

Optimize Project Cost Tracking Using Lawson Project & Activity Accounting (AC)

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Every organization, large or small, needs to track costs for special projects. However, what constitutes a “project” can vary significantly by business and industry and can take on any number of meanings in a service-oriented environment. It might be the construction of a new building or capital improvements to infrastructure. It might be a grant to fund a training program or a community service initiative. A project might represent a drug study or federally funded research. Each has different objectives. Each has different reporting requirements—and each is likely managed by a different area within the organization, but they all have expenditures and commitments that need to be tracked for internal and external requirements.

The Shadow World

Too often, project activities are managed in the “shadow world” outside the ERP. Even organizations that have spent significant time and effort implementing Lawson Financials often find their staff manually updating spreadsheets—or worse, using off-the-rack software packages—to track capital projects, special funds, or other corporate initiatives. Instead of leveraging the robust functionality Lawson offers for tracking project “Activities,” with its ability to generate instant reports in real time, they spend countless resource hours managing cumbersome data entry processes to

Summary: Lawson’s Project & Activity Accounting solution is a tool that helps your staff work smarter by putting the information they need at the ready. It’s fully integrated, flexible, easy to deploy, and offers efficiencies beneficial to departments across your organization.

produce what are inevitably dated materials. They also miss out on Lawson’s ability to dynamically research information back to its source transactions.

How do your people get the job done in an environment of shadow systems? By spending time they don’t have collecting data from paper, from vendors, and from your Supply-Chain system, Accounts Payable, Payroll, and the General Ledger, and then manually entering it somewhere else. The data is stale, sometimes it’s missing, it has errors, and decisions inevitably have to be made on this incomplete or poor information.

Compounding the abject inefficiency of it all, should any questions arise, these same overburdened resources have to go back through multiple sources to track down the answers. This can be especially burdensome when managing the budget of a project or tracking down invoices to reinforce listed expenditures or to meet federal requirements.

Some organizations have been able to avoid manual spreadsheets and off-the-shelf applications by cleverly setting up the General Ledger to house all the information, but that it is not the ideal solution either. Remember, the main purpose of the General Ledger is to facilitate regulatory financial reporting. By putting in detailed operational data from a project, the organization is taking the “general” out of General Ledger. Furthermore, there's high probability that many of those projects (such as grants) run on different reporting cycles than your fiscal year or span multiple fiscal years. So, while you've achieved consolidation into a single data source, your organization struggles with a rigid system where flexibility is required. Lastly, Lawson's General Ledger is limited to capturing posted transactions – such as approved and processed invoices. AC Activities can capture and report on approved requisitions and open Purchase Orders, which can represent significant financial commitments for the organization.

The Solstice

Enter **Lawson Project & Activity Accounting**. The AC module (also known in past software releases as *Activity Management* and *Project Accounting*) was developed by Lawson to be a flexible, robust sub-ledger, designed to handle the multiple different tracking and reporting requirements of an organization, and to be able to accommodate the conflicting needs of an organization's users. AC is fully integrated with the other Lawson applications, providing easily accessible

real-time information to your project managers and accountants when they need it. The ability to automate project tracking frees resource time from the cumbersome tasks of data entry and manual research, allowing them to focus on the project's true objectives.

Whether transactions are generated in AC, or automatically generated from GL, AP, AR, PR or even from 3rd party systems, Project & Activity Accounting can serve as the system of record: the single source for managing and reporting the financial condition of your projects. Integration with other Lawson applications means access to the same tools in AC that are available throughout the Lawson Application, such as Excel Add-ins for loading and extracting data, Process Flow, LBI, Security, and drill-around. AC serves as the link between the requirement to capture data for financial accounting and the need to capture

Billing Revenue & Recognition

While tracking costs against projects is a common organizational requirement, sometimes we find the need to bill external customers or sponsors and recognize the corresponding revenue. Lawson's Billing and Revenue Management (BR) module is designed to do just that. BR works specifically with AC. Like AC, BR is flexible – allowing for differences in customer/sponsor contract terms, amounts, and billing methods. Revenue recognition methods can be different than contract parameters. Because of its integration with AR, customer balances and Aging are seamlessly updated and monitored.

operational data for timely day-to-day project management.

Budget Tracking Made Easy

Each project brings its own complexity, nuance, and defined objectives to the table. While budget reporting is a key performance indicator, it is never the primary objective of any initiative! Lawson Project & Activity Accounting makes budget tracking easy.

By flagging Accounts Payable, General Ledger and Payroll transactions with a Project Activity you can easily track in real time all expenditures made against your Projects. Moreover, the same Project Activity can be attached to a Purchase Order Line or even a Requisition to have the Activity track purchases that have been approved and committed to, even as the purchase awaits fulfillment and payment. Imagine the ability to generate a full, complete picture of the actual and projected expenses at any point throughout the project, all at your fingertips.

Capital Projects

Lawson Project & Activity Accounting is the perfect tool to track costs associated with a big capital project, such as a new wing of a building. The ability to track commitments—approved purchases that have not been completed—provides invaluable insight into the state of your capital spending.

