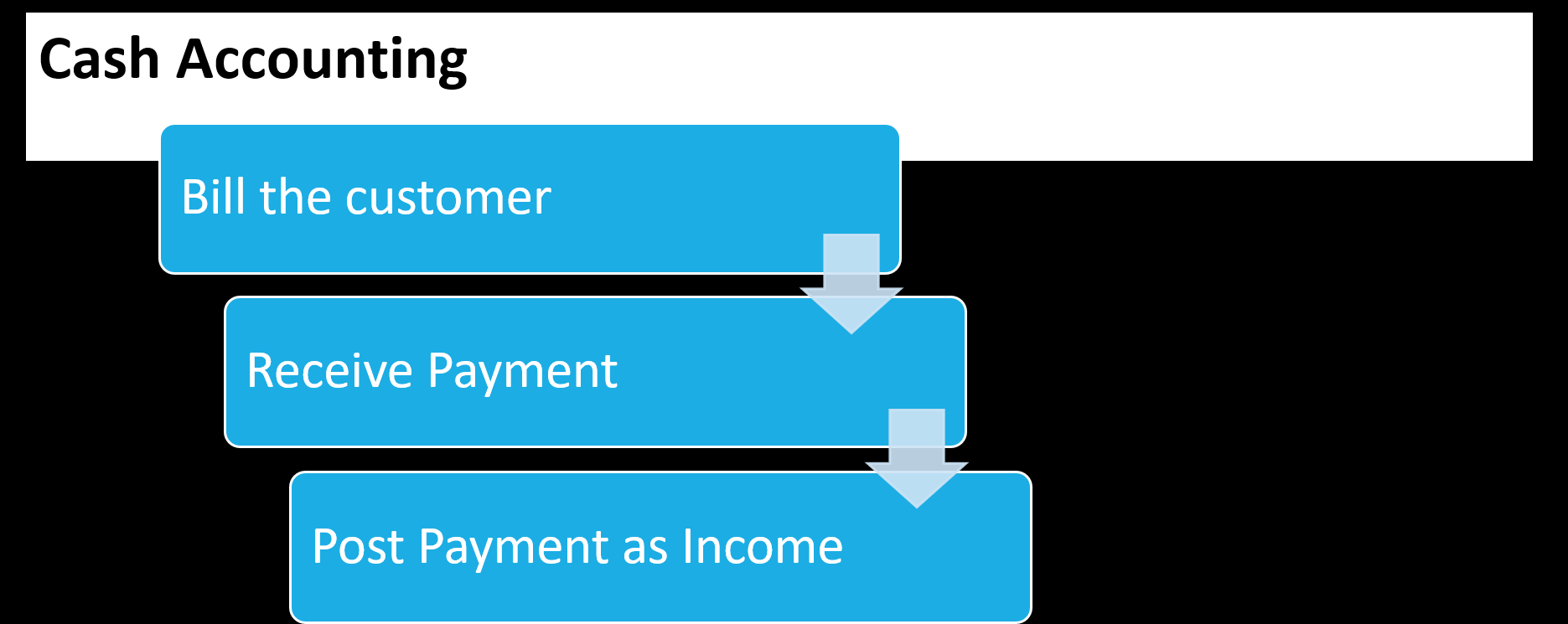
## Invoicing: Cash Accounting Versus Accrual Accounting

With the launch of SIMBA, the University will also transition from **cash accounting** to **accrual accounting**.

