



Transfer Charging

Group Corporate Services Property

Property Finance

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Document Control

Revision History

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Distribution List

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1. Introduction

1.1 Document purpose

The purpose of this document is to detail the procedures used in transfer charging.

1.2 Target audience

The target audience for this document includes

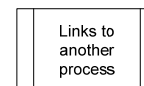
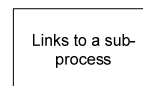
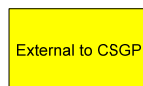
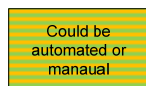
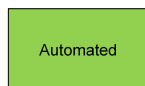
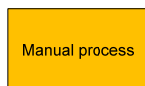
1.3 How to read this document

1.3.1 Abbreviations used

The table below provides an explanation of the terms used in the process flows:

Term	Meaning
ITC	Input Tax Credit
RU	Rental unit. For transfer charging purposes, the area of a building or floor that is occupied by a specific business unit from whom costs associated with the occupancy can be recovered.
SU	Settlement Unit For transfer charging purposes, the entire building. Costs associated are recovered equally from the business units occupying the building according the floor space the occupy.

1.3.2 Flow chart key colour codes

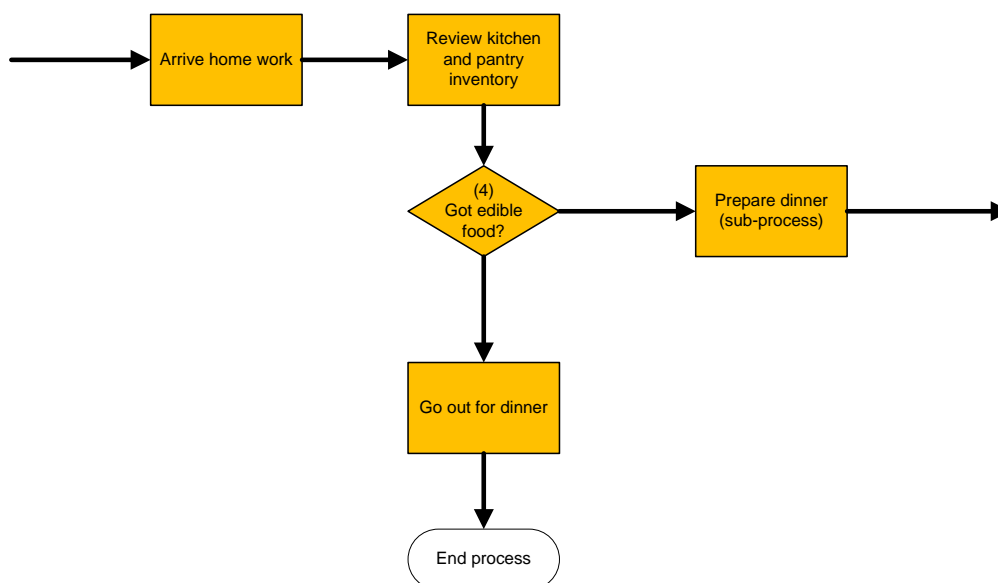


1.3.3 Flow chart decision points

All binary decision points imply a question that can have only a 'yes' or a 'no' answer that is driven by business rules.

