

Chapter 2

Introducing PeopleSoft Financials

In order to work in PeopleSoft, you need to have a basic understanding of how the PeopleSoft Financial Management system is set up. This chapter explains the foundations created for your Financial Management System.

Chapter Objectives

This chapter explains:

- The PeopleSoft Financial Management system.
- New PeopleSoft terminology.
- New ChartField Design.
- Commitment Control Accounting.

Chapter Contents

This chapter contains the following lessons:

Lesson 1: Case ERP Project Overview	2-2
Lesson 2: New PeopleSoft Terminology	2-10
Lesson 3: Case ChartField Structure	2-15
Lesson 4: Using Trees	2-19
Lesson 5: Overview of Commitment Control.....	2-21
Review Questions	2-23

Lesson 1: Case ERP Project Overview

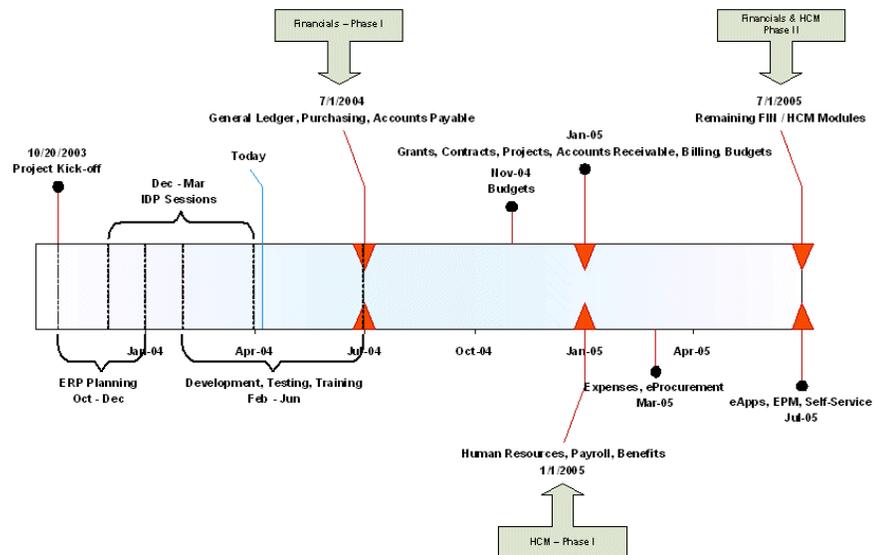
The PeopleSoft Implementation of Financials and Human Resources is one of eight strategic initiatives in the Five Year Strategic Framework for ITS. The ERP (Enterprise Resource Planning) project will provide an integrated University-wide administrative systems upgrade that will:

- Enhance customer service and support of efficient administrative practices;
- Provide students with access to information and technology to enable and enhance their educational experience;
- Provide faculty with better access to research and grants management tools and student-advisory communication tools; and
- Provide staff real-time access to key reporting needs associated with the administration of the Schools and the University administration.

The Case ERP Project is designed to replace Case's outdated core administrative processes including payroll, finance, purchasing, and accounts payable. It will also provide the first human resources system for the university. After the financial and human resources systems are in place, PeopleSoft Student Administration will also be implemented.

ERP Timeline

The project will be completed in phases. The timeline below shows the planned rollout for each of the components.



This training coincides with Phase One of the Project.

ERP Project Phases

There are four major phases to the ERP implementation:

- Phase 1 – Financials (Part 1) includes:
 - Upgraded General Ledger
 - Accounts Payable
 - Purchasing
- Phase 2 – HR (Part 1) includes:
 - Human Resources
 - Payroll
 - Base Benefits
- Phase 3 – Financials (Part 2) that includes eApplications and remaining financial functionality.
- Phase 4 – HR (Part 2) that includes eApplications and remaining HR functionality.

Phase I – Financials

The Financials phase is live on July 1, 2004. It provides:

- An electronic, workflow-enabled system that improves processing of purchase requisitions and other documents. You will have enhanced capability to track the status of your requisitions as they move through the purchasing system.
- Enhanced Purchasing and Accounts Payable tools with easily accessible information. Everything from these applications will flow directly into the General Ledger.
- Improved reporting capabilities so that Purchasing can analyze purchasing transactions for improved contract negotiation. This will provide better pricing and improved service levels.
- Improved controlled payments to vendors through Accounts Payable.
 - Payment functions can be streamlined and automated resulting in reduced processing time and increased efficiency.
 - Contractual payments and special payment requirements can be tailored to specific vendors. Electronic payment processing will also be streamlined. This will result in better vendor relationships.

