



Statewide Financial System Program Agenda/Minutes

Date:	Wednesday, August 20, 2014	Time:	9:30am - 11:30am
Subject:	Projected Spending Plan (PSP) Workgroup	Location:	SFS; Video Conferencing Room
Meeting Facilitator:	Ed Bouryng	Minutes Prepared by:	Denise Davis
Objective:	<ul style="list-style-type: none"> • Establish an Initial set of Statewide PSP methods. • Establish initial PSP method configuration guidelines. • Improve overall readiness of the PSP deployment. 		

Attendees:					
Marilyn Bell (OMH)	X	Ron Epstein (DOT)		Dan Saxe (OGS)	X
Ed Bouryng (EE1 – SFS)	X	Brian Fimple (SFS)	X	Jim Schumacher (KPMG)	X
Susan Costello (CFS)		Don Juron (SED)		Peg Sherman (SFS)	X
Robert Curtin (OGS)		Bryan Miller (SFS)	X	Emil Slane (OMH)	X
Denise Davis (SFS)	X	Mike Mullin (SFS)		David Stewart (SFS)	X
Sandra Downey (DOC)	X	Kristen Padilla (ITS)	X	Pat Slavick (SFS)	X
Gerry Drahos (KPMG)		Theresa Papa (ITS)		Rick Washburn (SFS)	X
		Martha Ross (SFS)	X	Lisa Wright (SFS)	X

Agenda:

What	Who	Time
Introduction, Purpose of the Workgroup	Ed Bouryng (EE1-SFS)	
PSP Walkthrough	Ed Bouryng (EE1-SFS)	
Next Steps	Ed Bouryng (EE1-SFS)	

Task Assigned	Staff Assigned (first and last name)	Due Date	To Do Added (PMO Use)
Follow up with the Business Services Center (BSC) between now and 4/2015 regarding policy decisions pertaining to diminishing the use of Purchase Orders (POs) and the use of P-Card.	Ed Bouryng (EE1-SFS)		
Review PSP Methods in template and think about where holes are for agencies	Workgroup Members	Next meeting (9/3)	

The Following Decision(s) Need to Be Made
Decisions:

The State needs to control potential cash impacts. Expenditures are the final part of the purchasing process. The planned ledger will be used to support future cash impacts, using Commitment Control.

PSP is being designed to be flexible and low impact to users. Although PSP design seems complex, SFS is dealing with much of the complexity on the back-end.

PSP method is defaulted to a PO through a requisition or contract. The budget check process checks the PSP method to align future cash impacts. The adjustment page allows PO adjustment actions. PSP doesn't

require changes to be made to a PO, though there is an association. The work is done at level of PO budget check, but PSP is managed separately.

Agencies will use the **PSP mass adjustment page** to support POs in Year-end process/PO roll-over and lapsing events.

Rules and adjustments are factored into how the encumbrance is allocated. PSP allocations are run for cash impacts relative to the PO. PSP assigns a percentage relative to PO by period.

The PSP allocation process is a back-end process that writes to PSP adjustment tables. Establishing an initial allocation is relatively simple, whereas the Adjustments are more complex. Cash projections on a PO are done on PSP allocation tables. Ready system to support budget check of PSP. Budget checks PSP distribution. PSP Source is header and distribution.

Budget check looks at the planned ledger; in addition to the expenditure ledger (expenditure), to view actual expenditures + planned expenditures to see how much is left to spend on a Financial Plan budget. The budget checking program looks at the impact of a transaction. Is there enough money to process the transaction? PSP distribution is the output of the allocation, how should it update the planned ledger, and needs to set the budget date dependent on PSP allocation by budget date (lines for budget periods are created) and percentage.

How do deficits figure in the Department of Corrections (DOC)? The Division of the Budget (DOB) budget plan looks back to available budget amounts in prior quarters. How do you resolve a budget issue? As with segregation, DOB can record a budget journal, change control options and establish budget tolerance. All done through delivered KK. Similar to segregation in this way, though replacing encumbrance with plan.

PSP method can be established on requisitions so the BSC can continue to process disbursements.

Defaulting and up front configuration decisions are the job of workgroup.

For online and bulkload information needs, from a KK standpoint, the Planned ledger is just another ledger.

Projection Types:

- Source projection Type: Should be used on simple orders. The projected number of days are added by the agency (recommended type for most POs).
- Allocation Projection Type: Percentages
- Model Projection Type: Sets of ChartFields may have different projection types. More complicated compared to the other two.

