

# Projects Out of Control? Call the C.O.P.S.

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# Business Issue

- Need to control decentralized Capital Expenditure (Capex) spending across a broad geography

# Original Solution

- Oracle Encumbrance Accounting feature
  - At submission of Purchase Requisition or Purchase Order, Encumbrance checks funds available by GL accounting flexfield
  - Error condition: if the PO or Req will result in the account becoming over-budget, the submission will fail with an error message

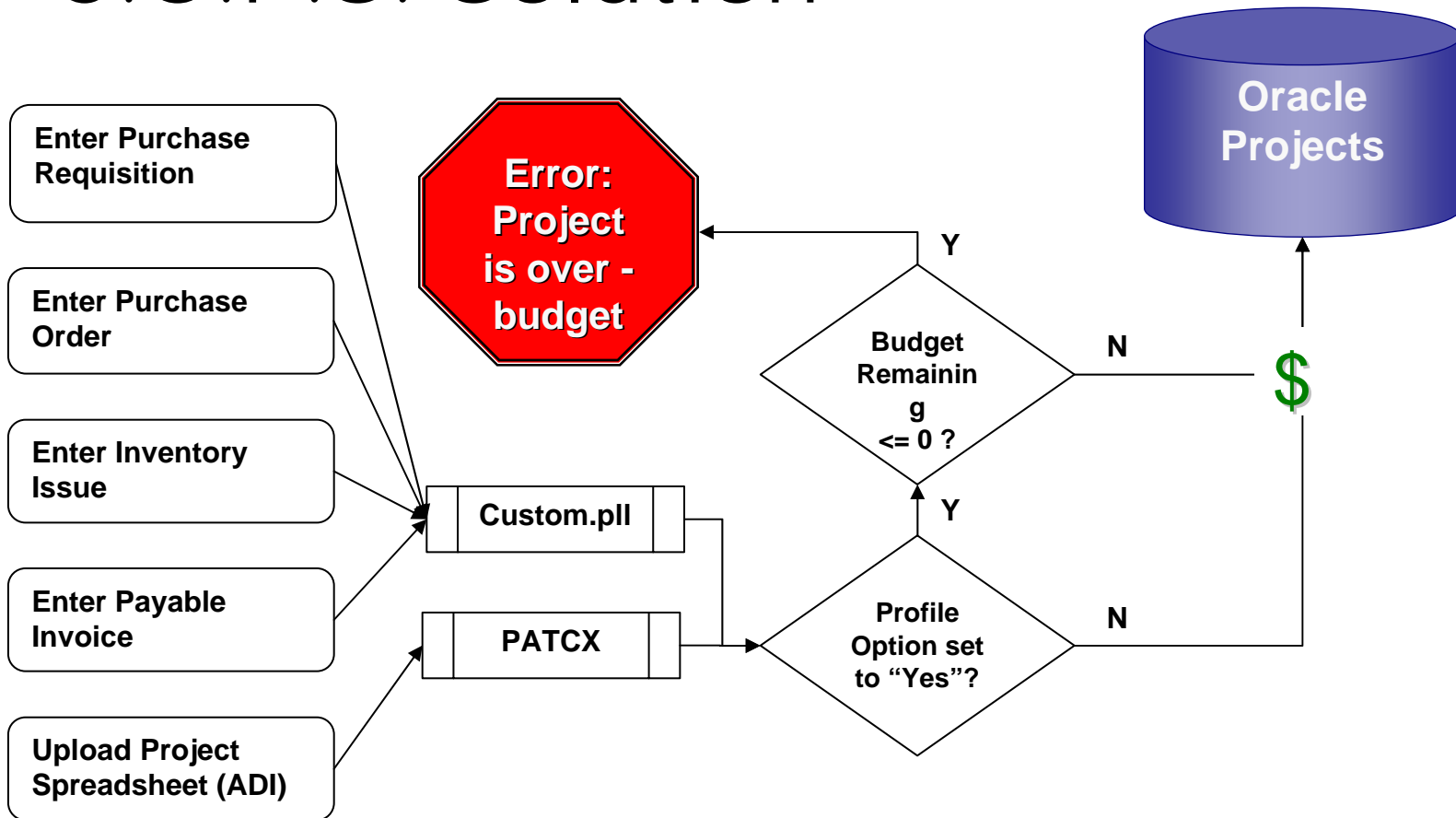
# Problems with Encumbrance

- Unexpected delays in purchasing cycle throughout the system
  - Material requisitioners do not have ongoing visibility to budget
- Inconsistent Actual-to-Budget Reporting
  - Budget \$\$ moving during the year, so year-end budgets not meaningful
- Not applied to Inventory issues or ADI
  - Customizations required for these expenditures

