Ministry of Defence

Schedule 1 - Statement of Requirement - Contract No: 701560382

STATEMENT OF REQUIREMENT FOR THE PROVISION OF MORE4APPS FOR IMPLEMENTATION PHASE OF PROJECT ACCOUNTING FOR MOD (DFinStrat)

Contents

1. Purpose

1.1 The purpose of this document is to define the Deliverables and support required to ensure the Project Accounting (PA) costing module is implemented within the Corporate Finance and Commercial ORACLE eBusiness Suite. This Statement of Requirement (SOR) should be considered in conjunction with the following document was were completed as part of a scoping phase of this project:

- Project Accounting HLD V1.0 (Annex A)

2. Background to the Authority

2.1 This work is led by Director Finance Strategy (DFinStrat) on behalf of the Finance Function across MOD. Director Finance Strategy is responsible for the Department's financial strategy and its implementation, through development of skills and talent management as Head of Profession, delivery of effective and efficient processes and systems; and delivery of financial stewardship.

2.2 DFinStrat also leads on the Finance Functional Leadership Programme.

2.3 The MOD Finance Functional Leadership Programme is an ambitious programme to both build capability in the Finance Function, and to introduce a revised operating model.

3. Background to the Requirement

3.1 One of the workstreams within the Finance Functional Leadership Programme is Systems Exploitation and Automation on which the authority leads. A key initiative within this workstream is to introduce corporate project accounting functionality as part of the existing Oracle E-Business suite. This will not only provide additional functionality but will also drive greater standardisation of data items, that will flow through the department's financial and management accounting systems.

3.2 The Oracle eBusiness Suite PA solution is a systems enabled business change project which will fundamentally change the way that accounting for projects is conducted across the MOD.

3.3 The Oracle eBusiness Suite PA solution affords the MOD an opportunity to change how project-based accounting transactions will be captured and interpreted with the introduction of a dedicated Project Accounting solution. Once Oracle eBusiness Suite PA is introduced all project related transactions will be captured in the PA sub-ledger giving a single source of all project related spend as opposed to the current solution whereby all data is held in the General Ledger at a transactional line level.

3.4 A key workstream within Project Accounting is Data Migration as a significant number of projects currently held in offline solutions, Oracle Primavera and Microsoft Projects online need to be migrated into the PA Sub-Ledger at Go-Live.

3.5 To support this workstream, and the associated challenges, around Data Migration, the Authority requires utilisation of a data extract and load tool that provides pre-written codes and is capable of handling large volumes of data; with quick processing times.

3.6 A significant requirement for the authority is a tool that integrates with our existing Oracle Commercial and Finance product suite; has pre-existing validation built into it

(to support quality assurance of data) and utilises Excel, to allow quick resolution of issues through using a user-friendly platform.

3.7 Market analysis has been undertaken identifying that More4Apps it the only viable option given its ability to cope with the volume of data we will be looking to load, the speed it will process the data at and the level of validation it offers. Other products are far more basic data loaders which do not offer the required benefits.

4.The Requirement

A description of the requirement, including the associated deliverables and acceptance criteria is outlined in the following table:

Description	Deliverable	Acceptance Criteria (Sign off)
More4Apps Project and Transaction wizard. ***The Contractor shall***: Deliver the licence key for one project and transaction wizard for More4Apps; this will provide full functionality for one user and will not be time limited. The user will not be limited to one individual, the named user can be changed as required.	A licence key for access to one project and transaction wizard for More4Apps.	Access to a fully functioning project and transaction wizard via the More4Apps product suite; for one user and an indefinite time period.

Ministry of Defence

Project Accounting High Level Design (HLD)

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Document Control

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0.1	Karl Jones Andrew Meachem	External Assistance	26/07/2019	Issue of first draft
0.2 – 0.11	Karl Jones Andrew Meachem Amber Maxwell Nick Bowman	External Assistance	15/08/2019	Updates following document reviews
0.12	Nick Bowman	External Assistance	19/09/2019	Updates following final board reviews
1.0	Nick Bowman	External Assistance	20/09/2019	Uprated to version 1 following Board approval

Document Approval

	Name	Role	Signature	Date
Creator:	Karl Jones	Solution		
Approver:	Mark Chandler (on behalf of the board)	FSI		

Table of Contents

1. Summary

1.1. This document provides a high level overview of the future Project Accounting solution and describes the factors and constraints that have influenced its design. Together with the Target Operating Model (TOM), it describes how the requirements contained within the Project Accounting User Needs Document (UND) are met.

1.2. The Oracle eBusiness Suite Project Accounting (PA) solution affords the MOD an opportunity to change how project based accounting transactions will be captured and interpreted with the introduction of a dedicated Project Accounting solution. Once Oracle eBusiness Suite PA is introduced all project related transactions will be captured in the PA sub-ledger giving a single source of all project related spend as opposed to the current solution whereby all data is held in the GL at a transactional line level.

1.3. A much more detailed analysis of Project spend will be achieved with the introduction of Oracle eBusiness Suite Project Accounting (PA):

1) Within Oracle eBusiness Suite today, project spend is captured at a summary level in the General Ledger against an LPC. As this only allows the capture of all costs against a single summary GL code, this restricts any analysis, through either Oracle eBusiness Suite or Cognos to summary based reporting, due to the limited data held.
2) Through PA, Project spend will be captured and categorised at multiple levels, allowing for a much greater level of reporting and analysis.
3) As the Project will still be linked to the LPC code, existing reporting will be unaffected, whilst at the same time introducing and enabling additional projects based reporting through the new module.

1.4. Major changes will be introduced to existing business processes as a result of introducing the Oracle Projects module including;

1) Visibility of project costs and budgets within a projects sub-ledger.
2) Automated controls that can be applied to manage costs and project performance affording improved financial management and governance capabilities.
3) Increased effectiveness by being able to build in standardised good practice templates.
4) Improved efficiency through automation and the embedding of common project related practices across the organisation.

1.5. The Oracle eBusiness Suite PA solution is a systems enabled business change project which will fundamentally change the way that accounting for projects is conducted across the MOD. In the first implementation the organisation will benefit from improved processes, cost visibility & controls, project performance management and enhanced project reporting.

1.6. Future rollouts could look to build upon these foundational benefits to deliver additional value in areas such as project related labour costing (excl. DE&S

who will utilise Team Member to enable the delivery of labour costing in the initial implementation) and project billing functionality.

2. Introduction and Background

2.1. The purpose of this document is to outline the high level design for the implementation of Project Accounting modules within the current Oracle eBusiness Suite solution.

2.2. Specific Oracle eBusiness Suite modules considered are:

1) Oracle Project Costing
2) Oracle Project Billing. See section 2.7
3) Oracle Time & Labor. See section 2.7

Background

2.3. The MOD Finance Functional Leadership Strategy contains an ambitious programme to both build capability in the Finance Function and to introduce a revised operating model.

2.4. One of the workstreams within the Finance Functional Leadership Strategy is Systems Exploitation and Automation. One of the key initiatives within this workstream is to introduce corporate project accounting functionality as part of the existing Oracle E-Business suite. This will not only provide additional functionality but will also drive greater standardisation of data items, that will flow through the financial and management accounting systems.

Objective

2.5. The objective of this document is to provide an overall view of the future process landscape and to document factors and constraints that have influenced the design, thus enabling reviewers to confirm that all such substantial factors have been considered.