Benefits of the ERP System

The implementation of the ERP system allows the university to realize many benefits including:

- The University will be able to connect its business processes directly to suppliers, faculty, staff, and students to improve administrative efficiency and services.
- All system users will have personalized web-based access to a centralized system of campus-wide transactions, records and information from anywhere.
- The integrated system positions Case competitively with other institutions by providing an information model that meets the needs of faculty, staff and students.
- The system will provide enhanced reporting and data analysis capabilities for faculty and staff.

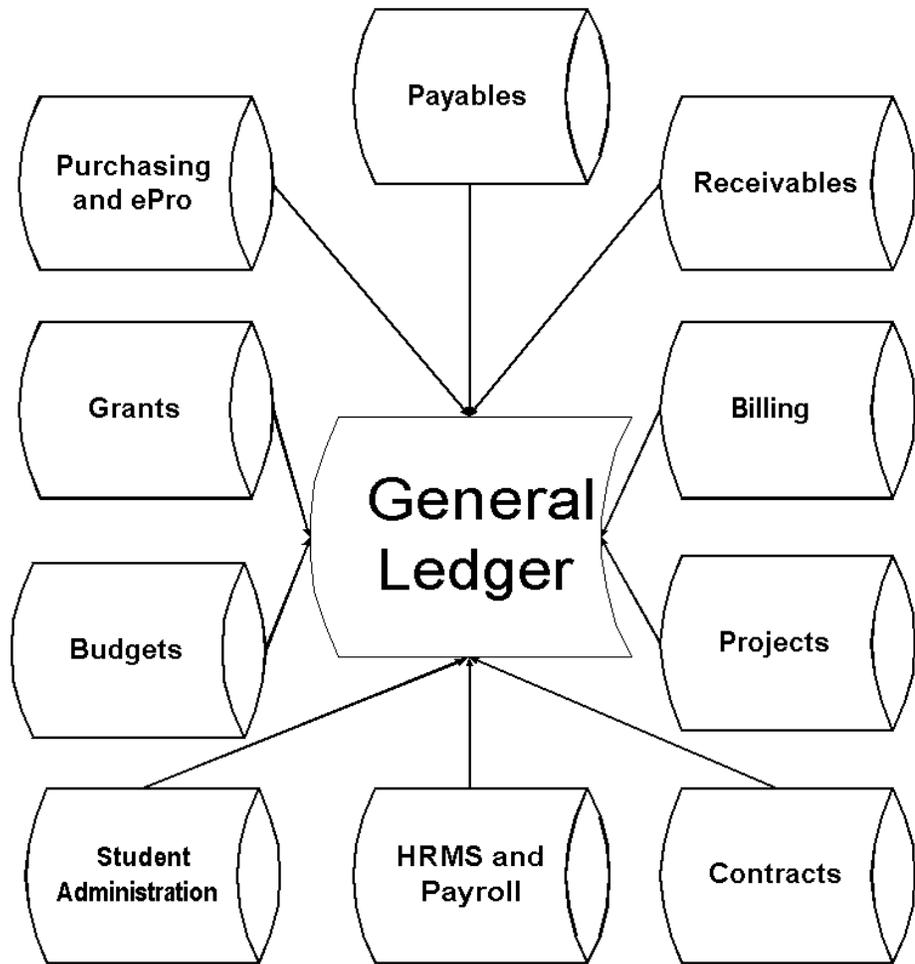
Financial Application Integration

Four PeopleSoft Financials applications are being implemented with Phase 1:

- General Ledger – being upgraded from PeopleSoft version 7.5 to PeopleSoft version 8.4. New functionality is being added.
- Accounts Payable (AP)
- Purchasing (PO)
- eProcurement (ePro)

Plans are in place to implement the additional financial applications in Phase 3.