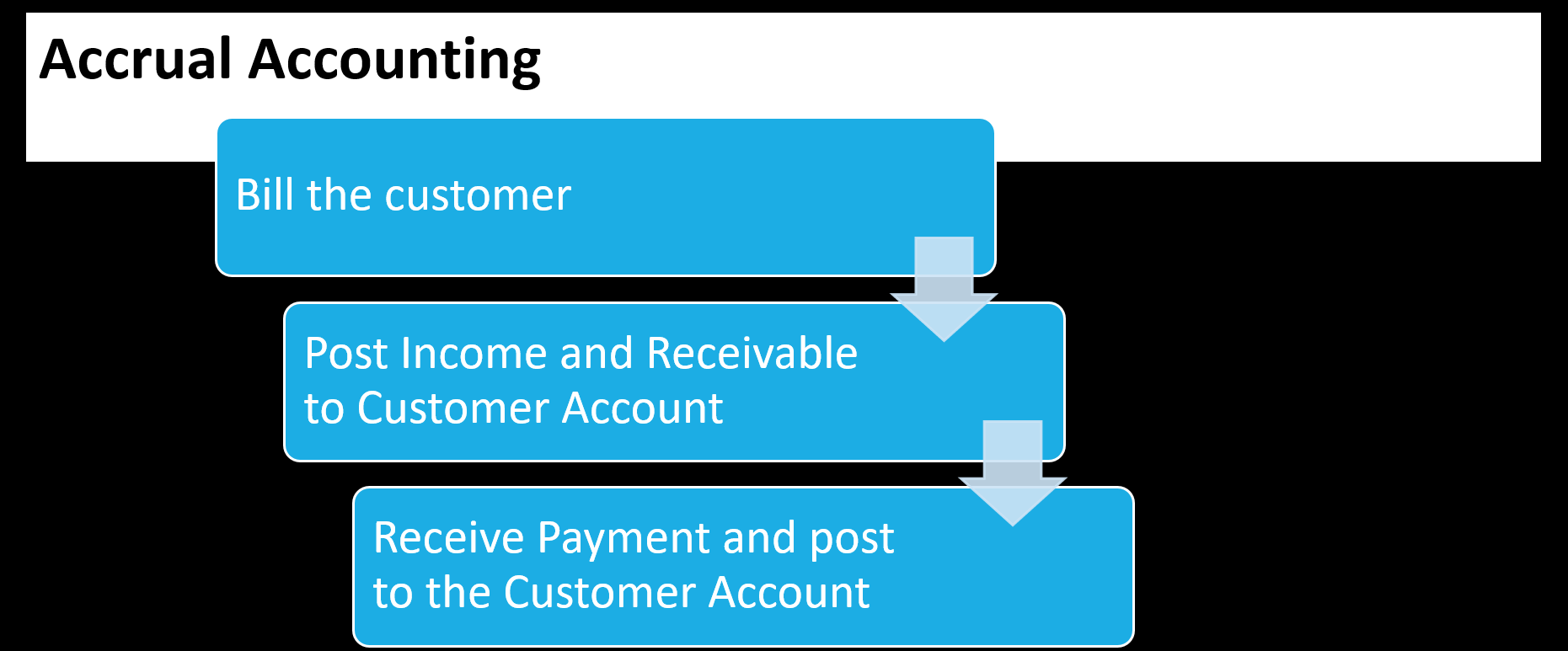
Accrual accounting is a method that records revenues and expenses when they are incurred, regardless of when cash is exchanged. The term "accrual" refers to any individual entry recording revenue or expense in the absence of a cash transaction.

**Accrued** revenues represent money earned (for providing services or selling and delivering products) but not received in the current period. In other words, **accrued** revenue is **earned** but is not yet received in cash or other assets.

Let's distinguish the two systems through an income example:



With cash accounting, we bill the customer, receive the payment, and then post the payment as income. We never recognize revenue or income until we have the cash.



In accrual accounting, we bill the customer and immediately post the income**and a receivable** to the customer account. So we are recognizing the income as soon as we bill it, because we have provided the goods or services and have **earned** the income. When we receive the payment, we post it to the customer account and relieve the receivable.

The benefit of accrual accounting is that it allows you to recognize your revenue as soon as you have billed a customer. You are not waiting 30, 60 or 90 days until the customer pays; you recognize revenue immediately. Given that, timely entry of invoices into the system becomes very important.

The use of accounts receivable is critical.  When an invoice is issued for a good or service your department performed, you post the revenue, but also create an account receivable posting for this customer.  Through the accounts receivable, you can view customer records to track outstanding balances and also can send follow-up invoices.  When the customer pays your invoice, the account receivable is relieved.

For a refresher on accrual accounting, please see module:  [Cash Accounting Versus Accrual Accounting](https://psu.instructure.com/courses/2009605/pages/cash-accounting-versus-accrual-accounting)

### Terminology

**Accounts receivable**

Money owed by customers to your department based on the sale of products or services on credit. Accounts receivable is typically executed by generating an invoice and either mailing or electronically delivering it to the customer, who, in turn, must pay it within an established time frame.

