Umoja Grant Management - Implementing Partner Process Analysis and Troubleshooting

Objectives

- **Learn to decipher the type of error**

- **Develop an understanding of the Implementing Partner (IP) budgeting concepts in a Purchase Order (PO)**

- **Develop basic analytical skills in dealing with the budgeting issues related to Grants POs.**

Types of errors

Classification of errors received by Umoja Grants Team (Tier3)

A. **User errors** – missed steps in the Grants process, user mistakes, lack of training, lack of basic understanding of SAP concepts and processes

LPEs were trained to understand the Grants process including integration with FI, Projects, CO, SRM and FM

A. **Errors resulting from SAP program flaws** – part of the stabilization process; limitations in testing all possible scenarios and variations before implementation. Processes that are working very well in private sector but may not have been fully developed in the public sector where budgeting is an integral key process.

For these issues, Umoja creates validations, applies SAP notes that correct the programs and tests changes before transporting to Production client

User Errors

Examples of user errors that still reach Tier 3 (Grants Team)

- Down-payment Request (DPR) cannot be paid because of payment block
  - If AP approver agrees that the line item is to be paid, he/she must remember to release the block when approving

- Pass-through (P1) budget transfer (released budget) is not approved and is affecting the creation of the PO
  - If error is generated during PO creation, check the budget document if status is "Preposted Posted"

- Inadvertent (manual) clearing of AP line items that are blocked especially those that need to be matched to legacy advances. This type of clearing closes the credit to the PO line item and is cleared although the legacy advance is still outstanding.
  - User does manual clearing of an open item without understanding the implication of his/her action. This action closed the credit line item without matching the correct debit line item which is still outstanding.

Examples of user errors that still reach Tier 3 (Grants Team) – continued

- PO cannot be adjusted when grant status is Operational Closing
    - Request Grant Approver to update Posting tab to allow user to adjust during a specific period

Errors in IP Process resulting from SAP program flaws

- DP higher than PO amount
  A couple of DPs with amounts higher than PO were paid
  Resolution: Validation transported to PROD client in October. No longer an issue.

- Not all lines in DPR were paid in Treasury and system consumed the budget of all lines. Processing the DPR again generates an overall budget exceeded
  Resolution: DPR reconstruction. Ticket requesting Umoja to do reconstruction is required. Currently, notes have been applied to correct logic so it is expected t...

No KZ/33* doc

Data Entry View

Document Number	3500080845	Company Code 1000	Fiscal Year 2016
Document Date	28.01.2016	Posting Date 02.02.2016	Period 2
Reference	PR/2015/2034	Cross-Comp.No.	
Currency	USD	Texts exist ☐	Ledger Group

Itm	PK	SG	Account	Description	Cu...	Amount LC	G/L Acc	Clrng doc.	Assignment	Grant	Fund	Funds Ctr	WBS elem.
1	39	F	1400000836	UNOPS-ASIA PACIF...	USD	68,460.00-	19101310		35000808450012016	P1-33GFL-000805	33GFL	11228	SB-00068...
2	39	F	1400000836	UNOPS-ASIA PACIF...	USD	3,423.00-	19101310	3301518198	35000808450022016	P1-33GFL-000805	33GFL	11228	SB-00068...

Errors in IP Process resulting from SAP program flaws

- PO line items were skipped in the Service Entry Sheet (SES) thereby resulting to a distorted PO balance that generate budget error in the follow-on documents (e.g. invoice, new DPR)

  Resolution: Umoja applied 15 SAP notes in July to resolve the issues. However, corrections to the program do not apply to already posted transactions. SAP note   ransaction