- Accounts Receivable (AR)
- Grants (GR)
- Billing (BI)
- Budgets
- Contracts
- Projects



General Ledger

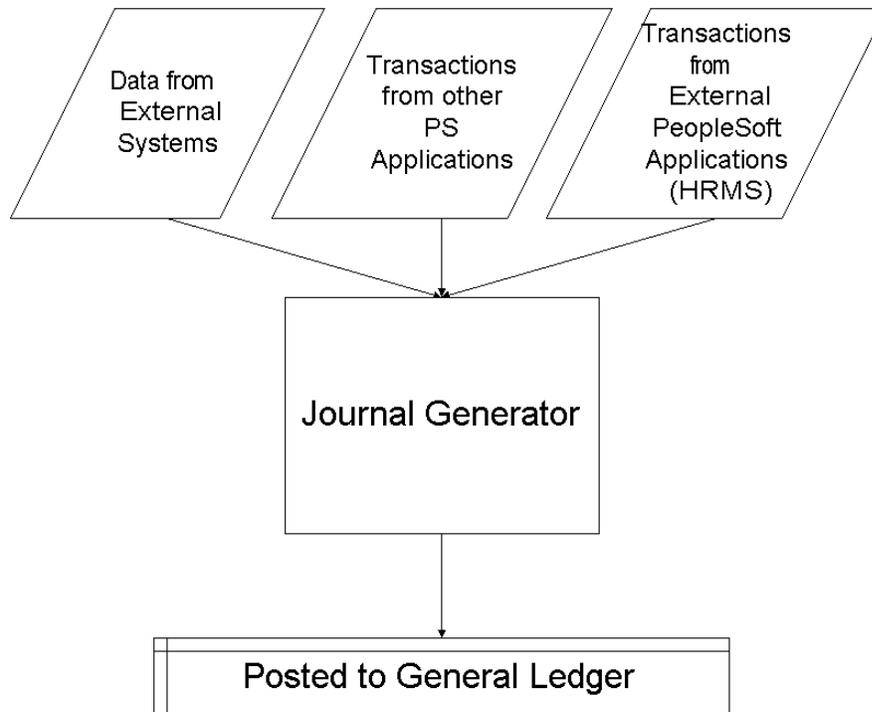
The budgets, budget checking rules, ledgers, and chart of accounts are setup in General Ledger.

The major General Ledger processes are:

- Manage/maintain budgets.
- Maintain chart of accounts.
- Journal entries.
- Maintain ledgers.
- Close ledgers.
- Run allocations.
- Receive accounting entries from all other modules.
- Reporting.

General Ledger Integration

Information processed in other applications is posted to the general ledger in addition to entries made to general ledger journals. This is illustrated in the diagram below.



Data from External systems come in from spreadsheets and other non-PeopleSoft journals. Other PS applications are those such as AR and AP.