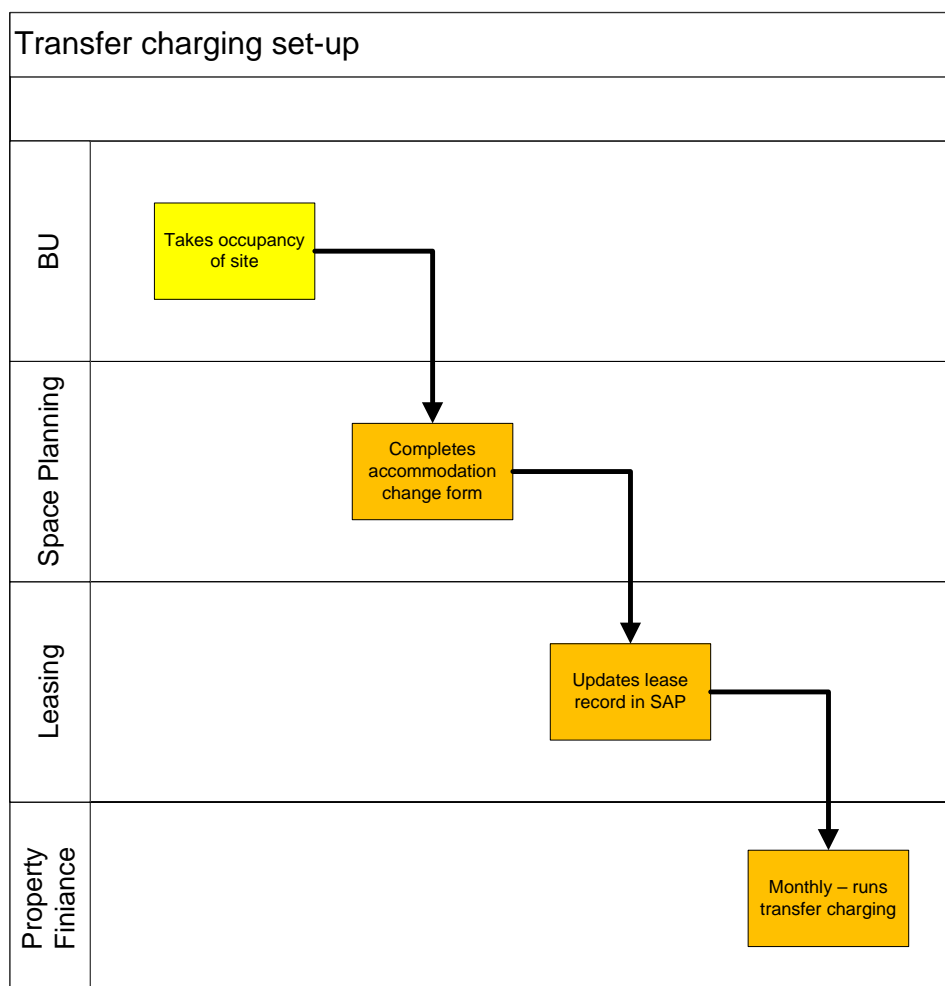
If	Then
yes	<ul style="list-style-type: none"> the process moves right
no	<ul style="list-style-type: none"> the process moves down

In the following example, if there is food in the house, then stay in and cook dinner. If cupboards and fridge are bare, then go out for dinner.



2. About transfer charging

Transfer charging is the process of recovering the cost of property from the business unit that occupies it. After a Bank property has been occupied, the Space Planning Team sends an accommodation change form to the Leasing Team, who record the occupancy split against the lease record in SAP.



Business units are charged according to floor space they occupy with the floor space converted from the number of full time equivalent seats occupied. Where there are multiple business units sharing a floor, common areas are charged according to the percentage occupancy. Refer to the following example in which three business units occupy a total floor space: 2,000 m² of which 250 m² are shared common areas such as corridors, meeting rooms and the kitchen.