## Invoicing: Central Receivables in SIMBA

### Central Accounts Receivable

The Central Accounts Receivable unit will shoulder the burden of much of the accounts receivable activity. Once the department initiates the invoice in SIMBA, Central AR takes care of the rest: receiving the payments, performing the customer clearing, and depositing the money into the bank. They will also manage credit memos, and perform dunning (collection) as needed.  A later enhancement will be the issuing of customer statements, but this will not be available at go-live.

**Please note that Central Receivables in SIMBA will replace CARP.**Everyone currently using CARP will shift to Central Receivables at go-live.  Those currently billing outside of CARP will also be transitioned to Central AR over time unless they are using a third-party billing system.

### Terminology

**Dunning**

The process of methodically communicating with customers to ensure the collection of accounts receivable.

### The Central Receivables Process

* Invoice is initiated in SIMBA by department, which posts income
  + Invoices can be printed or emailed as PDF files
  + Every invoice will state "remit payment to The Bursar's Office, 103G Shields Building, University Park, PA 16802."
* Central AR will receive payments of cash, check, or e-payment
* Central AR enters payment in SIMBA using customer clearing transaction and deposits money at bank
* Customer statements, credit memos and dunning will be done by Central AR

**NOTE:  The customer must be created in SIMBA as a Business Partner-Customer prior to billing.**

**Additional Resources:**

* [Video Script](https://psu.instructure.com/courses/2009605/files/107130962/download?wrap=1)[Preview the document](https://psu.instructure.com/courses/2009605/files/107130962/download?wrap=1)

### Benefits of Central Accounts Receivable

* + Contrast this process with the current "file cabinet approach": create a PDF, bill the customer, send them the bill, wait for the money to come in, and dun the customer yourself if payment is late.
  + The new process is much easier and more efficient: simply invoice the customer. Your income is recognized immediately.
  + Transforms the "traffic on a thousand roads" of cash and checks flowing in every direction into one road with a single destination.

**Accurate Account Balances**

Another improvement is the accuracy of account balances. Immediately upon receiving payment, central will relieve the customer account, and the balance will be current. For customers owing funds in multiple areas, the statement will show them everything they owe Penn State in one place.

### One-time Customers

Any customer that you bill on a regular basis would be listed in SIMBA as a business partner or customer. If you invoice someone you do not expect to ever bill again, you will be able to create the invoice using a one-time customer.

### Late Payments and Collections

So, what does take place in the event of a late or outstanding payment? Central AR will maintain an aging report that units will be able to see, and they will keep that updated and assist with bank reconciliation. Outstanding payments will be referred to a collection agency. In the event of a write-off, business area income would be reduced; however, the goal would be to keep write-offs to a minimum. Actually, because we will be invoicing customers on a regular basis, we are much more likely to get payment from them.

### 3rd Party External Billing

#### 3rd Party Billing Invoices: Two Options

Some departments will continue to use third party systems for invoicing. As before, the billing invoices will be created and transmitted through these third-party systems; however, these departments **MUST** send the revenues and receivables into SIMBA in a timely manner. That can be done in one of two ways:

1. via a manual journal entry
2. via the journal entry upload tool to record the financial data. Multiple entries can be uploaded at once using a single spreadsheet.

## 3rd Party External Billing: Gift Processing

### Gifts Entered via Cash Journal

Donor & Member Services and other departments that receive gifts will book cash and checks directly in SIMBA using the cash journal. If the payment is received via ACH or wire, it must be processed through a journal entry. Through an integration with AWA, the development system, a detailed journal entry will be made in SIMBA. That will ensure that you have things posted to the correct allocation code.

* Donor & Member Services and other departments receiving gifts will book cash directly in SAP via cash journal (cash and checks) or a journal entry.
* AWA will send a detailed journal entry to SIMBA through an integration.
* This is similar to their current process with IBIS.

Just as you do now, there will be an account similar to 0680 where everyone will process their gifts. Then you will work with Donor & Member Services to move the gifts along to the rightful designation for AWA.

## Treasury Modules for Specialized Activities

### Four Additional Specialized Modules

Although the Treasury module itself in SIMBA only impacts a few people at Penn State, it is important for everyone to be familiar with what the Treasury group does and how SIMBA will help them in their responsibilities.