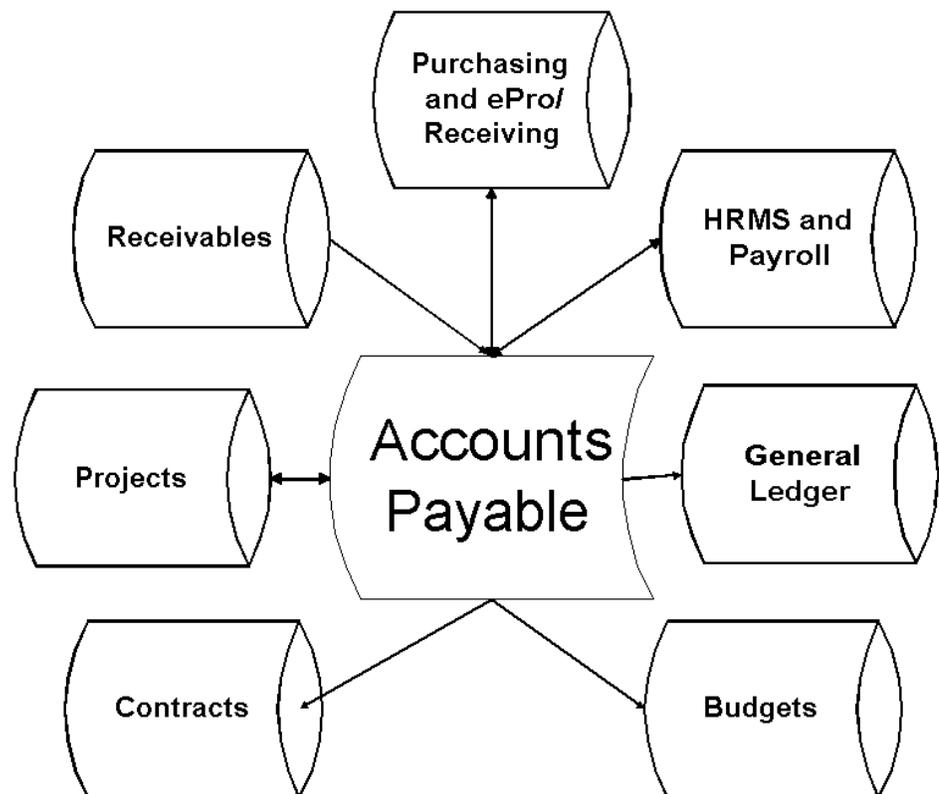
Accounts Payable

The Accounts Payable application is used to enter vouchers (online or batch) and make payments to vendors. Major Accounts Payable business processes are:

- Vendor Maintenance (shared with Purchasing).
- Non PO Vouchers
- PO Vouchers
- Matching with PO and Receiver
- Payments
- Vendor Contracts
- Accounting Entries to General Ledger
- Asset transactions to Asset Management

Accounts Payable Integration

The following diagram illustrates how Accounts Payable interacts with the other applications.



Purchasing and eProcurement

Case is using eProcurement to create requisitions, which will then be processed using PeopleSoft Purchasing.

The major eProcurement business activities are:

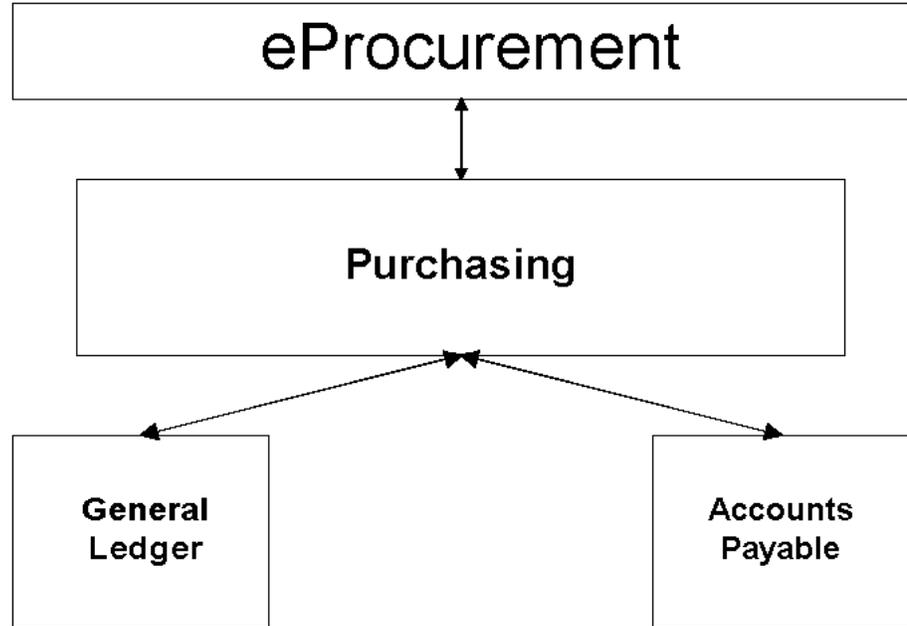
- Creating requisitions.
- Receiving.
- Returning items to vendors.

The processes handled by Central Purchasing are handled through Purchasing and include:

- Vendor Maintenance (shared with Accounts Payable).
- Request for quotes.
- Purchase orders.
- Change requests/orders.
- Purchase order dispatch.
- Procurement contracts.
- Procurement analysis.

eProcurement/Procurement Integration

The following diagram illustrates how eProcurement interacts with the other PeopleSoft Financial applications.



Lesson 2: New PeopleSoft Terminology

PeopleSoft Financial Management System is made up of tables comprised of sets of related fields.

When you enter a transaction in the PeopleSoft system, some of these values will default for you and you will not need to enter them for each transaction. The implementation team established these defaults for each user based on the tasks the user performs.

Some of the basic PeopleSoft terms are defined below.

Business Units

Business units are established to identify each individual company or business entity. The business unit is a 5-character alphanumeric field that identifies the owner of the business transactions.

The only business unit used for financial transactions is **CASE1**.

SetID

SetIDs are set up to group sets (TableSets) of values for specific applications. The PeopleSoft SetID allows you to group together values such as vendors, ChartFields, customers, etc. A SetID may be attached to a single business unit or multiple business units may share the values assigned to a SetID.

The only SetID currently in use is **CASE1**.