	PO amount	DP	DP clearing	DP bal	SES	PO Balance		Requested DPR
		3301254253	3500141064	3500141064		8200360968		
		20.10.2015	19.07.2016	19.07.2016	19.07.2016	19.07.2016		
Personnel Costs	90,120	45,060.00	45,060	0.00	45,060	45,060.00		45060
IP-Supplies,Commodities,Materials	337,070	168,535.00	156,825	11,710.00	156,825	168,535.00		168535
IP-Contractual Serv	9,600	4,800.00		4,800.00		4,800.00		4800
IP-Indirect Support Costs	32,685.80	16,342.90	16,242.45	100.45	16,242.45	16,342.90		16342.9
IP-Equipment, Vehicles and Furniture	30,150.00	15,075.00	15,075.00	-	30,150.00	-		15,075.00
Total	499,625.80	249,812.90	233,202.45	16,610.45	248,277.45	234,737.90		249,812.90

PO budget balance for Equipment is 0 but requested amount in DPR is 15,075. DPR is generating budget error.

Errors in IP Process resulting from SAP program flaws

- Parked invoices processed generate inadvertent clearing of DPs (due to underlying PO budget issue).

  Resolution: SAP provided note to correct program logic. This applies to future

Errors in IP Process resulting from SAP program flaws

- Down-payment (DP) is reversed after recipient bank rejected payment; DPR could not be reprocessed

  Resolution: SAP provided note to correct program. This is still undergoing testing. Meanwhile, user should create ticket for DPR reconstruction.

Pending:

  System allows deletion of line item with existing DPR (escalated to SAP)

Grant Negative Balance

(FMAVCR02 report shows the grant balance with the funded program)

Consequence of negative balance in grant: System will not allow SES, DPR or any adjustment

Control Objects Data: Overall Values

FM Area	1000 (USD)	Grant	P1-33DDN-000833
Control Ledger	Z1	Fund	33DDN
		Budget Period	<Space>
		Funds Center	11101
		Commitment Item	FT30_CLASS_100
		Functional Area	27AA0001

Overall Values of Control Objects	Consumable ...	Consumed Amt	Available Amt
▶ SB-001061	344,223.07	603,970.98	259,747.91-

Grant Negative Balance

Reasons:

a. Budget override – legitimate error in PO budget caused system to get funds from the grant. Since PO amount is equal to P grant, the budget override results to a negative balance

   To resolve, analyse PO budget consumption by line item. In most cases, this requires PO modification.

b. Insufficient budget in IDC – IDC program runs without budget check

   To resolve, add budget to IDC

c. Payroll transactions in M or S grant (no payroll transactions in P or R grants) –

   Budget availability check for payroll is not enabled

   To resolve, add budget to payroll related sponsored classes

Complex Scenario

- ➤ Grant balance is negative in FMAVCR02
- ➤ Multiple POs in one P grant; both legacy
- ➤ DP#2 was paid with budget override in PO#1
- ➤ Not all line items were charged/used on the first and second SES in PO#1
- ➤ First and second DP and first SES already posted in PO#2

Resulting issues:

DPR3 needs to be paid in PO#1 but could not be processed due to budget error
Final SES could not be posted in PO#2

Solution:
Analyze both POs to find source of negative grant budget balance. One PO has a line item budget issue that needs to be addressed. New transactions related to both POs can only be processed after the budget deficit is resolved.

Inadvertent Clearing Scenario

➢ Invoice is parked with inadvertent clearing entries
➢ SES may show skipped lines causing the clearing
➢ SES posting date falls on the first 7 months of the year
➢ In other cases, error is because user did prior DP clearing (F-54)
    without checking appropriate line item to be cleared

Could be complicated by a DP processed with budget override

Issues: Parked invoice has created a DP clearing that generated PO budget errors

Solution:

Analyze PO (see sample analysis next slide)
Process PO modifications; move amounts from appropriate line items based on analysis
Process new invoice/ DPR