#### **Cash Position and Bank Reconciliation**

The Treasury group manages the University's cash position. They ensure we have enough liquidity and the necessary positions in our bank accounts to meet payroll, make other large payments, and properly distribute income received. Treasury manages cash to place the University in a position to meet every financial obligation. In SIMBA, Treasury activity will now integrate directly with our bank. That means we will get daily and even intra-daily balances, which will allow the Treasury group to view all of our bank balances in SIMBA.

SIMBA's integration will also help with bank reconciliation. Currently, we reconcile all of our accounts in a different software system outside of IBIS. Now we are going to do that in SIMBA. Daily rather than monthly bank statements will speed up our bank clearing; when the payment comes into the bank, we will let the unit know by clearing their receivable or bank clearing account immediately. We will also be able to see what our cash position is through the bank reconciliation.

#### **Bank Communication Management (BCM)**

BCM is another module in Treasury, a particularly important one. BCM consolidates all of our payments, and as the payments go through SIMBA, they will stop in BCM, allowing the Treasury group to validate them before sending them directly to the bank.  This will greatly increase the efficiency of this process.

#### **Debt Management**

The next module in Treasury is Debt Management. You may or may not realize that the University both incurs debt and issues debt. Currently, we maintain balances in IBIS, but most of the balance detail resides in Excel spreadsheets. All of the detail at [the CUSIP level (Links to an external site.)](https://www.sec.gov/answers/cusip.htm) will now reside in SIMBA, allowing us to easily make payments and post entries to accounting. Our financial statements will reflect that information nearly immediately. At the end of the year, we will be able to obtain detailed analytics regarding debt management.

#### **Investment Management**

In conjunction with the Investment group, the Treasury group also posts investment income for endowments.  With SIMBA, we can integrate directly with our custodian to automatically post everything at a granular level. We will have extensive reporting, and the Financial Reporting group should have the data and tools to create financial year end reporting more easily.

## Revenue & Accounts Receivable Fast Facts

You might be wondering, "what do I need to know about Revenue & Accounts Receivables?"

### Fast Facts

1. Cash and checks received will be recorded through a Cash Journal, which replaces the ROCR.
2. ACH and wire payments will be recorded through a Journal Entry.
3. Central Accounts Receivable will manage receivables billed through SIMBA for units after the initial invoice is sent, including customer statements, dunning and payment processing.
4. Treasury functions will become more efficient in SIMBA.

## Security Overview

### Module Purpose and Objectives

Security is an important internal control to assure that those performing transactions and/or viewing data in the Financial system are authorized to do so.  This includes entering and updating master data, initiating transactions, approving through workflows, and displaying financial information.    This module will provide a brief overview of how security will be managed in SIMBA. In addition to gaining a general understanding of SIMBA security, you should also take away a reminder about your responsibility to treat SIMBA data with full confidentiality.

By the end of this module, you should be able to...

* understand the definition of a role.
* identify the two main types of roles: transactional and data.
* understand how roles will be assigned.

# Security Roles

### Roles in SIMBA

* SIMBA is a role-based system, and users are assigned security roles that determine their ability to view, transact, report on, approve or manage data.
* You may not be able to see or do something in SIMBA because you do not have the role assigned that  gives access to that information.

**SIMBA System Roles**

There are a number of different roles being established in SIMBA.  Transactions assigned to each role will be standard across Penn State.   You will be assigned roles by your unit's  Financial Officer, based on the work you need to perform in SIMBA.

* + What you will do in SIMBA will depend upon your roles. For example, one or two people in your unit might be designated as Accounts Receivable Processors. They would go in and enter invoices for customers and do whatever else needs to be done as an Accounts Receivable Processor, for their unit.

**Types of Roles**

There are basically two main types of roles in SIMBA which work together to determine your system access:

1. Transactional roles:  What you can DO
   * Update data in the system
   * View a report
   * Approve a purchase requisition (approval roles are a combination of transactional and data in one)
2. Data Roles:  What you can SEE
   * The data you are permitted to see in the system
   * Generally limited to Business Area (College, Campus, Administrative Unit)

Example: If you have a transactional role to view an Accounts Receivable report, and a data role for one business area, you will only be able to see Accounts Receivable data FOR that one business area.