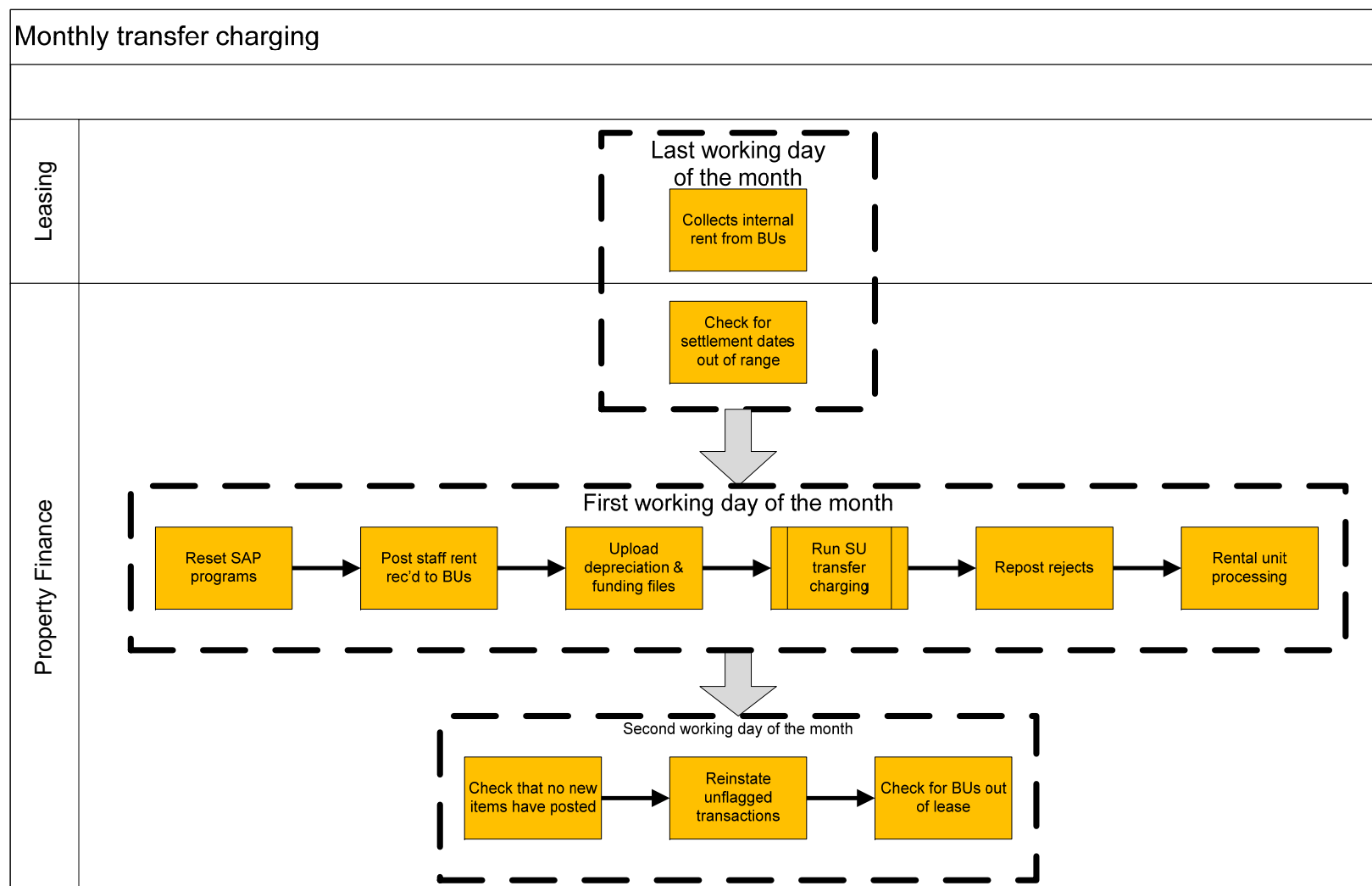
	FTE staff	% Occupied	M ² charged
BU 1	85	42.50%	850
BU 2	20	10.00%	200
BU 3	95	47.50%	950
Total	200	100.00%	2000

On the first working day of each month, Property Finance runs transfer charging to recover the following costs from the business units:

Occupancy charges	These include non-general contract items such as cleaning, electricity etc. that are not paid for by the property owner.
Depreciation	<p>Projects are set up in SAP and after the capital dissection (post completion) has been performed, the asset amounts are transferred to the asset accounts in PeopleSoft for depreciation purposes. Depreciation data is transferred back to SAP each month prior to transfer charging being run.</p> <p>Depreciation costs for a commercial fit-out are charged to the whole building (SU) because current systems are unable to charge to a rental unit (RU). Asset items are created in SAP and transferred to PeopleSoft.</p>
Funding costs	Funding costs of projects are recovered from business units using the Bank's tractor rate (equivalent to the money market interest rate used for internal funding). It is analogous the BU paying interest on "loan" to fund the project.