Inadvertent Clearing Scenario

Samp|

	PO Amount	DP1 3301378954 16.12.2015	DP Clearing 3500096250 15.03.2016	DP Bal	SES1 1000329916 8200282810 15.03.2016	PO Bal in Doc Journal	PO Balance Should have been	Adjustments needed in SRM
IP-Staff and Other Personnel Costs	62,370	24,948.00	3115.82	21,832.18	3,115.82	37,422.00	37422	
IP-Travel	18,228	7,291.20	2820.03	4,471.17		13,756.83	10936.8	-2,820.03
IP-Transfers and Grants to Counterparts	339,238	135,695.20	415.51	135,279.69	2,820.03	201,138.28	203542.8	2,404.52
IP-Indirect Support Costs	29,388.52	11,755.41		11,755.41	415.51	17,217.60	17633.11	415.51
Total	449,224.52	179,689.81	6,351.36	173,338.45	6,351.36	269,534.71	269,534.71	0.00

Analysis and Troubleshooting

How to Troubleshoot
 -Key is knowing how to analyze a PO by line item

Required knowledge:

- A good understanding of PO process
- Clear understanding of the budgeting concepts in a PO
- Clear understanding of the impact of invoicing a SES immediately and subsequent
        DPR payments
- Clear understanding of the vendor line item report

Budgeting Concepts

Users must distinguish P1 grant budget from PO budget

PO is a budgetary commitment and represents a <u>consumption of the P grant</u>.

If there are multiple POs against grant, you may need to analyze transactions in both POs to resolve an issue especially if P1 grant budget is negative

PO budget consumption = DPR (<u>unpaid</u>) + Down-payments(DP) + DP balance (DP-Clearing) + SES (invoice is not a factor in budgeting)

FM reports used in analysis:

* FMAVCR02 to check the budget of the grant
* FM 1AX - All Postings – Document Journal to check the budget balance in the PO and the transactions posted against the PO budget

        - enter PO number in Ref Document No. (Dynamic Selections)
        - enter Grant
        - enter Fund
        - enter value type "51"
        - remember to enter 2015 in the period if analyzing a legacy PO

Typical scenario

The system generates an error when the final DPR payment is processed. This happens when SES received have amounts higher than the DP but within PO line item amounts. However, user has not taken this into consideration when processing the DPR.

Key: Understanding PO budget consumption

Example: Three tranches of $65,000 to be paid for a total PO budget of $195,000

➢ SES1 ($75,000) is larger than DP ($65,000), so invoice of $10,000 was paid
➢ SES1 of $40000 was recorded much later than when DPR2 was paid ($65,000)
➢ User processed remaining DPR3 $65,000

What do you think happened when DPR3 was processed?
Why was there an overall budget message?
Did the invoice payment have an impact in the budget analysis?

Impact of invoicing after SES

- Invoicing does not have a direct impact on PO budget consumption because the SES is the predecessor document that represents the budget consumption.

- However, for POs with posted transactions on the first half of 2016, a budget error may be generated when the invoice generates inadvertent clearing in the simulation of the accounting entry. (Clearing is configured to occur when the SES is posted, not upon invoicing.)

- This inadvertent issue in clearing while invoicing was discussed in a previous slide.

Note:

Before paying an invoice, account for all the payments already made to the IP.
AP user has to be aware that there could have been a payment made previously for a SES, by checking the Vendor Line Item Display Report.

Basic Steps to Analyze PO Line Item transactions

Step 1 Understand the issue. What process is failing? Is it a DPR that cannot be posted by Accounts or is it a DPR that is failing in Treasury? Is this SES the final one and user has issues posting it?

Step 2 Use t-code ME23N to view the PO, the Services, Invoice and the PO order history Tabs. Note the account assignments in the Services (use the icon with the arrow to drill down

Step 3 Review FMAVCR02 report, check the balance. Note if it is negative. See how many POs have been processed against this grant.

Step 4 Review All Postings Document Journal to see the balance of the PO by line item; enter PO number, grant, fund and value type 51. Use sub-total on CI text to derive the balances

Step 5 In Excel, label your columns "PO values", "DP1", "DP2", "SES1", "SES2", etc. See the job-aid for Ineed tickets for the format of the analysis

Step 6 Copy the (Service) Short Text and amount by using Control Y, Control C and Control V to Column 1 (using Control Y, C and V eliminates the need to type amounts.)

