

Using functional areas in the FY 2020-21 process

This memo provides a timeline and guidance on how to make changes to functional areas for the FY 2020-21 budget process and how bureaus can ensure that actuals map to correct functional areas by the beginning of FY 2020-21.

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Beginning in FY 2019-20, bureaus developed their budgets in a “program offer” format. Program offers combine program descriptions, budget, and performance data for a set of services into a brief and concise document. The goal of program offer budgeting is to succinctly describe how bureau resources are allocated to deliver services back to the community.

As a result of the change to program offer budgeting, it is anticipated that bureaus may want to create new functional areas in order to more accurately describe their operations. Bureaus will have two opportunities to add new functional areas prior to budget submission. The deadlines for requesting new functional areas are **December 7th and January 4th** – see chart below for additional details. Bureaus can then expect to access these new functional areas in BFM within the two weeks after submission.

The following parameters should be considered prior to any changes:

- Bureaus can create new functional areas for FY 2020-21. Bureaus should note that these must be created at the 10-character level, even though program offers will be reported upon at the 6-character or “sub-program” level.
- If a current functional area no longer accurately reflects bureau programming, then the use of this functional area should be discontinued. Bureaus should be mindful that prior year actuals will continue to be displayed under these functional areas within their program offers in their requested budgets. In these instances where functional areas are no longer used, bureaus should make note of this change in the program offer narrative.
- Bureaus cannot rename functional areas; renaming functional areas create challenges when reporting prior year actuals.

Considerations for Creating New Functional Areas

Prior to making changes to functional areas, bureaus should consider the long-term needs for describing their bureau’s programs. To this end, bureaus will be encouraged to hold off on making many or substantive changes until they have a plan for how they will build their comprehensive budget using 6-character functional areas. In consultation with their CBO analysts, bureaus will identify which changes will move forward in preparation for the FY 2020-21 budget process and which changes require further vetting (and thus will be implemented in future budget processes).

Ultimately, the goal is that functional areas are accurately used to describe how resources are budgeted to achieve program service outcomes and goals. The collection of programs should account for the entirety of a bureau’s base budget and sufficiently describe all core service outcomes.

In developing and refining the proposed changes, bureaus should consider the following questions:

- What is the unique service outcome or goal that relates to the proposed 6-character subprogram?
- Which organizational units and resources support the proposed 6-character subprogram?
- What position(s) is (are) accountable for the outcomes of the proposed 6-character subprogram?
- What are the potential activities (8-character FAs) that would fall under the proposed subprogram?
- How do the current and new subprograms reflect the array of services offered by the bureau?
- Is the new functional area distinct from other programs?
- Is the new program too broad or too detailed for budgeting to this service outcome?

Steps and timeline for requesting new functional areas

Bureaus should develop their plan in consultation with their CBO analysts, and in doing so, reach agreement that the requested changes fit within the overall functional needs of the bureau and are consistent with the functional area definition.

Unlike the current process where CBO reviews new functional areas after being submitted to Accounting, CBO should approve all requested changes prior to the submission to Accounting. Please set up a meeting with your CBO analysts to discuss any changes to functional areas before submitting requests to Accounting.

Bureaus should complete the “Functional Areas & Funded Programs Request - multiple requests” (located here: <https://www.portlandoregon.gov/brfs/39667>) form to request the new functional areas.

To have changes reflected in BFM by December 12	To have changes reflected in BFM by January 9	Steps for Requesting New Functional Areas
Now until November 29	Now until December 27	<ul style="list-style-type: none"> • Bureaus assess their long-term, comprehensive needs for how bureaus • Bureaus and CBO analysts identify their expected changes • Bureau complete request form for new functional area. • Bureaus submit forms to “Inbox, SAP Maintenance” (inboxSAPM@portlandoregon.gov)
November 29 to December 11	December 27 to January 7	<ul style="list-style-type: none"> • Accounting and EBS teams create new functional area in SAP
December 12	January 9	<ul style="list-style-type: none"> • CBO uploads new master data into BFM • Bureaus can now use the new functional area in building their base budget and in creating program offer narrative content
December 12 through the end of fiscal year	January 9 through the end of the fiscal year	<ul style="list-style-type: none"> • Bureaus should take steps to ensure that actual costs map to the correct functional areas

Ensuring that Actuals Map to the Correct Functional Areas

Subsequent to creating new functional areas, bureaus will want to ensure that costs correctly track to the correct functional areas prior to the beginning of FY 2020-21. Below are instructions for SAP reports that will be useful in identifying, identifying, and monitoring transactional data. This includes adjusting purchase requisitions, purchase orders, project costs, and payroll costs. See below for additional information.