# 2008 Capex Solution

- Begin with greater management accountability
- Support with better reporting
  - Improved Reporting
  - Simplified Account Structure
  - Cash basis reporting
- Allow for local control of system hard limits
  - C.O.P.S. Solution

# C.O.P.S. Solution



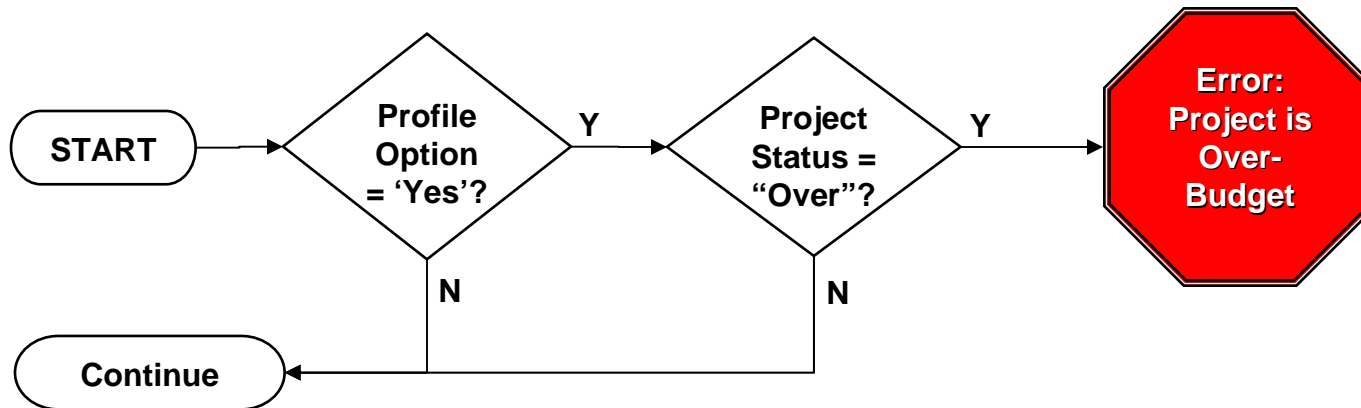
# C.O.P.S. Components

1. Concurrent Program “CCBL: Set Over-Budget”
  - Parameter for Entity, parent or child value
  - Evaluates Actual v. Budget, if Var  $\leq$  0, sets Project Status = “Over-Budget”
2. Custom Profile Options: XXPA: Prevent \_\_\_\_\_ on Over-Budget Projects:
  - Purchase Order
  - Requisition
  - AP Invoice
  - Inventory Misc. Transaction
  - PA Misc. Transaction (ADI)

# C.O.P.S. Components (cont.)

## 3. C.O.P.S. controls built into CUSTOM.pll and PATCX

- Uses custom PL\*SQL package, common to project reports & COPS to check budget status
- Logic repeated 5 times, one for each transaction type





## C.O.P.S. Process

- Daily: Run Concurrent Program “CCBL: Set Over-Budget”
  - Separate schedule by Division parent
  - Sets “Over-Budget” on projects
- Ongoing: C.O.P.S. controls evaluate transactions, preventing transaction if:
  - Project Status = “Over-Budget”
  - Profile Option = “Yes”

## More C.O.P.S. Ideas

- Set profiles at Responsibility or User level
  - Would allow an override to the process
- More parameters on the “Set Status” concurrent program
- Set “Error” or “Warning” profile options instead of Yes/No

Your ideas?

# System vs. Management Controls

- System
  - Rigid
  - Automatically enforced
  - IT Accountable
- Management
  - Flexible
  - Enforced by process or culture
  - Mgt. Accountable

## Ideal: Management w/System-support

- Less Rigid / More Flexible
- Warning vs. Error; selectively enforced
- Mgt. Accountable / IT Assist

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