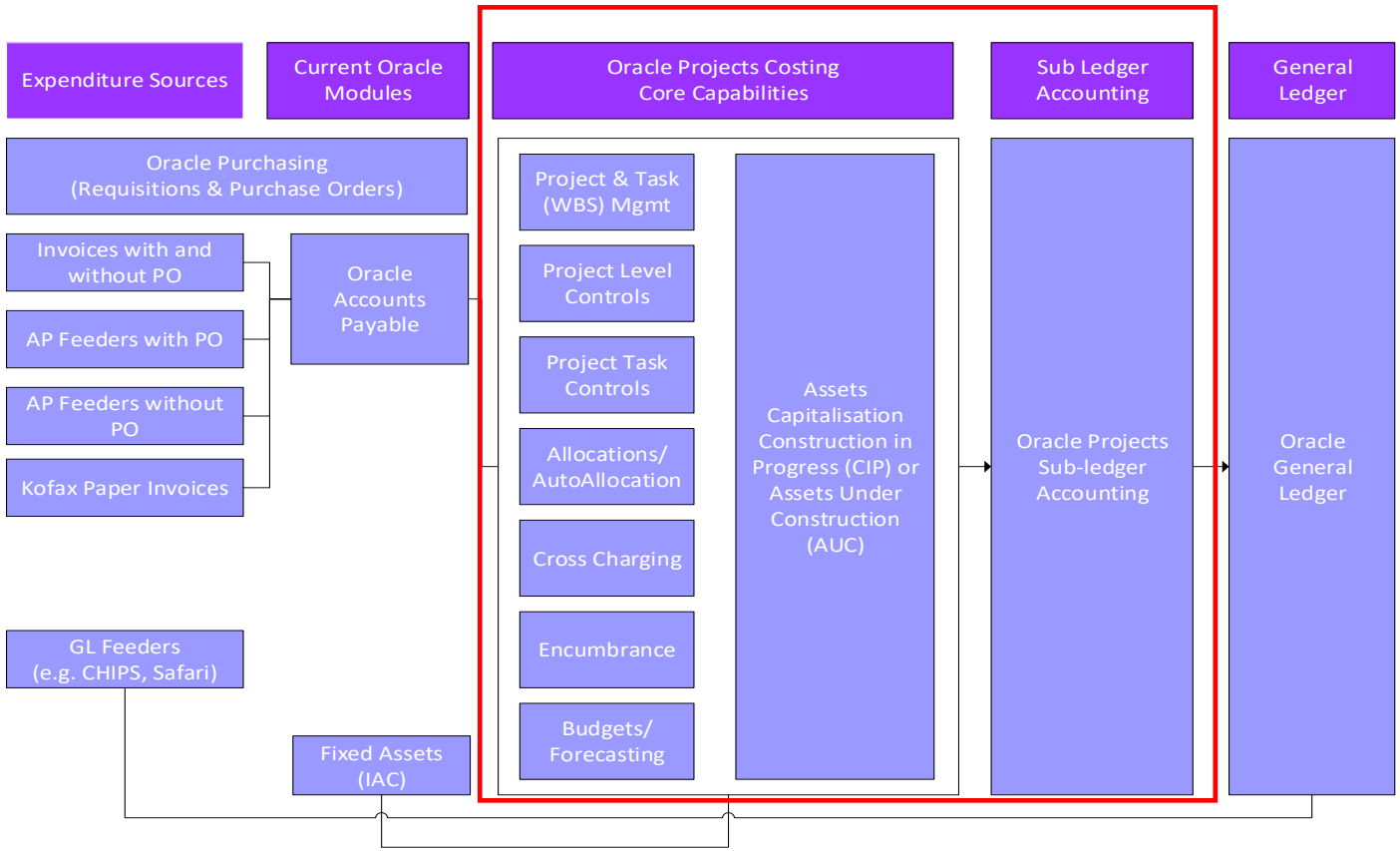
Scope

2.6. Taking the findings from the Discovery Phase and the requirement to manage risk, the scope of the initial implementation will consist of Project Costing implemented across all TLBs to be delivered simultaneously.

2.7. Project Billing and Oracle Time & Labour will be considered as a future project, following a bedding in period for Project Costing, There is currently no corporate level requirement for these modules so further information on these is not included in this document.

2.8. The scope of this document and Oracle Project Costing is outlined in red in Figure 2-1. It includes the end-to-end process for creating and accounting for projects.

Figure 2-1 – Oracle Project Accounting Scope



2.9. Non-Current Assets (NCA) process is in scope as the capability to link to Assets is included as standard however the degree to which an automated process is utilised is to be assessed during the detailed design and implementation phase.

2.10. Specifically out of scope are:

1) Inventory Systems and related processes

Consultation

2.11. A series of workshops have been held with project delivery TLBs (DE&S, DSTL, ISS, DIO & SDA) to

1) Review key areas of the Project Accounting solution
2) Agree key high level design decisions and
3) Begin to capture change impacts.

2.12. A validation session with all TLB's, was held on the 18th July 2019. During this workshop the following were agreed:

1) Key high level designs
2) High Level target operating model

(a)

Impact on existing solutions

2.13. The scope of the initial Project Accounting implementation has been designed to limit the impact onto the existing processes e.g. Budget processes will remain within PB&F (with an interface into PA), procurement users will continue to use iProcurement as is (feeds to PA will be automated) and Non-Current Asset additions will continue to use the current process and associated support systems.

2.14. There will be no impact on existing Cognos reporting as LPC & S9/P9 information will still be generated, fed into the GL and transferred to the data warehouse as per the current process.

Key Design Principles

2.15. There are 5 key design principles that will be used to underpin thinking for the implementation of Project Accounting:

(a) **Adopt not Adapt**. We will utilise common processes, which align to the product as much as possible.

(b) **Consider our People**. We are focused on how this will enhance the experience of our people.

(c) **Global Design**. We will have one design that all organisations will use.

(d) **Be Open and Accepting to New Ideas**. Maximising the benefits means allowing new ways of working and making use of best practice.

(e) **Be Future Focussed**. We should be asking "why can't that work for us" rather than "this is how we do it now".

Key Assumptions

2.16. The following high level assumptions have been made, with regards the implementation of Oracle Project Costing into the current Oracle solution

ID	Assumption Category	Assumption Description
A01	Project	Data Migration will be performed by the MoD Projects Centralised function (extract & load) in conjunction with TLBs (transform & reconcile). The external partner will provide loading template(s) as needed to assist with this task.
A02	Technology	There will be no change to the technical architecture during the project the implementation
A03	Technology	The current version of Oracle eBusiness is R12.2.4 and will remain so during the Projects implementation phase
A04	Technology	SOA Suite is in use and no changes are planned, or will be made, during the Projects implementation phase
A05	Scope	Project Costing will form the scope of the initial implementation
A06	Scope	Project Billing will be considered for implementation following a bedding in period, after the initial implementation
A07	Scope	Time recording will be considered for implementation following a bedding in period, after the initial implementation
A08	Scope	Approx.10 COGNOS reports will be developed as part of the initial implementation
A09	Scope	The PB&F solution will remain the master for budget and forecast data with an interface into PA to transfer the information (where it is held at an LPC level)

3. Solution Overview

3.1. This section details the functionality to utilise the Oracle Projects module to manage project costing within Oracle. This will have no impact on the current hardware or infrastructure as it is an internal module of the Oracle eBusiness suite.