### Terminology

**Role** - Authorization given to Penn State employees based on their responsibilities; employees can have multiple roles.

## Security & You

You might be wondering, "what do I need to know about SIMBA Security?"

* You will have one or more transactional roles that will determine what you can do and will also be assigned one or more data roles which will determine what you can see.
* Roles will be assigned to a position, so if you move from one position at Penn State to another, your roles will change depending on what has been assigned to your new position.  This is different from the security model in IBIS, which was assigned for you as an individual.
* Users will access SIMBA by browsing to a Fiori Launchpad, which is essentially a landing page that will show only what the user is authorized to do in SIMBA.
* Users in SIMBA will be expected to maintain confidentiality of all data, including salary, per [AD96 Acceptable Use of University Information Resources](https://policy.psu.edu/policies/ad96)

## Reminder About Confidentiality

One of the most powerful and beneficial features of SAP, the platform on which the Penn State SIMBA Solution is built, is its ability to filter the vast array of Penn State data. This gives each user access to the specific information required to perform his or her job and has led to a concentrated effort around establishing security protocols for SAP S/4 HANA.

The SIMBA security model is role-based. Standardized roles will be established, which will group functionality together giving the necessary tools for an individual to perform their job duties. These are the “what you can do” roles and are called “transactional” roles in SAP.

Additional roles will be established to define “what you can see.” These are called “data” roles in SAP, which refers to the data elements and financial details that are accessible within the system. After an extensive vetting process, a decision was made that data roles will be established at the business area level (i.e., college, campus, or administrative unit). Users who have any level of financial responsibility in SIMBA will have a least one transactional role and at least one data role.

**Access to Sensitive Information**

SAP functionality is comprised of several modules/systems, some of which are listed below and broken down into three main categories:

1. Financial (S/4 HANA - SBP Budget Planning - Labor Distribution(LD))
2. Procurement (Shop OnLion)
3. Travel and PCard (SAP Concur)

Each module will have its own set of transactional roles, granting access to different “what you can do” processes in those systems. Those with transactional roles isolated to Shop OnLion and/or SAP Concur will not have access to see salary details. Those with transactional roles within Financial - which includes SAP S/4HANA, Labor Distribution and SBP Budget Planning -  will be able to see salary details either directly or indirectly for their business area. Financial Officers will be consulting with leadership in their business areas to determine what transactional roles each user will have.

As with all information in any University system, users will be expected to only access and use salary information for legitimate business purposes. If a user misuses data, including inappropriately accessing salary information, disciplinary action can be taken per [University Policy AD96-Acceptable Use of University Information Resources. (Links to an external site.)](https://policy.psu.edu/policies/ad96)

### Knowledge Check

Question: True or False – If someone in my office has the same responsibilities as I do but they don’t have access to the same transactions as me, it’s ok for me to perform functions for them or to share the results with them if they need it for their job.

**Show/Hide Answer**

False – you are only authorized to see data or perform system functions on your own behalf. If anyone else does not have access to perform certain functions or see certain data to do their job, they need to submit an access request and receive the appropriate authorization.

## Accessing SIMBA

SIMBA will be accessible via a Penn State network and will be protected behind multi-factor authentication (ie. Duo). This means that users will be able to connect to SIMBA from anywhere on campus; however, from off-site, a VPN connection will be required. Also, Penn State's multi-factor authentication application, Duo, will be required in order to provide additional levels of assurance and protection.

## CIA

This is not a reference to the Central Intelligence Agency, but rather a common security triad term/acronym meaning: Confidentiality, Integrity, and Availability.

These three elements are foundational to the support focus of the SIMBA security team.

* Availability: it’s important that employees have access to the transactions and data they need to most effectively do their jobs
* Integrity: employees will be adding and modifying data; therefore, it’s essential they have access and understanding to add/change the data they should be adjusting
* Confidentiality: it’s paramount to provide access to data that is necessary for employees to perform their jobs; however, it’s also critical for employees to be good stewards of all data they have access to. Part of being good stewards of data access means:
  + being careful when sending jobs to printers, when possible, try to send print jobs that will not print out until the employee enters a code at the printer to release the job
  + understanding the different [levels of data classification (Links to an external site.)](https://security.psu.edu/info-classification-decision-tool/) and what is needed to protect the data accordingly
  + being diligent and avoiding falling for phishing scams

[Phishing (Links to an external site.)](https://security.psu.edu/phishing/) is a malicious attempt to steal your credentials. This type of activity can take many different forms; therefore, it is recommended that you continue to educate yourself and to also reach out to your local IT support personnel for additional guidance.