If you have additional questions about these changes, please contact “Inbox, SAP Maintenance” (inboxSAPM@portlandoregon.gov).

Part 1 – Identification and Maintenance

Bureaus will need to identify the following transactional data items related to purchasing that are associated with functional area information:

1. Purchase Requisitions

- a. Use Y_DRP_63000033 – Purchase requisition listing report
 - i. Funds center is a required search field
 - ii. Functional area is an available search field
 - iii. Layout Type - /FUNCTNLAREA
 - iv. For DPR, PR, and CO the user needs to run for only the current fiscal year, as all previous fiscal years’ requisitions are closed prior to year-end (Changed on = 07/01/2018 – 06/30/2019)
 1. Report lists the purchase orders for the purchase requisition.

2. Purchase Orders

- a. Use Y_DRP_63000031 – Purchase order listing report
 - i. Plant, Purchasing Organization and Business Area are required fields
 - ii. Functional Area is an available search field
 - iii. Layout Type - /FUNCTNLAREA
 - iv. Uses Delivery Completed Field and Final Invoice Field to Identify Open Purchase Orders

Additional items associated with functional areas that will need to be identified are master data related, including cost centers, orders, WBS elements in the FILO module and Master Cost Centers, 1018 Codes, and timesheet templates in the HCM module.

1. FILO - Cost Centers

- a. Use T-code FMDERIVATIONANALYSIS
 - i. Please see this [tutorial](#) for how to use this report.

2. FILO - Internal Orders

- a. Use T-code KOK3 or FMDERIVATIONANALYSIS
 - i. Either sort or export data to identify internal orders and associated functional areas

3. FILO - WBS Elements

- a. Use T-code CN43N – Overview: WBS Elements or FMDERIVATIONANALYSIS

4. HCM – Master Cost Centers

- a. Need to be updated if new functional area associated to existing cost center
 - i. Updated by person in bureau with OBPA role

5. HCM – 1018 Position Costing

- a. Need to be updated if new functional area associated to existing cost object
 - i. Updated by person in bureau with OBPA role

6. HCM – Timesheet templates

- a. Any templates that are populated with derived data will need to be updated.

Part 2 – Monitoring

After creating the new functional areas, it will be important that bureaus track the updates and monitor changes for any issues that might have arisen during the master data and purchasing item changes. Using the Y_DRP_63000038, bureaus can quickly see if charges are hitting functional areas incorrectly based on the activity breakdown.

Bureaus should also monitor whether budget to actual reports are accurate by 6-character functional area throughout the year using T-code Y_DRP_63000038 – Budget to Actual by Fund

Definitions

Program offers will be defined by the first six characters of functional areas. The definitions below define how functional areas should be used in building a base budget under program offers. These definitions are based upon the initial thinking of how functional areas were intended to be used during the implementation of SAP, but it is also based upon how functional areas will be used moving forward as the City implements program offer budgeting.

Functional areas. Functional areas should be used to describe service outcomes, goals and objectives within bureaus. Functional areas are programs that ultimately communicate to Council and the public how resources are aligned to achieve certain outcomes and improve the community. In this sense, functional areas are externally focused on customers and the community.

Technically, functional area is the SAP term for budget program. The functional area provides information on the overall purposes or objectives for each transaction. Similar activities are grouped by functional area, based upon high-level objectives for providing major services or accomplishing regulatory responsibilities. Organizations may establish functional areas that are at a lower level than those reported in the budget document.

Fund centers. Fund centers should be used to describe the organizational structure and budget controls. Fund centers reflect how employees are managed and have a single manager/supervisor who manages personnel: approves timesheets, evaluates staff performance, directs work. Fund centers define how City resources are managed (internal budget controls). As such, fund center managers monitor whether revenues and expenses remain within budget, and are held accountable to managing the budget by their supervisor. Fund centers are Internally focused on personnel and budget management.

Technically, a functional area is a clearly defined area of responsibility in Funds Management. The Funds Center is an organizational unit within a Financial Management area to which budget can be assigned.