3.2. The solution will align with the Key Design Decisions that were agreed during the workshops with the TLB's. These were:

1) Project Organisation Structure to reflect the Organisational Structure within the current Oracle eBusiness Suite
2) The Work Breakdown Structure (WBS) will follow a defined structure based on the project type
3) Standard Project related Job Roles/Permissions will be defined (aligned with Cabinet Office Directive)
4) What Project Roles will be defined e.g. Project Manager, Project Accountant. Exact roles to be defined in detailed design
5) Project Numbering will follow a numeric sequence
6) Project Types will be: Indirect (costs only), Contract (costs and billing), Capital (Asset building costs) – RDEL, CDEL, etc. Any others to be defined in detailed design
7) Templates will be defined by project type
8) Purchases (requisitions or orders) will be recorded against projects
9) Cost categories will be charged to projects, exact categories to be confirmed in detailed design
10) Project AutoAccounting Rules will be defined (for project transactions only)
11) Project Accounting Periods will follow current financial calendar
12) Standardised Labour Costing will be used
13) Time recording will be automatically imported (Where timesheet system exists)

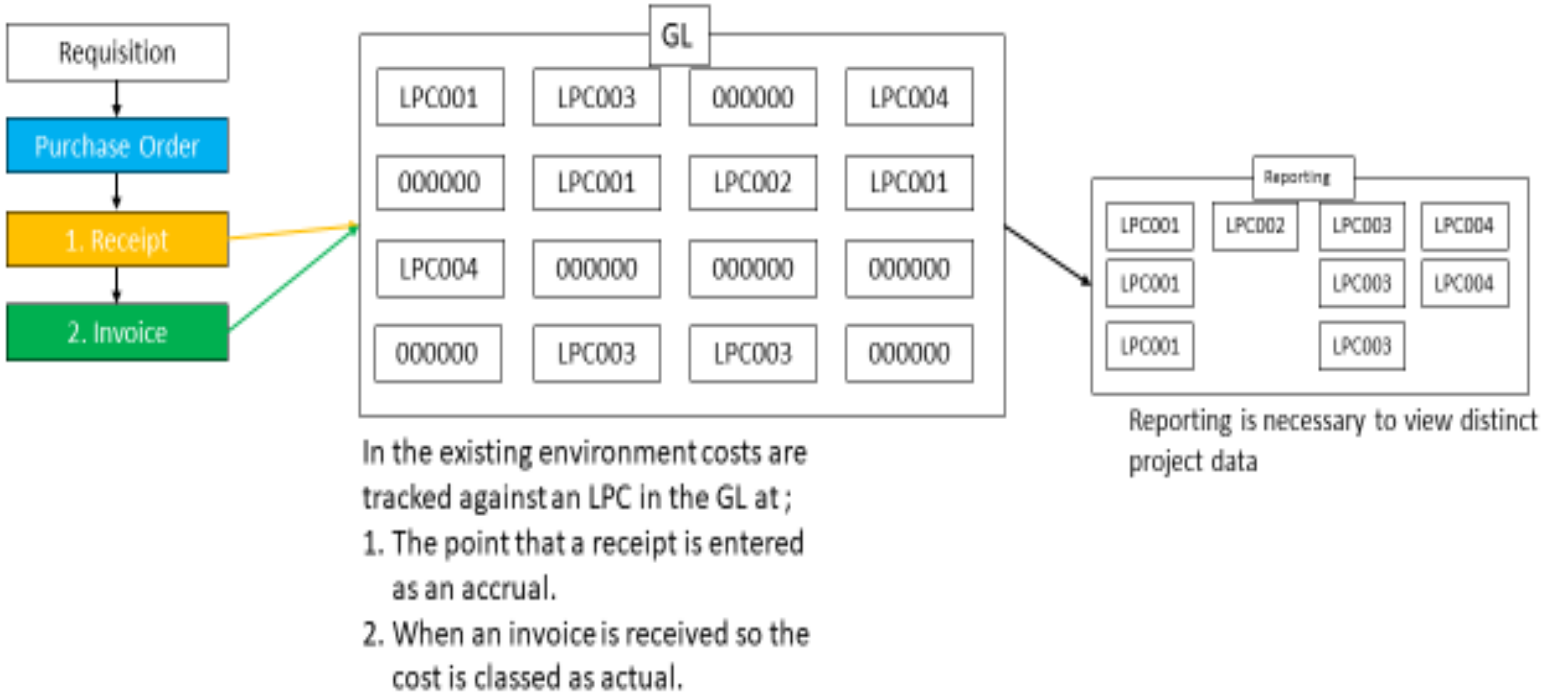
3.3. The above decisions align with the Project Accounting Pan Government Principles along with the Maturity Assessment created for the Cabinet Office, which can be found in the annex of this document.

3.4. The implementation partner will assist in the MOD-led review of the licensing requirements.

Data Visibility & Flow

3.5. The diagram in Fig 3-1 below shows how projects information is currently stored only in the GL, along with all other financial information. The GL not only holds project/LPC data but ALL transactional data that has been processed including sub-ledger (Accounts Payable, Accounts Receivable etc.) and manual journal data. Thus the only way to get a view of project spend is to use reporting to extract the data at an LPC level.

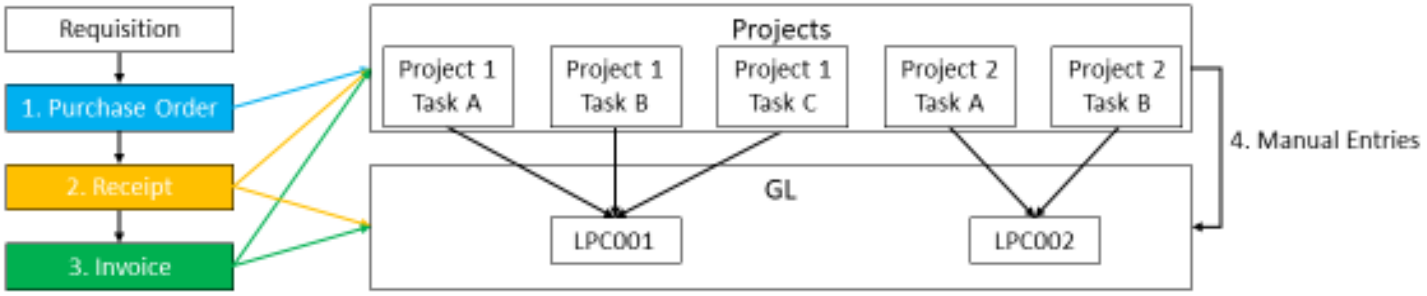
Figure 3-1 Current process of viewing project information



3.6. In the current process costs are only visible once a receipt is entered (as an accrual) or when an invoice is posted (actual).

3.7. The diagram in Fig 3-2 shows how data flows and visibility of costs will look once Project Accounting is implemented.

Figure 3-2 Future process of viewing project information



With Projects in place the costs can be seen;

1. Against the project and task at the point that a PO is created as a commitment meaning upcoming costs are visible earlier (in an automated way).
2. When a receipt is entered this is shown in **both** Projects & the GL as an accrual but at a more detailed level within Projects.
3. Upon invoicing the cost is shown as an actual in **both** Projects and the GL, again with Projects postings being at a more detailed level.
4. Manual entries entered directly in Projects, such as additional accruals, are transferred to the GL

3.8. Oracle Project Accounting gives a real time view of project costs without the need to go into the GL and collating a series of LPC-based transactions.

3.9. Furthermore with the introduction of Projects costs can be seen from the point that a PO is raised (as a commitment). This earlier and more complete visibility of spend enables more accurate forecasting and estimate to complete information.

3.10. The GL will retain the same detail of LPC & S9/P9 as it does currently so GL reporting is unaffected. This process will not change how the accounting information is derived and posted into the GL.

Oracle Project Creation

3.11. Configuration of Projects will include creating a set of pre-defined project templates for each TLB. The templates will be defined by project type and will be TLB specific. These templates will be used for the creation of new projects by copying the relevant template for the new project. This ensures that associated structures and controls remain consistent for all similar project types in addition to bringing efficiency to the new project creation process. (See Ref: PCC002 of the Project Accounting User And System Needs document)

3.12. Each project template will have a defined Work Breakdown Structure (WBS) or, in Oracle terminology a series of “tasks”. Tasks can be structured into a number of levels and have a full range of controls. A task is an item within the WBS that costs are collated against. An example of what a WBS could look like is:

Task Number	Description
1.0	Feasibility
2.0	Design
3.0	Build
3.1	Ammunition
4.0	Test
5.0	Implementation

3.13. The project manager could then adjust some project elements as required, such as restricting who can access and update project information (Key Members), start and end dates (Project/Tasks) budgets etc. (See PCC005 & PCC006 of the Project Accounting User And System Needs document)

3.14. Should there be a need to amend the associated WBS/Tasks then this can be actioned by Project Accountants or Project Administrators who can ensure relevant controls are placed on the additional WBS/Task lines.

