PUBLIC FINANCE MODERNIZATION UNIT

MINISTRY OF FINANCE

SAP PROJECT SYSTEM

12th September 2021

1. What is a Project?

"A project is a temporary, unique and progressive attempt to produce some kind of tangible or intangible result. It usually includes a series of interrelated tasks that are planned for execution over a fixed period of time and within certain requirements such as costs and performance."

Key Characteristics of a Project

- ✓ Temporary: Project has a finite start and a finite end
- ✓ Unique deliverables. Any project aims to produce some deliverable which can be a product or service.

2. SAP Project System (PS)

SAP Project System (PS) module manages projects throughout the entire project lifecycle. SAP Project system is seamlessly integrated with other SAP modules (FM, MM, FICO, HR etc).

3. Process Diagram

Project settlement would be driven by the type of projects being executed. For the purpose of recording in SAP we distinguish projects into two categories. They Capital Projects (PSIP Projects) and Cost Projects.
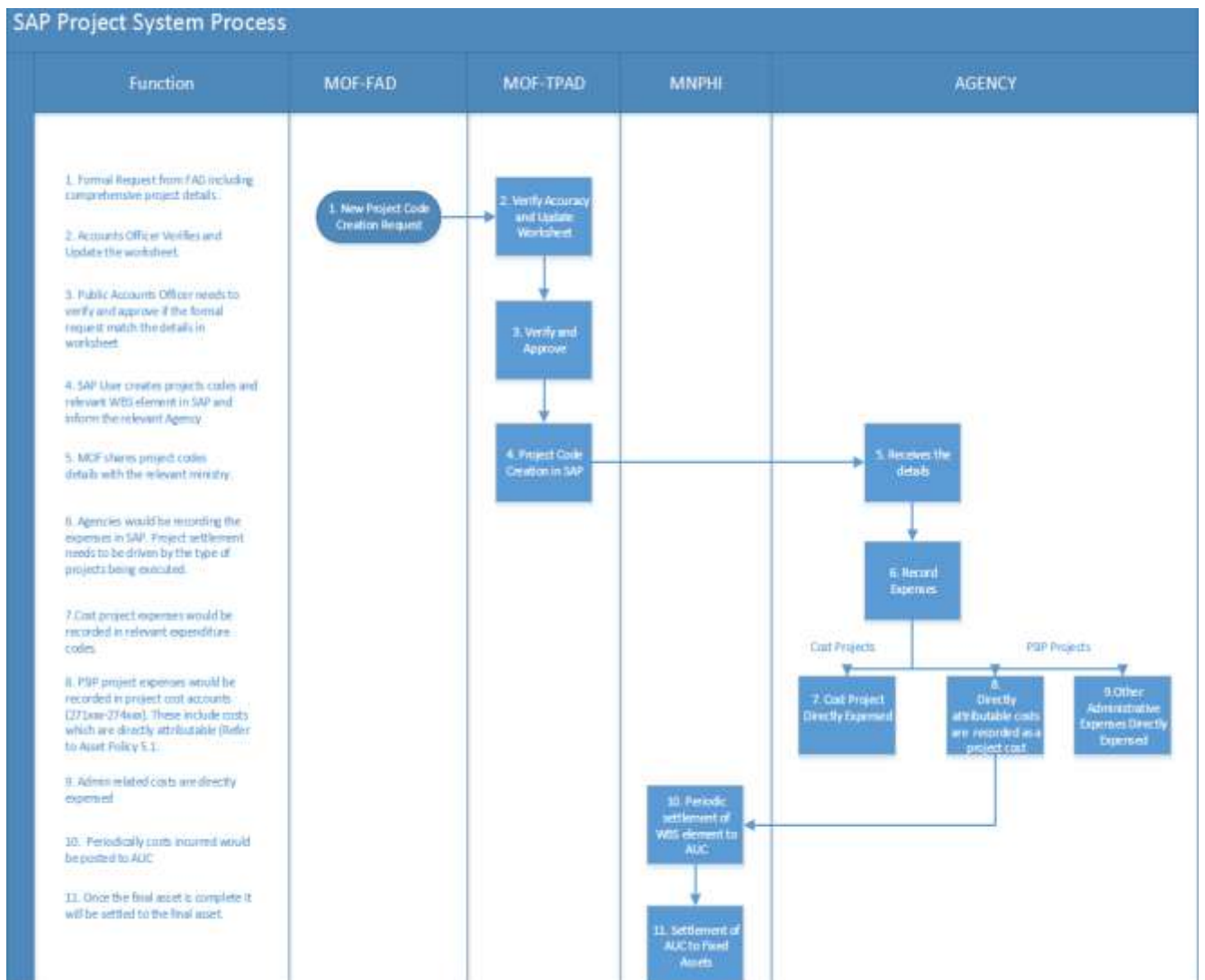
4. Capital Project /PSIP Projects

Public Sector Investment Program (PSIP) refers to all infrastructure development projects carried out by the government. These projects are financed by the domestic budget, loans, grants and trust funds and known as Capital Projects.

These projects initially incur costs and may only generate revenue or provide other benefits after a certain period of time. Capital projects should have an estimated end date maintained in SAP.

Capital or investment projects need to be settled to Asset Under Construction (AUC) and subsequently to Fixed Assets. Periodically costs incurred would be posted to AUC and once the final asset is complete it will be settled to the final asset.

4.1 Accounting Entries

4.1.1 Recording of Expenses

Directly Attributable Costs

This entry would be recorded by the relevant agency *(Refer AP Manual).*

Cr Vendor

Dr Project Costs (271xxx-274xxx)

St	G/L acct	Short Text	D/C	Amount in doc	T.	Busi	C	WBS element	Assignment no.	Text	Lo	F
✔	271003	Cost-Non-Re	De	4,171.26	I0	1063		P-MOE002-200		Electricity bill fo		
			De									
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Other Administrative Costs

Cr Vendor

Dr Expenses

1 Items (No entry variant selected)

S...	G/L acct	Short Text	D/C	Amount in doc.c...	Loc.curr.amount	T..	Busi...	C	WBS element	A
✔	221003	Travl. exp. - Air	... ▼	2,850.00	2,850.00	I0	1063		P-MOE002-200	
			... ▼		0.00					
			... ▼		0.00					
			... ▼		0.00					
			... ▼		0.00					

5. Cost Projects

All projects that are not identified as a PSIP projects falls under Cost Projects. These Non-capital projects are funded by domestic budget, loans, grants and trust funds. All expenses incurred would be recorded in relevant expenditure codes and settled to respective cost centers.

Accounting Entries

Cr Vendor

Dr Expenses

S...	G/L acct	Short Text	D/C	Amount in doc.c...	Loc.curr.amount	T..	Busi...	C	WBS element	A
✓	221003	Travl. exp. - Air	... ▼	2,850.00	2,850.00	I0	1063		P-MOE002-200	
			... ▼		0.00					
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1 Items (No entry variant selected)