Project & Activity Accounting's integration with Lawson's Asset Management solution takes capital project tracking to a whole

new level. An organization can code transactions for a large Capital initiative against a Work in Progress Balance Sheet account and use a Project Activity to track total expenditures for the project. Once the project has been completed and all transactions have been processed, the AC module can capture total costs to automatically create an Asset—like that new wing—that encompasses all the expenditures associated with its construction, from the building materials to the new trash cans. And all of it is supported with linked, verifiable source transactions.

Managing Grants

Managing the reporting requirements for Federal Grants (the business side) is often an underappreciated element in the Grant process. Lawson Project & Activity Accounting provides the structural foundation for Grant Management (GM), a solution designed to automate the system-wide Grant process in the organization.

Grant Management offers the capacity to handle single and multi-funded grant activities, ties the central grants repository to source transactions and eliminates redundant tasks. Moreover, it is not restricted to the GL fiscal year, so it can easily accommodate funds that run on different reporting cycles.

Implementing AC

In an environment where we are constantly being asked to do more with less, it's crucial to optimize the use of your Lawson system

and maximize return on investment. Whether your organization simply needs to purchase a new license or begin taking advantage of licenses it already owns, there are immediate efficiencies to be gained across your organization from the deployment of AC.

Implementing AC does not have to be a monumental task. The power of this application is in its integration, flexibility, and *ease of use*. Integration to applications within the Lawson Financial Suite, Payroll, and Supply-Chain Management allows for transactions to seamlessly flow from procure through payment, providing a constant audit trail with a single data source of record and eliminating manual spreadsheets and other shadow systems. The software offers the flexibility to be used by multiple departments to meet varied and unique reporting needs with projects. Happily, its structure will be remarkably easy to pick up and understand for anyone who is familiar with Lawson's GL module.

In fact, familiarity with Lawson's GL module can help an organization conceptualize its project structure. The basic building blocks of GL exist in AC. For example, like a GL Company, an Activity Group can have as many as five reporting levels. Likewise, each Activity has a variable level address much like Accounting Units in the GL. And just as each transaction must have an account to accompany the Accounting Unit, so must an account category accompany an activity.

Other Key Features:

True Life Stories from the AC

Physician Practices – A healthcare system set up physician practices as Activities allowing them to create physicians statements by clinic through the AC module.

Loans – A bank set up Activities to manage loan origination and administration.

Gifts Cards – A retail organization uses Activities to track gift cards, issues and redemptions.

Engineering Contracts – A healthcare system migrated engineering service contracts from PO Service Agreements to Activities to improve control and reporting.

Advertising Campaigns – An organization tracks internal advertising initiatives through Lawson Activities.

Voyage Costs – A maritime shipping company uses Activities to track voyage costs and revenue by vessel.

Therapy Treatments – A health services provider uses Activities to track the costs by type of therapy.

Golf Tournaments – Many organizations leverage Activities to track fund raising events.

What are your Activities?

- Control keying errors by establishing rules that govern which accounting units and accounts may be used with the activity and its account categories using Account Assignment (AC07).
- Use Budget edits to establish spending limits.

The basic building blocks of GL exist in AC.

AC	GL	Comparison
Activity Group	GL Company	Like the GL Company, the Activity Group defines the levels, size and transaction processing rules for Activities defined within the group.
Category Structure	Chart of Accounts	Like the Chart of Accounts, the Category Structure provides organization and reporting summary levels for the Account Categories defined in the structure.
Activity	Accounting Unit	Like an Accounting Unit, an Activity may be either summary or posting. A Contract-type activity, for example, is just a summary activity with ties into BR.
Account Category	Account	Like an Account, an Account Category may be either summary or detail, and is defined in order to categorize transactions.
AC Commitments	GL Commitments	Use of the commitment feature is more commonly used in AC than GL but the purpose is the same: to impact the budget by obligating or encumbering funds at some point early in the transaction life cycle.
AC Allocations	Cost Allocations (CA)	Use Allocation functionality to assign indirect costs to projects.

- Control when funds are spent using Period of Performance (POP). POP controls transaction activity from sub-systems like RQ, PO, and AP and facilitates the closing out of the fund.
- Use the Multi-year budget spread feature to understand how much of a project budget falls within the Fiscal Years.
- Use Burdens to capture overhead, fringe benefits, or other indirect costs when the source transaction posts to realize a more accurate and timely representation of project costs.
- Use manual commitment functionality to set aside or encumber funds for future use when initial costs are only estimates.

Doing more with less is the mantra of today. Optimizing the technology you own

provides the means to do so. Tracking project costs is just one aspect of project management, and while crucial, it is not the primary objective of any initiative. Yet, without the right tools it can become an arduous task that consumes valuable resources and can detract from the project's primary objectives. Lawson's Project & Activity Accounting can help your organization track projects effectively and efficiently and let your resources focus on what they do best.

About RPI Consultants

RPI Consultants is a Lawson Certified Consulting Partner, based in Baltimore, that provides both functional and technical support and has been an active part of the Lawson community since 1999.