Oracle Project Budgets

3.15. Oracle Projects provides budgeting & forecasting functionality as standard to facilitate the financial planning and management of projects throughout the project life cycle. The budgets and forecasts can be set at task level so that project managers/accountants can analyse the project at the lowest level of detail.

3.16. Multiple budgets and forecasts for a project can be created to model the financial impact of different planning alternatives. Budgets and forecasts can be used to track ongoing project performance and project status by comparing budget and forecast amounts to actual amounts using standard reporting tools such as Project Performance Reporting (PPR) and Project Status Inquiry (PSI) or via project specific Cognos reports (that are in scope for development as)

3.17. In order to eliminate the need to key budgets twice and reduce the chances of keying errors the current working assumption is that PB&F will remain as the master for initial budget and forecast data with an upload process to be developed to transfer this information into Projects. Note: Budget and forecast information can only be transferred into Project Costing if it is held at LPC level in PB&F. Budgets that are held at BLB level in PB&F will require re-keying in Project costing to hold them at LPC/task level.

3.18. Where budgets are held in other project management systems at a more granular level (i.e. P3M) these will also need to be included in PA and used for onward tracking and reporting, albeit tracked as a different and distinct budget type

3.19. The detailed design phase will need to consider all potential data sources for budget data in order to develop the necessary interfaces and associated processes to align all budgetary information across the solutions. This will include agreeing the frequency of the budget data being refreshed in PA.

Oracle Project Cost Collection

3.20. Project costing allows users to collate expenditure against the relevant project and task, using the assigned information the account generator will determine the accounting string to be posted to the General Ledger (See CPC002 of the Project Accounting User And System Needs document)

3.21. Both Requisitions and Purchase Orders are automatically recorded against the project. These will be shown on the project as a commitment, and as such included within the Estimate to Complete, until the point the commitment is realised, when an invoice is received and matched. (See CPC003 of the Project Accounting User And System Needs document)

3.22. This will mean that when a requisition is created for project expenditure within iProcurement for example, it will be coded directly to the project by completing the Project, Task, Expenditure Type, Expenditure Organisation and Expenditure Date information fields.

3.23. Expenditure Types will align to the existing purchasing categories which describes or classifies the item / service being procured. This results in minimal change impact to the end users

3.24. The Expenditure Organisation in this case will be the TLB as project structures will be created to match the current organisation structure.

3.25. The Expenditure Date is the date that the cost will be assigned to your project, this is normally defaulted in by the system as the date the requisition is created.

3.26. The Local Project Code will be derived automatically by the system based on the project number entered by the user.

3.27. As the requisition is for project expenditure the workflow will send it to the project manager for approval. The information that has been entered into the fields mentioned above will be retained on the Purchase Order. Once approved the PO will be seen on the project as a commitment.

3.28. When an invoice is matched against the PO the project information will be incorporated on the invoice line. This will then update the cost on the project from a commitment to actual.

3.29. Other costs such as manual accruals can be added directly onto the project via the Pre-Approved Expenditure Batch functionality (See CCA003 of the Project Accounting User And System Needs document). This is similar to posting a journal in the GL and represents only a small change for the existing users.

Oracle Project Closure

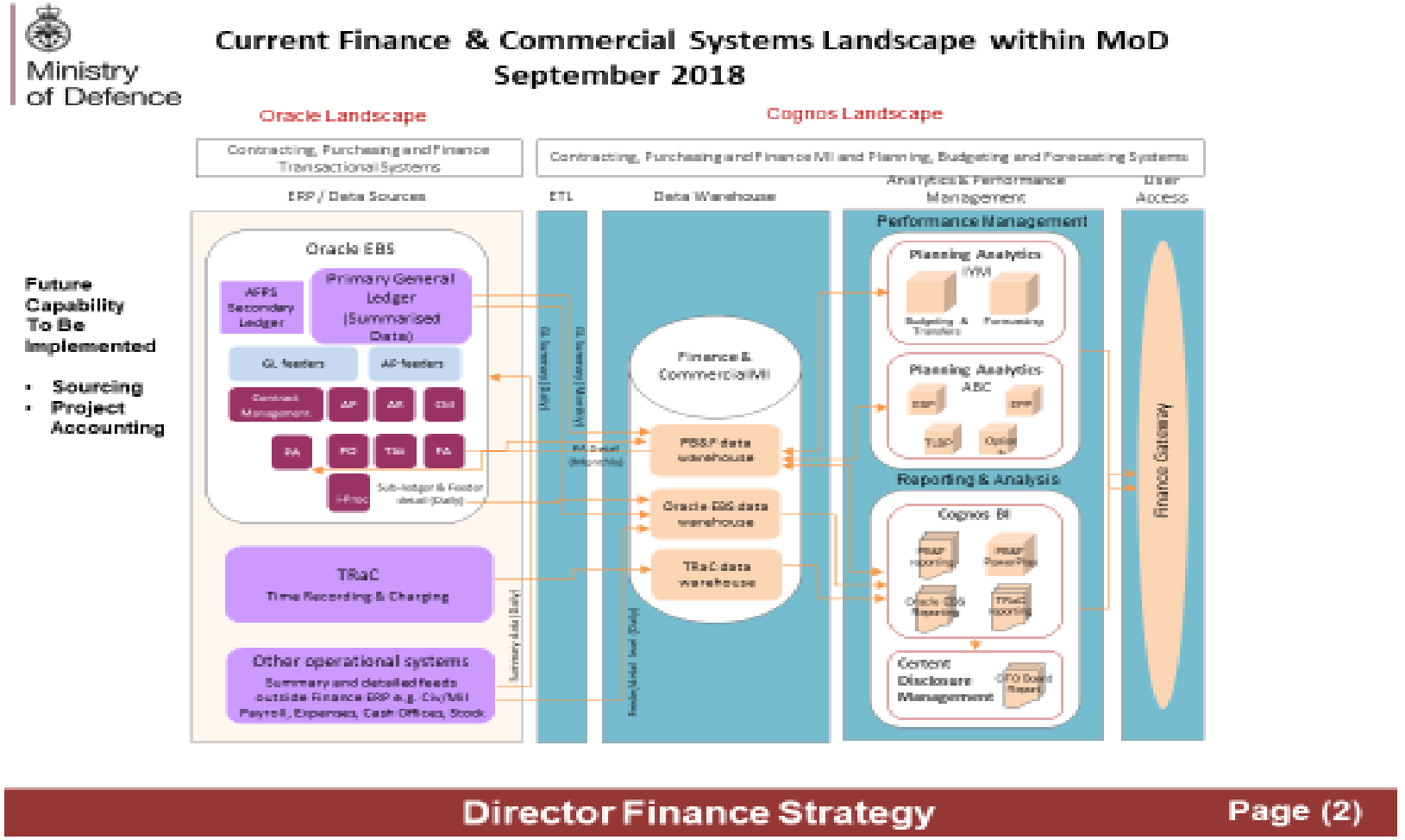
3.30. Once a project is complete the code should be closed with Projects to stop further costs from being booked.

3.31. A project manager will initiate the closure of a project at the appropriate time. This process will include setting the project to ‘Pending Close’ which will enable current commitments to be matched, but no further commitments can be booked to the project.