### Knowledge Check

Question: What should you do if you receive an email that appears to be coming from your supervisor and they are asking you urgently to electronically purchase some gift cards for a given business need and then email the codes back to them?

**Show/Hide Answer**

If you said, I would reach out to my supervisor in some other method (ie. text message, phone, new email message) to confirm they actually requested you to conduct that purchase, you are CORRECT!

## Security Fast Facts

You might be wondering, "what do I need to know about Security?"

### Fast Facts

1. SIMBA access is role-based.
2. System and information access is dependent on the roles you hold in SIMBA.
3. All data elements are encrypted.

# Reporting Overview

### Module Purpose and Objectives

SIMBA Reporting refers to the reporting of financial data from July 1, 2020 forward. SIMBA Reporting will allow for ad-hoc reporting on financial data. We will have two main tools available at SIMBA go-live. Additional reporting tools will be added in the following months.

By the end of this module, you should be able to...

describe SIMBA Reporting.

explain SIMBA ad-hoc reporting.

list available reporting tools.

## What is SIMBA Reporting?

SIMBA Reporting is the reporting of financial data from July 1, 2020 forward. SIMBA Reporting will include S/4 HANA Embedded Analytics, SAP Budget and Planning (SBP), and Shop OnLion.

* S/4 HANA Embedded Analytics refers to reporting that is available directly in the transactional system.
* SAP Budget and Planning (SBP) will be reporting related to the budget.
* Shop OnLion refers to the purchasing process, including procurement and shopping carts.

Account balances will be converted into SIMBA. For sponsored awards, open awards will have all associated account balances brought into SIMBA, even if a segment of the account has been closed (i.e., sister account on an award is closed, but other accounts on the award are open). No transactional data from IBIS will be converted into SIMBA, and IBIS will be available to inquire on past transactions at least through fiscal year 2020-2021.

With the new chart of accounts, it would be a challenge to accurately convert years of historical data from IBIS to SIMBA, which is why the decision was made to just load balance information. The SIMBA team has worked with Financial Officers to translate their IBIS accounts into SIMBA cost collectors. If you have a need to do longitudinal reporting prior to and beyond July 1, 2020 please work with your Financial Officer to determine the cleanest translation of your data.

SIMBA reporting will be configured so that users who run reports are accessing queries. Direct access to SIMBA SAP source tables will not be configured. Through the use of Embedded Analytics and Business Objects Tools, SIMBA will be able to provide a rich range of analytical tools with the capability to extract, manipulate, analyze, and filter data.

SIMBA is fully aligned with the university-wide initiative for transparency in analytics and reporting. This transparency can be achieved by maintaining a single source of data.