Calculation calendar is a quarterly calendar.

Maximum number of periods (quarters): Percentages will be used to allocate the PSP Method by quarter.

Adjustments allow recalculation with a Re-Calc or Re-Alloc action.

If nothing is spent, the allocation and projection can be restarted to the current period through the adjustment page with a Re-Start action.

Re-budget check and underspent, automatically takes planned and unspent funds and redistributes them.

You don't need to take action to re-plan amounts. PSP is always looking back to any available budgets in past quarters. For voucher transactions referencing a PO, the expended amount liquidates the planned amount, freeing up available budget, nets to zero.

Ability to expand use of planned ledger including greater use of PO, relative to financial plan.

The concept of putting things on a P-Card and not using a PO is problematic longer-term. Business process should be defined outlining the use of P-Cards for the correct purposes (when and how); in conjunction with POs. P-Card purchases should be included in the impact to the financial plan budget because payments are included in the expenditure ledger.

Utility encumbrances: policy decisions needed. Straight pay.

Follow up with the BSC between now and 4/2015 regarding P-Card POs and straight pay utility POs.

There is a capability for agencies to manage allocation so it considers lapsing ChartField distributions to determine percentages.

Many controls are at the agency level and PSP Method control settings can be overridden at the agency level. PSP Method is centrally controlled. DOB signs off on controls and manages Agency-level PSP controls. PSP configurations can also be at a statewide view.

Max number of periods is designed generically and so could be set to monthly down the road, but the SFS calendar is limited to quarterly. Throughout SFS, period terminology differs by use: quarterly/monthly.

Projection of the planned ledger is by quarter.

Calculation by period: Number of periods by mass calculation. A quarter = period 1, 2, 3, and so on. Agency requests the PSP Method configuration need and DOB approves it. DOB has a number of control options, as well as those at agency level.

PSP covers anything with a PO. All spending is covered by the DOB spending plan.

Controlled and centralized governance is required.

ChartField value set: Trees to roll up; certain ChartField numbers assigned to certain allocations, and used in PSP to set up overrides. Don't use unless needed, though it can be useful. Any ChartField related tree may be used. Chart of Account (COA) governance will be used to create a new ChartField value set to use a ChartField value tree. Separate configuration delivered in the system for this purpose.

Templates: Will agencies have a choice to use one type over another, taking into consideration, seasonality? 30 methods have been set up to-date and are awaiting agency feedback. The workgroup will need to fill in the holes. Some agencies will need a new PSP method to be established. They will use a current method to begin and re-plan once the new one is created.

Projections are not done off a requisition, only off a PO. What is on the PO is projected out.

The Bureau of Contracts (BOC) will have a funding requirement back to pre-encumbrance and requisition.

The requisition is associated to the ordering contract, than a PO is generated. Anything with item ID may be auto-sourced (i.e., generated automatically) to a PO. This gives the BSC anything they need for a PO, because they have the requisition.

DOC concern is establishing the PSP at a regional level. Only users with certain security will have the ability to change PSP. If you don't want users at the regional level changing PSP method, don't give them the security to do so.

Users may view PSP allocation at the requisition level, defaulting to a contract or a PO. If you don't want a user changing/entering default, don't give them the security to do so.

Enter PSP method on the contract. Set agency defaults by **contract profile/type**. Overall agency default.

Priorities of PSP defaults (inherited and uses PO amount): Provide diagram as a hand-out.

- Agency Purchasing Default
- Contract Profile/Type
- Requisition (established to default PSP Method onto contract)
- Contract Specific
- PO

Adjustments: Does PSP roll? The PSP mass adjustment page supports lapsing and rollover. Adjustment page is at the PO level, with the ability to select multiple POs.

If PO IDs on the PSP adjustment page do not mean anything to the agency DOC/the Office of Mental Health (OMH) users can select by contract, by underspent PO, etc. Orient around planned amount. May need to look at specific POs to determine what region has the problem.

How does adjustment feed into control agencies? Overriding defaults. Planned ledger is updated at budget check. DOB doesn't sign off on adjustments. PSP projects distributions on a PO. Rolls up to definition of DOB KK. More summarized than by segregation.

Next steps:

1. Types of POs, procurements
2. Types of PSP Methods needed and defaults that will have low impact on users
3. Agencies: review PSP Methods in template and think about where the holes are for agencies.