PeopleSoft Dates

There are two types of dates that you will use in financial processing.

Effective Dates

Effective Dates are used primarily for setup and organizational information. This information is governed by a date that indicates when all of the options on that page are to take effect. As changes are made, new rows of information with a new effective date are entered.

Effective dates allow you to keep historical records (past, present and future) information in a table. The system separates effective-dated information into three types.

Effective Date Type	Description
Current	The <i>one</i> row with an effective date less than or equal to the current system date (today's date).
History	All rows with effective dates prior to the date on the current row.
Future	All rows with effective dates after the date on the current row.

When you enter an effective date, it usually defaults to your system's current date. This should be changed to the date in which the information takes effect.

When you access effective-dated information, the system looks at the current date and then supplies values based on the information in effect on that date. A value marked as inactive or with a future date will not be available for selection.

A department is an example of effective dated information. If you make a change to a department which will become active a month from today, you would enter the future date as the effective date. The department change will not be available for transactions or reports until the date entered as the effective date.

Transaction Dates

Most of the entries that you make in the course of your daily tasks will have dates. These are transaction dates and indicate the date that the information was entered into the system.

Budget Period

Your financial transactions will also be posted to a specific budget period. This allows you to track and report on fiscal activity for any time period at the university.

Case will use a Budget Period that dates from July 1 – June 30. The Budget Period value will be derived from the date on which the Fiscal Year ends. For example, the fiscal year that ends on June 30, 2005 will be posted to a Budget Period of **2005**.

Accounting Periods

Each transaction you record in PeopleSoft will be posted to a specific Accounting Period. These are the consecutive months within a Fiscal Year.

You will frequently need to specify an accounting period when running inquiries or reports. The Accounting Periods at Case are:

Period	Description
1	July
2	August
3	September
4	October
5	November
6	December
7	January
8	February
9	March
10	April
11	May
12	June
998	Closing period for year-end adjustments
0	Prior Year Balance Forward information (recorded automatically after year-end-close)



When requesting year-end information, you will want to include period 998 in your report or inquiry requests.



Most of the time the currency code will default based on your security setup.

Currency

Your financial transactions deal with money. PeopleSoft is a global system that allows for multiple currency types and you may be prompted for a currency code when you enter a transaction.

At Case the currency will always be **USD (US Dollars)**.

Ledger/Ledger Group

A Ledger is a set of posted balances that represents a set of balanced books for a Business Unit. Ledgers store posted net balances for each combination of ChartFields by accounting period and fiscal year. The PeopleSoft General Ledger Application allows you to define Ledgers to record actuals (periodic financial data), budgets, forecasts, statistics, or any other type of data at any level. The number of Ledgers you add will depend on the type of data you want to maintain. The Application supports detailed and summary Ledgers.

Multiple detail Ledgers can be linked together in a Ledger group. When you post a Journal entry, you have the option of posting the Journal to a single Ledger or to all Ledgers in a Ledger group.

When you make a journal entry in the system, the Ledger group will automatically be populated for you. This Ledger Group has Ledgers attached to it. When your journal entry is posted, the Ledger attached to the entry defines the set of books that get updated.

Your expense and revenue journal entries will be posted to the actuals ledger group called **ACTUALS**.

Your revenue and expense budgets are posted to the following Commitment Control Ledgers in the specified Ledger Groups:

Ledger Group	Ledger	Description
CC_DEP	CC_DEP_BUD	Department commitment control budget
CC_DEP	CC_DEP_ENC	Department commitment control encumbrances
CC_DEP	CC_DEP_EXP	Department commitment control expenditures
CC_DEP	CC_DEP_PRE	Department commitment control pre-encumbrances
CC_PG1	CC_PG_BUD	Project/grant commitment control budget
CC_PG1	CC_PG_ENC	Project/grant commitment control encumbrances
CC_PG1	CC_PG_EXP	Project/grant commitment control expenditures
CC_PG1	CC_PG_PRE	Project/grant commitment control pre-encumbrances
CC_REV	CC_REV_BUD	Commitment control revenue budgets
CC_REV	CC_REV_COL	Commitment control collected revenue
CC_REV	CC_REV_REC	Commitment control recognized revenue

ChartFields

In the PeopleSoft General Ledger application, the fields that make up your chart of accounts and provide it with an overall structure are called ChartFields. Each transaction is posted to one or more of these ChartFields that allow you flexibility to report on your financial information by any of these designated data groups.