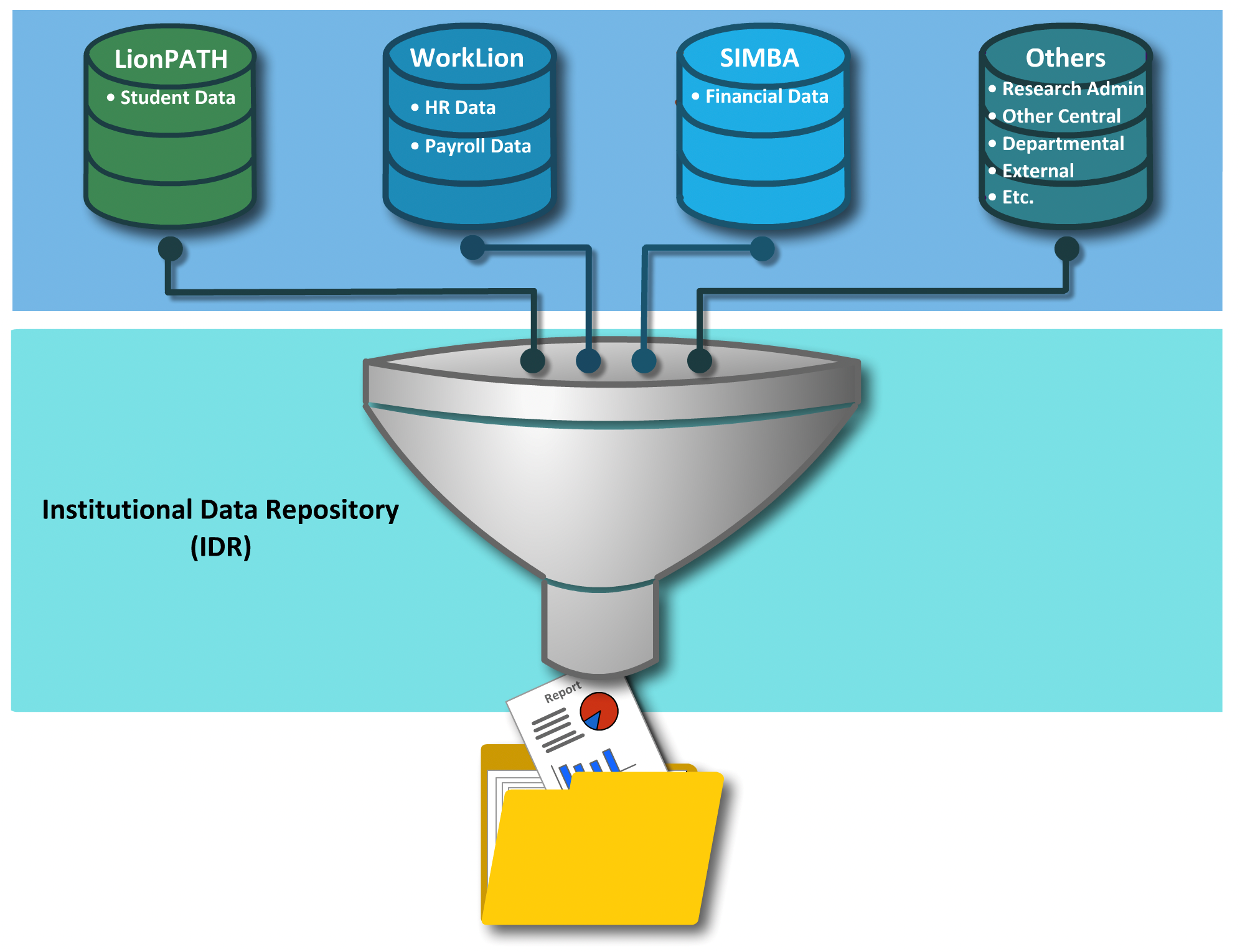
### Knowledge Check

Question: What are the three main areas included with SIMBA Reporting?

**Show/Hide Answer**

If you said S/4 HANA Embedded Analytics, SAP Budget and Planning, and Shop OnLion you are CORRECT!

## Institutional Data Repository



The University has several enterprise-wide systems for different areas, such as student, HR and payroll, finance, and others. Each system should be considered the system of record for their data. The Office of Planning, Assessment, and Institutional Research (OPAIR) will be working, in cooperation with each enterprise systems area, to build an Institutional Data Repository, or IDR. The repository will eventually enable Penn State to collect, store, and combine data originating from LionPATH, WorkLion, and SIMBA, as well as other internal and external sources. The Institutional Data Repository will be flexible and scalable so that it will meet Penn State’s evolving needs for data analytics.

OPAIR is currently working on a Request for Proposal (RFP) for the storage and data processing platform to be used for the IDR.

Once the RFP is complete, the process to actually "move" the data into the IDR will start. Initially, the IDR will serve primarily the Penn State Institutional Research Community, but will eventually support University-wide users. One of the initial steps of building the IDR will be identifying which of the underlying data need to be included and at what level of granularity. "Building" the IDR will need to be done over multiple iterations and will take multiple years. This process will require extensive coordination between the Enterprise Project Management Office (EPMO), the Office of Planning, Assessment, and Institutional Research (OPAIR), as well as other relevant units across the University.

## Ad-hoc Reporting

SIMBA Reporting will allow for **ad-hoc** reporting using predefined views of data.

### Terminology

**Ad-hoc Reporting**

Means that users can answer their own questions as the occasion requires (about financial data) without having to reach out to IT or SIMBA.