3.32. Once all costs have been processed then the projects support function can set the project to ‘Closed’.

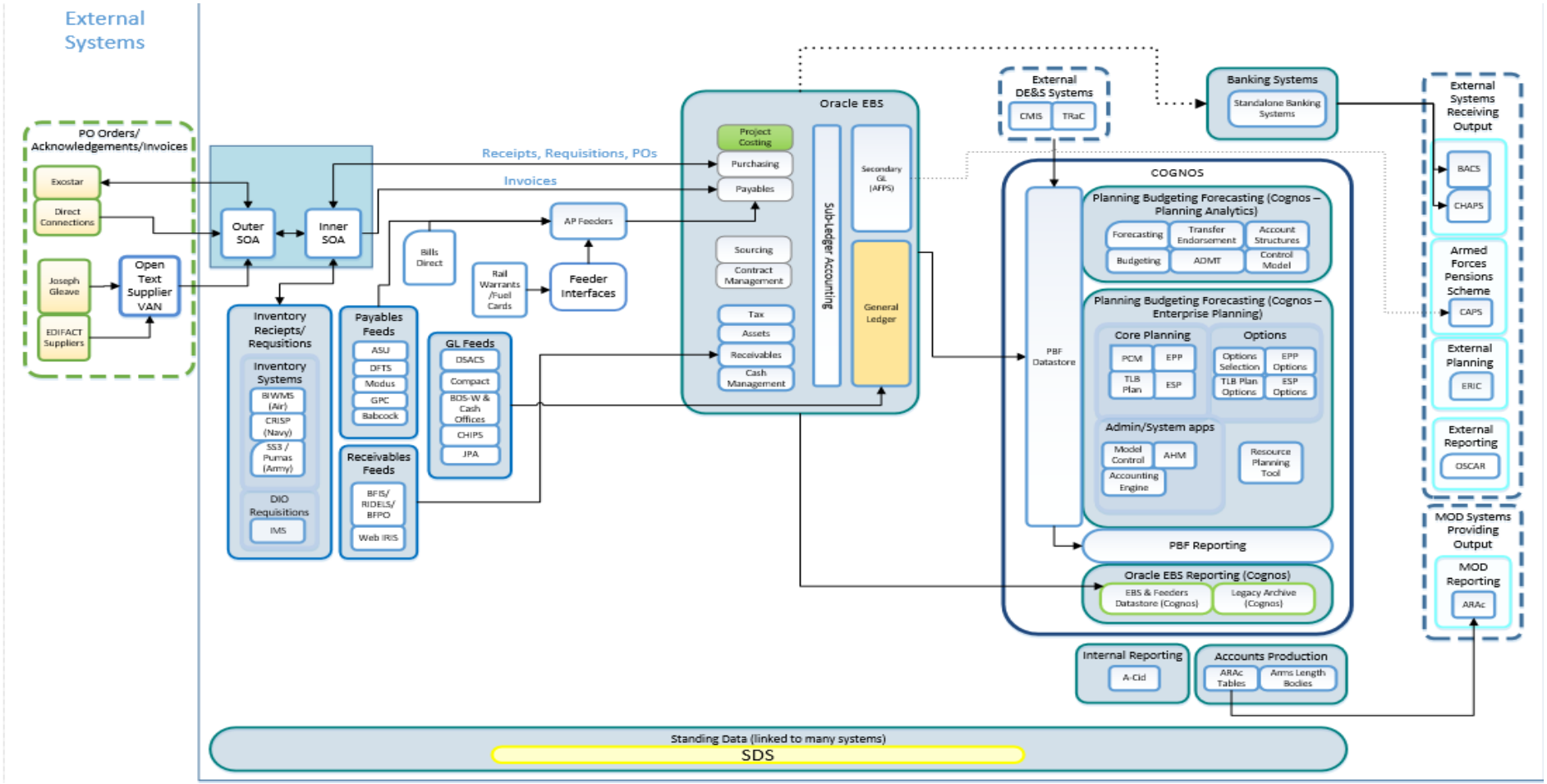
Figure 3-3 Oracle incorporating Project Accounting Solution Overview

3.33. Figure 3-3 below shows the future Oracle Landscape including Project Accounting under Contract Purchasing and Finance Transactional systems, and the Cognos Landscape under Contract Purchasing and Finance MI and Planning, Budgeting and Forecasting systems.


Ministry of Defence
Current Finance & Commercial Systems Landscape within MoD
September 2018
Oracle Landscape
Cognos Landscape
Contracting, Purchasing and Finance Transactional Systems
Contracting, Purchasing and Finance MI and Planning, Budgeting and Forecasting Systems
ERP / Data Sources
ETL
Data Warehouse
Analytics & Performance Management
User Access
Future Capability To Be Implemented
Sourcing
Project Accounting
Oracle EBS
AFPS Secondary Ledger
Primary General Ledger (Summarised Data)
GL feeders
AP feeders
Sub-ledger & Footer detail (Daily)
TRaC
Time Recording & Charging
Other operational systems
Summary and detailed feeds outside Finance ERP e.g. CHJ/MEI Payroll, Expenses, Cash Offices, Stock
Finance & Commercial/MI
PBS/F data warehouse
Oracle EBS data warehouse
TRaC data warehouse
Performance Management
Planning Analytics (TM1)
Planning Analytics ABC
Reporting & Analysis
Cognos BI
Content Disclosure Management
Finance Gateway
Director Finance Strategy
Page (2)

3.34. Figure 3-4 below shows the ITMS landscape and a more detailed view of the architecture. As shown in Figure 3-3 Oracle Projects sits directly within the existing Oracle eBusiness Suite with all inter-module links coming into place as standard, there are no additional hardware requirements nor any external interfaces so there will be no impact on the current architecture.

Figure 3-4 System Architecture incorporating Oracle PA within Oracle EBS



3.35. As with all of the other Oracle R12 eBusiness suite modules Oracle Project Accounting integrates seamlessly. The module has internal interfaces with Purchasing, Payables, Receivables, Fixed Assets and General Ledger all as standard. Therefore there is no impact on the overarching architecture of the corporate finance system.

Additional Design Considerations

3.36. The design discussed above covers the majority of the requirements agreed with the target TLBs during the Discovery phase however there are some additional elements to meet specific business needs.

DE&S Team Member Time Recording

3.37. DE&S have implemented Oracle Primavera (P3M) which comes with time recording functionality called Team Member.

3.38. Standard costing is applied to these entries and this is recorded against the project within P3M to give a complete view of project costs.

3.39. The initial implementation of Project Costing will incorporate Team Member as part of the solution so that all related project costs are captured in Oracle, maintaining the “single source of truth” objective for this project. This also serves as a pilot for the inclusion of time entries for other TLBs at a later stage.

3.40. There will be a centralised team which will obtain a file/extract from Team Member which will be downloaded into 3rd party software such as More4Apps and then uploaded onto the projects within Oracle PA.

3.41. Including Team Member into the solution landscape has no impact to implementation time or cost.

DIO IMS

3.42. DIO currently use an external system that collates all of their project related costs and this is interfaced into Oracle. This interface will be modified to capture the project information and will be covered in the detailed design phase. Further information regarding this can be found in section 7 of this document.