Case is using the following delivered ChartFields.

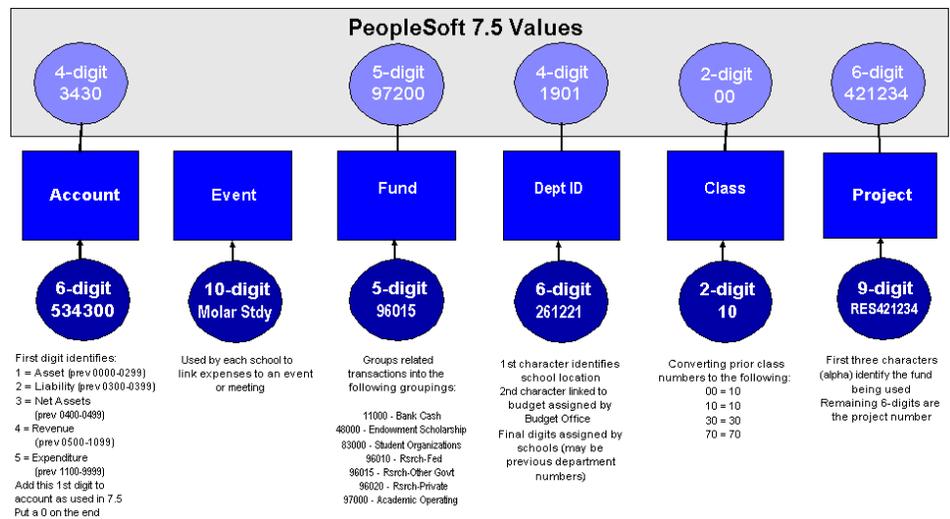
ChartField	Field Size	Definition/Example
Account	6 digit	Identifies activities as Revenue, Expense, Asset, or Liability.
Event	10 digit	Links expenses to an event.
Fund	5 digit	Groups related transactions such as sponsored research and endowment activity.
Department Code	6 digit	Identifies the operating and academic units within the University.
Class Field	2 digit	Identifies limitations on funds held by the University.
Project	9 digit	Identifies specific projects. This may designate a funded project or a classification within a fund.

Lesson 3: Case ChartField Structure

All of the information in PeopleSoft Financials is stored and accessed based on the Business Unit and the ChartFields. You may understand ChartFields more easily by comparing with the old structure. The chart below gives a “crosswalk” comparison of the new PeopleSoft naming convention and structure with the previous accounting structure.



PeopleSoft Chartfields for Business Unit CASE1



SpeedTypes

Case has chosen to use SpeedTypes to enter account information for your transactions. SpeedTypes are shortcuts to entering all information. When you select a SpeedType the Department, Fund, Class and Project will be populated. You will only need to enter the appropriate account and the event, if applicable.



In some cases, the account may be part of the SpeedType. If an account is populated when you enter the SpeedType, do not change the account code.

In most cases the SpeedType is identical to the project ChartField identifier. There are, however, three exceptions:

- OPR (Operating)

- INS (Instructional)
- CSR (Cost Share)

For Operating and Instructional SpeedTypes you will use the 3-character designators (OPR or INS) with the Department ID. For Cost Share where the Speed Type is not equal to the project number, you will use the Project Class number with CSR as the first three characters. See this example of SpeedType values and the ChartField information each carries:

SpeedType	Account	Fund	Dept ID	Project	Cls
AGY810470	203290	83000		AGY810470	70
END102800	405590	48000		END102800	70
CSR451998		96010		TRN451998	10
CSR481007		96010		OSA481007	10
RES420505		96010		RES420505	10
TRN451011	410010	96010		TRN451011	10
INS101000		97000	101000		10
OPR101000		97000	101000		10

Entering ChartField Data

After you enter the SpeedType on an accounting line you will only need to supply two additional ChartField values. These are Account and, where applicable, Event.

Account

The Account ChartField is a 6-digit field used to describe expenses, revenue, liability, asset, and fund equity accounts. The 1st digit of each account number designates the account type. 1st digit account type designations are:

- 1 – Assets (previous accounts 0100-0299)
- 2 – Liability (previous accounts 0300-0399)
- 3 – Net Assets (previous accounts 0400-0499)
- 4 – Revenue (previous accounts 0500-1099)
- 5 – Expense (previous accounts 1100-9999)



To support the upgrade from GL 7.5 to 8.4, the 1st digit will be appended to the front and a zero (0) will be added to the end of the current account number.