Several current systems will still exist, but SIMBA will not be feeding data to those systems.

* SIMBA will not send data to iTwo.
* SIMBA will not send data to eDDS (Electronic Document Distribution System).
* You will not be able to access SIMBA Financial Data via ODBC.
* SIMBA will not be bursting data files.
* SIMBA will not be feeding the Penn State Data Warehouse.

Historical reporting will take place from the data warehouse, iTwo, or eDDS.

Longitudinal reporting across fiscal years that includes data from both IBIS and SIMBA will need to be done outside of SIMBA.

## Reporting Functionality

The SIMBA Reporting Team has been hard at work to generate consistent and clear reports. Our goal is to make the functionality of each report as consistent as possible. We are also focusing on a smaller number of tools, so that we can do these really well. Then, after go-live, we will be looking at additional tools and functionality to release for SIMBA.

Some of our reports will include "insight to action," which is a way for users to view reports and then jump to transactions in other areas of the system. This may be functioning on some reports, but likely won't be available on all reports.

In some reports, we have been able to include a side-arrow navigation that allows the user to view additional details about the line item. Additionally, many of our reports use Value Helps, which means that entry fields include more user-friendly options for selecting values. Most of our reports will include the numerical key and the descriptive text for commonly used fields, such as Business Area and Fund. However, we will continue to add key and text to as many reports as possible.

We will be continuing to make improvements to our ability to report on sets, or composite groups. While this functionality may not be perfect at go-live, we know it's important and will continue to make improvements in this area.

We also know that Web Intelligence (Webi) provides several options for drill down, scheduling, and tracking capabilities. However, these won't be immediately available. We will continue to develop and test these items to prepare them for release.

Please keep in mind that SIMBA Reports will be financial data from July 1, 2020, forward. We will work to continually tweak and update reports as the needs of the University change.

## Reporting Tools - Focus for July 1, 2020

SIMBA Reporting includes several tools. However, we will be focusing on two main tools at go-live: **SAP Embedded Analytics** and **Web Intelligence**, or Webi.

**SAP Embedded Analytics** will be immediately available on July 1, 2020. Penn State is using cutting edge technology to build the reports that will be used across the University. Users will be able to enter a transaction and then run a report reflecting that change. Some reports will allow users to jump from the report directly into the related transaction.

SAP Embedded Analytics encompasses multiple tools with robust reporting capabilities. At go-live, we will be focusing on deploying one of the many options. After go-live, we will continue to release additional functionality, build new reports, and tweak existing reports built in the Embedded Analytics space.

**Web Intelligence** (Webi) will also be immediately available on July 1, 2020. Webi capitalizes on experienced technology to provide robust solutions for our reporting needs.

Additionally, SAP provides thousands of **standard reports**. The SIMBA team has narrowed this list to several hundred that will be helpful for Penn State users.

### Terminology

**SAP Embedded Analytics**

SAP Embedded Analytics refers to reporting that is available within the transactional system.

### Terminology

**Web Intelligence (Webi)**

A robust reporting tool that allows for many standard reporting features, including formatting a report for print.

## Reporting Tools - Coming Soon

After go-live, the team will spend several months preparing additional tools for release.

1. SAP Embedded Analytics
   * SIMBA will be continuing to release additional functionality, build new reports, and tweak existing reports built in the Embedded Analytics space.
2. Web Intelligence (Webi)
   * SIMBA will be continuing to utilize available functionality and build new reports.
3. Analysis for Excel
   * Analysis for Excel connects all of the features you love about Excel with SIMBA financial data.
4. SAP Lumira
   * SAP Lumira is a reporting tool that provides extensive visualization options for your reports.
5. Crystal Reports
   * Crystal Reports is best for pixel-perfect, printer-ready reports that need to be highly formatted.

## Reporting Fast Facts

You might be wondering, "what do I need to know about Reporting?"

### Fast Facts

1. SIMBA reporting will be financial data from July 1, 2020, forward.
2. Embedded Analytics refers to reporting that is available within the transactional system.
3. SIMBA reporting will allow for financial ad-hoc reporting using pre-defined views of data.
4. At go-live, users will have access to Embedded Analytics and Web Intelligence features.