4. Process Flows

4.1. The process flows below show how transactions will flow through Oracle once Project Costing is implemented.

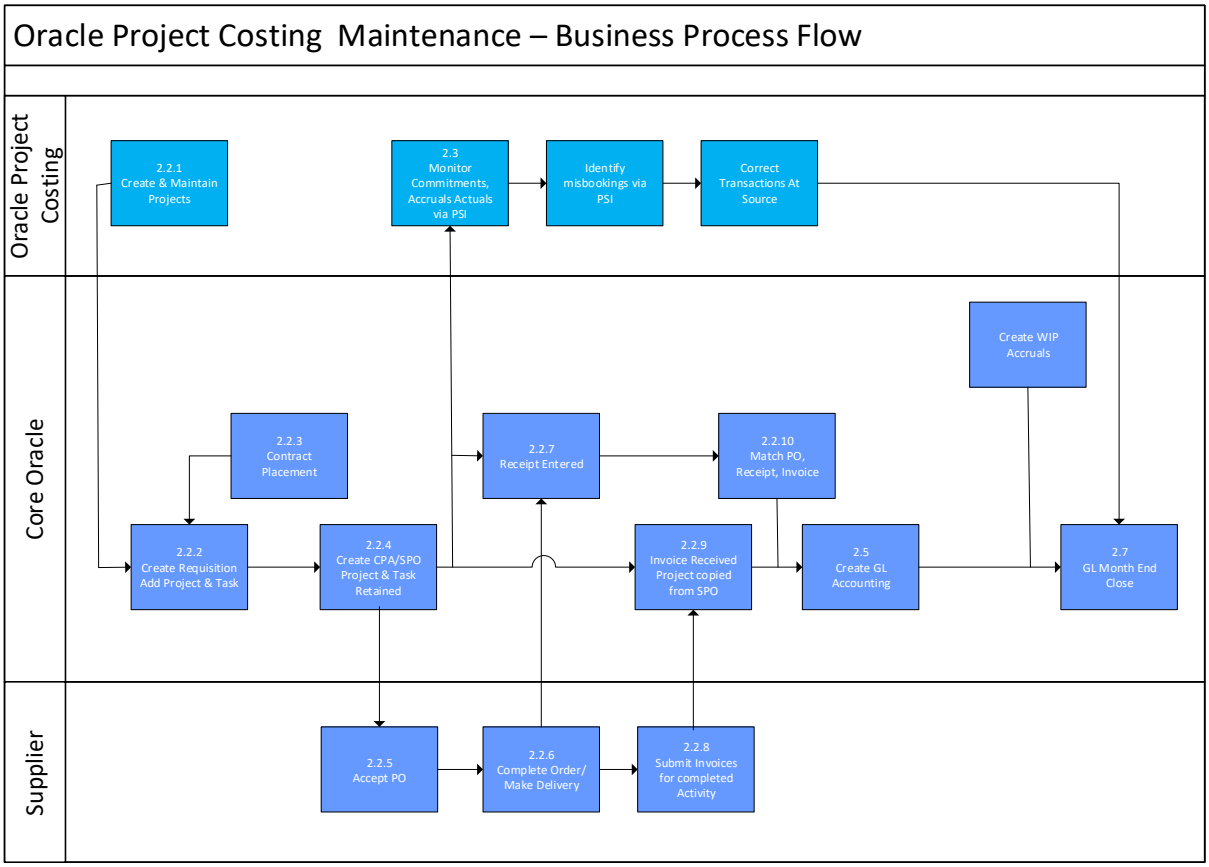
To Be Process Flow

4.2. Oracle Project Accounting will present a single point of entry and guided approach to procurement activities. The figure below overviews a user perspective of Oracle, subsequent process diagrams describe the processes in more detail. The descriptions in parenthesis (e.g. Transactional) refer to the terms used in the process diagrams.

Business Process Flows and Data Flows

4.3. The following figure provides details of the Oracle Projects based solution from requisition stage through to adjustments and accruals.

Figure 4-1 Oracle Projects Solution - Business Process Flow



4.4. Managing coding and expenditure within the new Projects enabled environment will be very similar to the existing process, the key data flow changes are managed automatically by the system via standard background processes. The paragraphs below give a further explanation to the process flow diagram above.

4.5. The numbered paragraphs below are directly linked to Fig 4-1 above.

2.2.1 Create & Maintain Projects Within Oracle Projects Module. Oracle Project Accounting will be the master data system for all project codes. Sufficiently authorised users/teams will create a new project code, from a pre-defined template, and share the information with the relevant project manager. Once created this project code is available for use against the purchasing transactions. Please also see Ref: PCC001 in the Project Accounting User Needs Document

2.2.2 Create Requisition and Add Project & Task. Oracle Projects provides the opportunity to add more than one project code to a particular line. Please also see Ref: CPC002 in the Project Accounting User Needs Document

2.2.3 Contract Placement. Depending on the details requested in the requisition a new contract may require tendered and placement. This activity covers all the associated tendering activities.

2.2.4 Create CPA/SPO, Project reference Retained. Once the contract is placed or the requisition is used to create a call-off against an existing contract, a CPA/SPO or BPA is created. The project details entered on the requisition are copied on to the purchase order as part of standard functionality.

2.2.5 Accept PO. Supplier receives the PO via Exostar or one of the other PO delivery mechanisms. The PO can then be acknowledged by the supplier.

2.2.6 Complete Order / Make Delivery. Supplier completes the order and delivers the goods/services.

2.2.7 Receipt Entered (Project code not required). The Oracle user receipts the goods/services ensuring they meet the order requirements. No reference to project is made at this stage.

2.2.8 Submit Invoice for Completed Activities. Supplier submits an invoice via Exostar or uses one of the other mechanisms to submit invoices.

2.2.9 Invoice Received and project & task Copied from PO. Oracle receives the invoice, and the project & task from the PO line is copied to the invoice line.

2.2.10 Match PO, Receipt and Invoice. Oracle matches the PO to the receipt and invoice, and any mismatches are put on.

4.6. The Manage Misbookings Process includes the following activities:

Monitor Commitments, Accruals & Actuals via PSI/EI. As transactions occur, they are fed into the Oracle Project Costing Module and can be viewed via Project Status Inquiry (PSI) and Expenditure Inquiry (EI) functionality. Related standard reports are also available. Please also see Ref: CCA003 in the Project Accounting User Needs Document

Identify Misbookings via PSI/EI. The screens and associated reports can be reviewed at any time to identify misbookings.

Create Pre-Approved Expenditure Batch. The approach is to correct misbookings at source and allow the revised transaction to flow through the system to maintain a complete audit trail. It is realised

however that during month-end there may not be the time available to do this so authorised users can create Pre-Approved Expenditure Batches within Oracle Projects (much like a GL Journal) to allow for the incorrect costs to be temporarily moved. This should be reversed in the following month and the correction at source made.

Managing Different Routes and Scenarios

4.7. The above process flow shows how users will enter and view transactions within Oracle. The table below includes the above and also shows further scenarios and how they will be addressed.

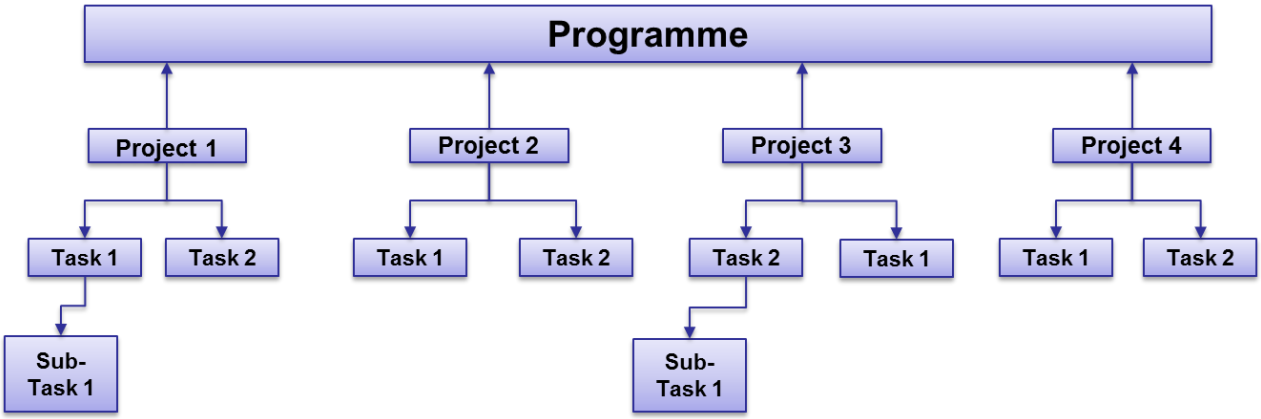
Route	Description	Design	Considerations
Oracle Std process (Req-PO-Inv)	This is the standard requisition to PO process in Oracle	The requisition is coded using standard Oracle fields and fed through to associated transactions	
Oracle PO - Paper Invoice	Placeholder PO on Oracle, supplier not on Exostar. Paper invoice submission via MOD640, AG173 or Commercial invoice	The placeholder PO lines will be coded to a Project using standard functionality. Use "holding project code" if for	Only works if PO line applicable to single project.
General use Contract	Call-off contract used by multiple project teams	Code Req or code PO line to "holding project code" Project and then reallocate using Pre-approved Expenditure Batch	Process to reallocate project holding costs
GL Feeders (Excluding Payroll)	GL Feeds that should be coded to a Sub-Project Code i.e. FMS and elements of Cash Accounts	Code GL feeders (FMS, Cash Accounts) to LPC/Project and also feed into Projects as Pre-approved Expenditure Batch.	Process to code GL Feeders FMS and Cash accounts
AP Feeders (Other)	These are used to interface AP invoices that are matched to a PO and are deemed as being receipted. Note. Majority of AP Feeders Over Head expenditure related	The PO's that are raised will have the Sub Project Code assigned to them If PO line applicable to multiple LPC/Project code line to "holding project code" and then reallocate using Pre-approved Expenditure Batches	Process to reallocate project holding costs
GPC AP Feeder	These are purchases that are for goods and services that do not have a contract. Made via a Procurement Card.	Option 1) GPC can be assigned to a project and invoice coded as update to AP Feeder design Option 2) Code Feed to LPC/Project and create Pre-approved Expenditure	Open design consideration.