Individuals in your department who work with accounts will be responsible for setting up the Event ChartFields. This will be covered in the *Journal Entry and Inquiry* course.

Event

The Event is a 10-character field to be used by the schools to describe a specific event, such as a conference or meeting. This event can be designated when entering accounting lines to link a particular expense to that event. The field is alphanumeric and can be any combination of letters and numbers to describe the event.

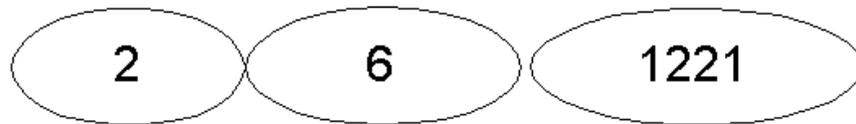
Interpreting ChartField Data

The remaining ChartFields will be entered as you entered the SpeedType or Speed Chart. While you will not enter this information, it will help you to know what the values represent so you can interpret this data when you review your accounting information.

Department

The Department is a 6-digit field used to represent the school location and budgeting information for that location.

The Department number is made of:



1st Character
School Location

- 1 = A&S
- 2 = UGN
- 3 = CSE
- 4 = SAS
- 5 = LAW
- 6 = SOM
- 7 = MGT
- 8 = DEN
- 9 = NUR

2nd Character
Budget Designation

- 0 = Deans
- 1 = Dev & Mktg
- 2 = Student Activities
- 3 = Technology/ITS
- 4 = Libraries
- 5 = Auxiliary Services
- 6 = General Admin
- 7 = Physical Plant
- 8 = Research Support
- 9 = Academic & Clinical

Last 4 characters
assigned by the
school
May convert current
numbers or designate
new ones

Fund

This is a 5-digit, high-level ChartField that broadly groups related types of transactions. These are relatively few in number, made up of the following values.

- 11000 - Bank Cash
- 48000 - Endowment Scholarship

- 83000 - Student Organizations
- 96010 - Research - Federal
- 96015 - Research - Other Govt
- 96020 - Research - Private
- 97000 - Academic Operating

Class

The Class ChartField is a 2-digit field used to further identify expenditures for reporting purposes. This field has been used in previous versions and is being converted as follows:

Previous Class	New Class	Description
00	10	Unrestricted
10	10	Unrestricted
30	30	Temporary Restricted
70	70	Permanently Restricted

Project



Projects represent both funded and other activity.

The Project ChartField is an alphanumeric field with the first three or four alphanumeric characters representing the type of project. The remaining digits represent the assigned project number.

The fund type designators are as follows:

- AGY – Agency
- ANN – Annuity
- CIP – Construction in Progress
- END – Endowments
- FHB – Funds Held By Others
- PLT – Plant
- RES – Research
- TRN – Training
- SPC – Special Projects
- OSA – Other Sponsored Activity

Lesson 4: Using Trees



Trees are effective-dated, so you use trees with past, present, or future effective dates when reporting on current or historic data and testing different scenarios and strategies.

Trees are used in multiple PeopleSoft applications such as General Ledger and Purchasing as well as for reporting across any PeopleSoft application.

A tree is a graphic representation of a hierarchy or reporting structure. Trees organize and provide a visual summarization of information on the large amount of detailed data that the application stores.

Trees are very helpful when it comes to reporting. A tree can specify how the data should be summarized or “rolled-up” for reporting purposes.

In General Ledger, after your ChartFields (chart of accounts) were established, the implementation team defined and developed the ChartField trees.

For example; a department tree can show the reporting relationships within the organization by specifying how individual departments are organized and to which department they report.

Case has given you access to view the department rollup tree. It is named **CC_DEPTID**

Practice – Viewing the CC_DEPTID Tree

System security is set up using the department table. You cannot see data from the departments that appear with the nodes above yours in the CC_DEPTID tree.

Let's access the CC_DEPTID tree to view the organization of your Department ChartFields.



To view the CC_DEPTID tree:

1. From the PeopleSoft Menu, select **Tree Manager**.
2. Select **Tree Viewer**.

The Tree Viewer Find an Existing Value page appears.

Tree Viewer
Enter any information you have and click Search. Leave fields blank for a list of all values.