Step 7 Open the DP document and copy the amounts using Control Y, Control C and Control V from your keyboard.

Check the amounts you copied (by line item) if they correspond to each PO line item number by drilling down on each line. (In some instances, there could be several amounts for same PO line items references in the DP document. This is true for manual F-54)

Step 8 Open the SES document and copy the values on the Quantity column making sure that the amounts entered are in line with the PO line item values
Just be aware that some of the PO line items may be skipped so double check

Step 9 While in the SES document, click Environment from the SAP menu and then PO order history. A new (and better) view of the PO order history appears. Locate the Goods Receipt (GR) document that corresponds to the SES you just checked. Navigate to the Doc Info tab and then click the button for FI docs

Step 10 When the Documents in Accounting pop-up box appears, note if there is a DP Clearing. Double click DP clearing accounting document.

Step 11 Create another column to enter all the DP clearing; then create another column to enter the DP balance

Step 12 Enter your formula. Note that DP, DP balance and SES are all budget consuming in deriving the PO balance.

Step 13 Analyze the PO balances by line items. Tie in the PO balance from your analysis with that of the FM document journal. Compare the PO balances with DPR that could not be paid or SES that could not be posted. Check if these DPR line items have sufficient funds so a payment can be made.

Step 14 Go back to the issue. Did this line item analysis help you? Were you able to find the source of the issue. If not, you may have missed a document.

If you are doing the final DPR or the final SES, always account for the invoices already paid to the IP to ensure no overpayment was made.

Analysis Format

- The case below shows budget override when the payments were processed. The budget override was used because DPRs were generating legitimate budget errors.
- These "forced" payments, subsequent DPR is having an issue as shown in the Proposed DPR column below. PO does not have sufficient budget line item balances to cover funds in the DPR being processed. In this case, generated budget error is 4606.86

PO balance = Original PO less SES, less DP/DP balance (see formula in slide 16)

	PO	SES	DP	DP	PO Balance	Funded from P1 grant	Revised PO Balance	Proposed DPR	Budget deficit
		8200281980	3301675931	3301675928					
		14.03.2016	24.03.2016	24.03.2016					
			Budget override						
Staff costs	56,264.53	29,805.53		16,879.36	9,579.64		9,579.64	16,879.36	(7,299.72)
Supplies,commodities,materials	144,419.18	53,957.81		43,325.75	47,135.62		47,135.62	43325.75	3,809.87
Equipment	5,095.81	4,740.39		1,528.74	-1,173.32	1,173.32	0.00	1528.74	(1,528.74)
Travel	17,425.60	6,500.96		5,227.68	5,696.96		5,696.96	5227.68	469.28
Direct Cost/Operating	16,897.65	6,438.45	5,069.30		5,389.90		5,389.90	5069.3	320.60
PSC	16,807.19	7,101.02	5,042.16		4,664.01		4,664.01	5042.16	(378.15)
	256,909.96	108,544.16	10,111.46	66,961.53	71,292.81	1,173.32	72,466.13	77,072.99	-4,606.86

Funded from P1 grant column is the adjustment created by system to cover the deficit during the budget override. These adjustment was created with amount type 500 in the document journal.

Kindly take note………..

-Do not delete a PO line item when a DPR exists. System allows the deletion but for service POs, **does not allow "undelete"**

-Use one funding source for one PO. Multiple funding sources will make any analysis and monitoring more difficult.

-Note that **a closed PO cannot be reopened**. (Closing means clicking the "No further confirmation" and "No further invoices" radio buttons in the tab Related Documents)

-**Advance** should be in the **currency of the PO** to enable automatic clearing; if not the same, system will not do automatic clearing. DP clearing becomes a manual task.

-Select Final Entry indicator for the final SES to allow the posting of balances that are not in sync with the PO balance