Project Code Structures

4.8. This solution provides the ability to have a single or multiple project codes below a P9/S9

4.9. This solution design also allows a task hierarchy to be created below the Project (P9/S9). There is also the opportunity to use the programme functionality to view linked project details.

Figure 4-2 Oracle Projects and Task Code Structure



5. Change Impact Assessment

5.1. This section covers the high level change impact of implementing Oracle Project Accounting. This has been assessed based on People, Process and Technology impacts. It is expected that this will be further explored during the implementation phase.

5.2. The following table summarises the areas that were considered.

People	Process	Technology
• Change in **behaviour/culture** • Change in **accountability** or reporting relationship • Change in **where** the work is completed and **with whom** • Changes to **roles** • **New Roles required/no longer required** • **New skills/training required**	• Change in **procedure** for completing tasks • Change in **contract or policy** • Change in **communication or interaction** with other functions • Change in **how** work gets done • Change in **frequency** of work • Change in the **rules** required to guide decisions, behaviours	• Change in the way users **access or obtain information** e.g. reporting tools • Change in **end user tools** • Access to **new** information • **New or retired systems**

5.3. From the review five key change impacts are identified and consideration given as to the best ways to mitigate these impacts including training, effective communications, process re-engineering and organisational design change.

5.4. The following table provides a summary of the impacts and the mitigation actions.

Impacted user group	Impact Title	Impact (People, Process, Technology)	Impact Level	Suggested Mitigation Actions
Oracle User	Project Code data entry	When creating Requisitions for project related expenditure user to select additional fields (Project, Task) at the line level from a list of values Note: Fields will only be visible to Oracle Users	M	• MOD already familiar with need to select Project (P9/S9) and now need to be aware to select additional field (Task) • Create / Update UPK for Users • Create supporting QRG
Project Team	Misbooking Management (Projects related)	New process to manage misbookings caused by end-users selecting the incorrect Project, Task or Expenditure Type	M	• New guidance related to misbookings • Minimise misbooking by use

				of transactions controls
Project Team	Month end Close (Projects related)	Oracle Project ledger to close after Purchase and Payables close and just before GL close to allow misbooking corrections to be added to Project ledger prior to being transferred to the GL	M	Update to month end guidance
Project Team	Oracle Project Reports	Oracle Projects provides Project Status Inquiry and Project Inquiry to view and manage misbookings	M	• Manage via core team • Training for core team
DBS	DBS Support Model	DBS required to support additional Oracle module (Project Costing) and a 3rd party software products	M	• Align support model with existing support arrangement • Provide training and knowledge transfer sessions

GL Feeders

5.5. Open Issue: GL Feeders to be reviewed to provide impact assessment

5.6. The following table provides a summary of the GL Feeders.

GL Feeder	Ref	Allocate to project/task?	Logic
Payroll feeders and expenses	CTC, CHIPS, CIV, JPA	TBC	For Oracle Projects based solution could enter as Pre-approved Expenditure Batch, Type Miscellaneous or Type Timecard (if hours and rates are available).
Stock Feeders	DPCA, Safari	Yes	Primarily project related Currently capability limited by inventory systems

Oracle Project Infrastructure requirements

5.7. Projects is part of the standard Oracle eBusiness Suite so no additional software installation is required.

5.8. The level of detail on contracts (POs) could be extended with the introduction of a project WBS, this would cause an uplift in the amount of data held by the system however this is not expected to require addition hardware / database sizing to accommodate. This will be confirmed during implementation.

5.9. To ensure the module remains current then patching will need to be activated for Oracle Projects (as it is for other eBusiness modules). This could impact other modules and require a change to the current regression testing module, this will be determined during the detailed design phase.

5.10. There is a potential that the number of Oracle users will increase which will could also increase the CITRIX concurrent users. This will be assessed by the

business with assistance from the implementation partner during the detailed design phase.

5.11. The current PO workflow will require modification to allow Project Managers to approve project related PO's.

5.12. The current PO account generator will need to be modified to include project related expenditure.

6. Reporting and Accounting

6.1. Oracle Projects provides numerous standard reports that can be used to assist with the financial management of projects, these include:

- Supplier Invoice Audit Report
- Work Breakdown Structure
- Project Status
- Journal Entries Report
- Expenditure Detail
- Expenditure Summary

6.2. Oracle Project Status Inquiry provides the users with the ability to view their projects online and see exactly where they are at any given time in a real time environment.

6.3. Reporting can be also be used to group projects together as a programme thus allowing for a higher level of MI. (See CPC005 of the Project Accounting User And System Needs document)

6.4. Reporting will not be limited to the standard COTS reports (an example of which is shown above), further reports will be developed with the Cognos tool as part of the implementation phase.

6.5. It is expected that there will be circa 10 new Cognos reports to cover project-related reporting needs. This assumption is based on the top ten standard Project Costing reports. In order to develop these reports the following elements will be required with Cognos.

1) New ETL Branch
2) 20 – 25 new dimensions
3) New Fact Table

6.6. It is assumed that COGNOS reporting will be at transactional level.

7. System Interfaces & CEMLI's

7.1. There is a working assumption that there will be no additional interfaces or CEMLI's (Configuration, Extension, Modification, Localisation, Integration) for the initial phase. It is assumed that there will not be any amendments to the GL feeders, but there will be a review conducted by the implementation partner.

7.2. The current interface from IMS into Oracle will require modification. The high level requirement will be to capture and pass the following information through to Project Accounting:

1) Project Number
2) Task Number
3) Expenditure Type
4) Expenditure Date
5) Expenditure Organisation

7.3. The detailed design will determine how DIO will retrieve the project information required.

7.4. Modification to the current Requisition workflow to allow Project Managers to approve project related expenditure will be required.

7.5. Modification to the requisition/PO account generator will be required to ensure that project expenditure types are captured and accounted.

7.6. Oracle Projects AutoAccounting functionality allows you to decide how you want to account for your costs and adjustments for project related transactions (this does not affect the Oracle tax engine solution). Though this is not a CEMLI it is a required MOD/TLB specific step in configuration.

8. Data Considerations

8.1. The final design for managing legacy and inflight transactions will be determined as part of the implementation project. The assumption is that the solution will be delivered to allow for project related cost capture (Project Costing) in the first iteration and additional functionality reviewed for further rollouts as the solution is embedded. Future functionality is described in Section 9.

8.2. The assumption for data migration is that the implementation partner will develop a template in a 3rd party software tool (expected to be More4Apps). Each TLB will then extract the inflight data that they require to be migrated and complete the template as required.

8.3. The templates will then be passed to the central MOD team to be interfaced into Oracle Project Costing. It is assumed that the interface will populate a single task with a costs to date value. The transfer to GL function will be disabled for this task to ensure that double accounting does not occur.

8.4. For this data migration exercise the MOD users involved in the data collation process will need to carefully consider the structures of procurement contracts and associated lines in conjunction with the to-be work breakdown structures.