Find an Existing Value

Search by: begins with

[Advanced Search](#)

3. Click .

A list of all trees appears.
4. Click the **CC_DEPTID** link.

The Departments tree appears.

SetID: CASE1	Tree Name: CC_DEPTID	Department Tree
Effective Date: 04/15/2004	Status: Active	Last Audit: Valid Tree
Display Options Print Format Close		
ALL > 261113		
Collapse All Expand All Find		
First Page  13 of 621  Last Page		
 ALL -		
<ul style="list-style-type: none">  261110 - President  200000 - University General  261146 - Office of the Provost  261113 - Exec Compensation  100000 - College of Arts And Sciences  300000 - School of Engineering  400000 - MSASS  500000 - Law School  600000 - School of Medicine  700000 - Weatherhead School of Mgmt  800000 - School of Dental Medicine  900000 - School of Nursing 		

5. Click  next to **200000 – University General**.

The departments in the medical school are displayed.
6. Click  next to **221332 – Student Affairs**.

A further breakdown appears.
7. Click  next to **221311– Educational Support Services**.
8. A further breakdown appears.

SetID: CASE1	Tree Name: CC_DEPTID	
Effective Date: 04/15/2004	Status: Active	La
Display Options Print Format Close		
ALL > 200000 > 221332 > 221311		
Collapse All Expand All Find		
 ALL -		
<ul style="list-style-type: none">  261110 - President  200000 - University General <ul style="list-style-type: none">  261112 - Budgets & Fin Planning  201343 - Thwing Admin Acti  231118 - VP Info Tech Services  261144 - Office of the Corporation  261215 - CFAO Office  261252 - University Attorney  221332 - Student Affairs <ul style="list-style-type: none">  221302 - Educational Testing Services  221322 - Thwing Center - Student Activi  221311 - Educational Support Services <ul style="list-style-type: none">  221329 - Disability Support Services  251635 - University Housing Office 		

Lesson 5: Overview of Commitment Control

PeopleSoft Commitment Control is used to create, adjust and transfer control budgets, check actual expenditures and revenues. It also determines pre-encumbrances and encumbrances against the control budgets according to the university's budget setup and budget checking rules. Commitment control confirms adherence to budgetary limits. The budgetary controls ensure that transactions do not exceed total budgets.

High-level tasks involved in setting up and processing commitment controls are listed below.



The direct interaction for end-users is shown in bold-faced type. Other transactions are handled by specialized processing groups.

- Control budgets are setup according to statutory or business rules and regulations.
- Transactions and budget checking rules are setup.
- **Users enter transactions including requisitions, vouchers, journal entries, purchase orders, etc.**
- Budget checking process is run either online or in scheduled batches.
- **Users review budget checking errors.**
- **Transactions are corrected or budget adjustments made and posted to the control budgets.**
- Budget checking process is run again.
- **Users can inquire the transaction status and the budget status and the transactions posted against the budgets can be reviewed.**
- Transactions not passing budget check are not processed further until corrected. Budgets may be overridden or budget adjustments may be made and the budget check process must be rerun.

Types of Budget Control Transactions

There are three types of budget control transactions. These are defined in the paragraphs that follow.

Actuals and Recognized

Actual and Recognized transactions are journal entries, and payables vouchers. These transactions are posted against the control budgets and the Actuals ledger. These transactions are reported as expenditures or revenue based on the ChartFields used in the transaction line.

Encumbrance

An encumbrance is an amount that you can legally spend based on a contract or purchase order. An encumbrance transaction does not update the Actuals ledger, it does however, update the Commitment Control Budget Detail ledger based on the ChartFields used.

Pre-encumbrance

A pre-encumbrance is the amount that you intend to spend when you create a requisition. It does not update the Actuals ledger. It does however; update the Commitment Control Budget Detail ledger based on the ChartFields used.

Commitment Control Example

The following table follows a requisition through your system and shows the points where the amount of the requisition moves through the different levels of budget control.

Activity	Effect on Commitment Control
Enter requisition	
Budget Check the Requisition	Funds are Pre-encumbered
Requisition transformed into PO that is budget checked	Funds are Encumbered
Items are received	
Invoice is paid	
Amounts from AP posted to General Ledger	Funds are committed to the ACTUALS ledger.

Review Questions

1. What is a business unit?
2. What does a tree represent in PeopleSoft?
3. What are the ChartFields being used at Case?



Notes