8.5. The number of in-flight projects selected for migration along with the complexity, and remaining length, of the associated contracts will have a direct impact on the amount of effort required to create the alignment for PA onward tracking.

8.6. Given the importance and significance of the work involved in this establishing the data migration workstream will be a priority and sufficient planning will be given to assess and undertake the work required.

8.7. Accounts Payable invoices that are not matched to a Purchase Order will be coded once they are matched to a PO as part of the standard design. No updates are required to these.

8.8. For invoices that are already matched to a PO but not paid, the invoices can be unmatched, the PO can be updated and then invoices can then be re-matched.

9. Future Functionality

9.1. This section describes, at a high level, some of the Project Accounting functions, and associated processes, that may added should the requirement be proven.

Project Billing

9.2. Oracle Project Billing provides the ability to define revenue and invoicing rules for projects, generate revenue, create invoices, and integrate with other Oracle Applications to process revenue and invoices. Oracle Project Billing integrates with Oracle Receivables where the invoice is produced.

9.3. Revenue can be generated for a project and interfaced to the GL at any stage of a project as revenue needs to be recognised. Customers are not necessarily invoiced at each revenue generation, thus any revenue can be accrued for in line with revenue plans. Revenue can be defined as cost only, cost plus or pure profit (labour costs that would have been incurred anyway).

9.4. Project billing also allows invoicing to the customer without generating revenue. Invoicing can be set up on an ad hoc basis, monthly or milestone billing basis. Once invoices are completed and approved they can then be interfaced into Oracle Receivables and they can then be printed and sent to customer or transmitted electronically. The Invoice Review report can be used to review the draft invoices of a project before approving and releasing them for interface to Oracle Receivables.

9.5. From the workshops to date it has been determined that external billing is not part of the core projects process and this functionality is not a “must have” for the initial Go Live. As the process matures this may become an option and will be reviewed as the Project Costing solution is utilised.

“Thin” General Ledger, Onward Reporting and Budgeting

9.6. In the current COA the LPC and P9/S9 form part of the accounting string, with the introduction of Project Accounting this is not required as differing projects and associated costs can be determined from the Projects sub-ledger.

9.7. This could lead to a radically rationalised COA however the current onward reporting and budgeting solutions are based on the existing GL code. The effort and impact of making this change at the outset carries significant risk at this stage.

Automation of NCA Additions

9.8. Projects offers the ability to automatically feed asset information into Fixed Assets and place assets in service as they are completed however this change requires the organisations confidence that the Project Costing solution is both initiated correctly and that users fully understand the allocation of costs to the correct tasks for capitalisation purposes.

9.9. It is assumed that at the initial Go Live the existing Non Capitalised Asset (NCA) process will remain as is and will include a reconciliation to Projects information to ensure costs and asset values agree.

9.10. As the organisation matures in its transition to a Project Based focus this can be reviewed and additional efficiencies sought from the Projects module to assist in business processes.

Time & Labour

9.11. Oracle Projects comes with standard functionality to interface and cost project related labour directly from Oracle Time & Labour (OTL). This module is not currently in the Oracle scope so this is excluded from the initial implementation. It is also possible to utilise in-built expenditure batches to allocate labour costs although this is a manual process

9.12. Currently the majority of MOD personnel do not complete timesheets however as the organisation transitions to being projects focussed then this may become a standard activity in the future

9.13. As the solution, organisation and processes mature the inclusion of labour costs, and the method by which this is done, will be reviewed.

Rollout to Other Functions

9.14. Following the initial implementation further exploitation of the module can be pursed with other functional areas such as Front Line Commands, DBS, SSG etc.

9.15. It is expected that the requirements for these areas closely aligning to this design so impacts to TLBs already on the solution will not be impacted.

10. Distribution, References and Glossary

Distribution List

Role	Name	ID
Project Board	Mark Chandler	DFinStrat-FSI-BusinessDev-DHd
Project Board	Paul Truss	DFinStrat-FSI-BusArch
Project Board	Steve May	Commercial
Project Board	Jane Howarth	DBS F&PS
Project Board	James Courtney-Holt	DBS CIO
Project Board	Mike Robbins	FLC Rep
Project Board	Deborah Wright	DIO
Project Board	Naina Burgess	ISS
Project Board	Stuart Roberts	ISS
Project Board	Robert Chitty	SDA
Project Board	Andy Troman	SDA
Project Board	Nigel Beckett	DE&S
Project Board	David Douglas	DE&S
Project Board	Dickon Ebel	DSTL
Project Board	Steve Dauncey	IBM/Deloitte
Project Board	Ed Kiernan	IBM/Deloitte
Project Board	Andrew Meachem	IBM/Deloitte
Working Group	Robert Chitty	SDA-Fin-BTE-Lead
Working Group	Nick Rees	DIO MPP-COS
Working Group	Joanne Berrill	DBS FPS-Change Lead
Working Group	Michael Lee	ISS En-FinMgr 4-Fin
Working Group	Tracey Kent	ISS En-AsstHd 4-Fin
Working Group	Michelle Popplestone	DIO Fin-Ops Cent AH
Working Group	Michaela Williams	DIO TS-SSG Fin1a
Working Group	Dickon Ebel	Dstl-Fin 4

Role	Name	ID
Working Group	David Douglas	DES DFPA-CORP-BCT-DepHd
Working Group	Steve May	Def Comrcl BSC-Arch-AsstTL
Working Group	Alan Gregory	DFinStrat-FSI-Bus Arch-Ahd
Working Group	Matthew Panter	DFinStrat-FSI-BusinessDev-4a
Working Group	Katherine Rolt	DFinStrat-FSI-BusinessDev-4
Working Group	Andrew Meachem	IBM/Deloitte
Working Group	Karl Jones	IBM/Deloitte

Document References

Reference No. and Document Details	
Project Accounting Target Operating Model	
Project Accounting Implementation Plan	
Project Accounting User And System Needs	

Glossary

Term/ Abbreviation	Meaning
AO	Accounting Operations
AP	Accounts Payable
AR	Accounts Receivable
AUC	Assets Under Construction
CEMLI	Configuration, Extension, Modification, Localisation, Integration
CIP	Construction In Progress
CIS	Corporate Information System
CMIS	Common Management Information Services
CMT	Category Management Team
COA	Chart of Accounts
COTS	Commercial-off-the-Shelf (product)

Term/ Abbreviation	Meaning
CSSCP	Corporate Services Systems Convergence Program
DFMS (AO)	Departmental Financial Management System (Accounting Operations)
EI	Expenditure Inquiry
FA / IAC	Oracle Fixed Assets
GL	General Ledger
HLD	High Level Design
IMS	Infrastructure Management System
LPC	Local Project Code
MI	Management Information
MOD	Ministry of Defence
MODUS	Procurement Electronic Feed
NCA	Non-Current Assets
NCAGE	NATO Commercial and Government Entity
OTL	Oracle Time & Labour
PA	Project Accounting
PB&F	Planning, Budgeting and Forecasting
PO	Purchase Order
PSI	Project Status Inquiry
PPR	Project Performance Review
PtP	Purchase to Pay - a component of the DFMS(AO) Oracle system that includes Payables, Purchasing & PIPPS
SOA	Service Oriented Architecture – Oracle system integration tools
TOM	Target Operating Model
TLB	Top Level Budget Holder
UPK	User Productivity Kit – Oracle training software in use by the MoD
WBS	Work Breakdown Structure

11. Annex

11.1. The embedded spreadsheet below gives a full list of the Maturity Assessment Principles as mentioned in section 3 of this document.

11.2. The associated questionnaire was completed previously by the MOD and this document will be reviewed and updated during the implementation phase to record how the solution addresses each principle and advances adherence to them or clearly articulates why not (should the principle not be met).

11.3. Within the document Column E gives an indication if this principle could be met by the implementation of Project Costing. Where this is “TBC” then adherence is dependent upon completion of the detailed design, where this is “No” then this is likely to be covered by possible future rollouts as listed in Section 9 of this document

Project Accounting Principles