3. Monthly processes

The process for recovering costs is run monthly, beginning on the last working day of the month with the bulk of the work being on the first working day of the month. There are some clean-up tasks performed on the second working day.



3.1 End of month tasks

Two tasks are performed on the last working day of the month.

3.1.1 Leasing Team

The Leasing team runs the FOSA process in SAP to collect internal rents from the business units.

3.1.2 Property Finance

Property Finance runs F065 to generate an *Overview of Settlement* report. The settlement dates for properties are checked to ensure that they are all within the current month. If they are not, the transfer will reject when transfer charging is run on the beginning of the month.

If settlement dates are found that for previous months, the following procedure is performed to bring these properties up to date:

- Find the oldest settlement date in the report.
- Run transfer charging for each month from the oldest to the previous month.

For example, if the current month is April and settlement dates are found for January, then run transfer charging three times (for January, February and March). This task takes only a few minutes but saves more time when transfer charging is run the next working day.

3.2 Beginning of month tasks

On the first working day of each month, Property Finance runs transfer charging to recover the following costs from the business units:

- occupancy charges
- depreciation
- funding costs

The following tasks are performed:

1. resetting of programs to clear them of the previous month's data
2. posting rent received from staff living in Bank's residential premises to business units
3. uploading depreciation, funding costs and funding of WIP projects from PeopleSoft into SAP
4. checking that RETCRU (step 2) has completed
5. running transfer charging for settlement units
6. manually reposting any rejected costs in SUs to RUs
7. running rental unit processing

3.2.1 Resetting of programs to clear them of the previous month's data

SA38 is run to reset the data in five programs:

- RETCRU (DEV001) (SU outgoings)
- DEV004 (staff rentals)
- INF010 (rental agreement information)
- INF011 (rental unit information)
- INF012 (property expenses)

There are generally no problems with this task.



3.2.2 Posting rent received from staff living in Bank-owned premises to business units

Staff living in Bank residences pay a nominal rent. ZRE_DEV004_RRS_REPOSTING is run to offset the rent paid by the occupying business unit.

1. Run ZRE_DEV004_RRS_REPOSTING.
2. When it has finished, check the report for any rejects.
3. Investigate the cause of the rejects and take corrective action.
4. Run SM35 and then select DEV004 to post the corrected items.

The number of staff living in Bank residences is small (38 in April 2010) and there are rarely any problems with this task.

3.2.3 Uploading depreciation, funding costs and funding of WIP projects from PeopleSoft into SAP

Property asset data are kept in PeopleSoft. Overnight at end of the month, the data is exported to text files on the SAP server and is then uploaded into SAP by Property Finance on the first working day of the month.

1. Check that the date on the text files is today because the same files are overwritten each month with new data..
2. Calculate the WIP funding charges manually using the MS Excel template.
3. Calculate the funding charge rate by averaging today's tractor rate with the rate used the previous month.
4. Run the PeopleSoft to SAP Transfer Charging Upload program with the text files, WIP data and funding rate.
5. After running, compare this month's figures with those of the previous month – they should be within 10%. Investigate if they are wildly different.
6. Manually adjust 363 George St. This is because fit-outs are charged to the SU and are therefore charged back to the occupying BUs equally. Other BU tenants complained about the cost of the PBS fit-out and were unwilling to share the cost.
7. Check for errors. These are usually small and corrective action is not normally taken.

3.2.4 Checking that DEV004 has completed

RETCRU must be completed before any further processing can take place.

1. Run SM37.
2. Check errors.
3. Repost manually.

Errors rarely occur with this step.

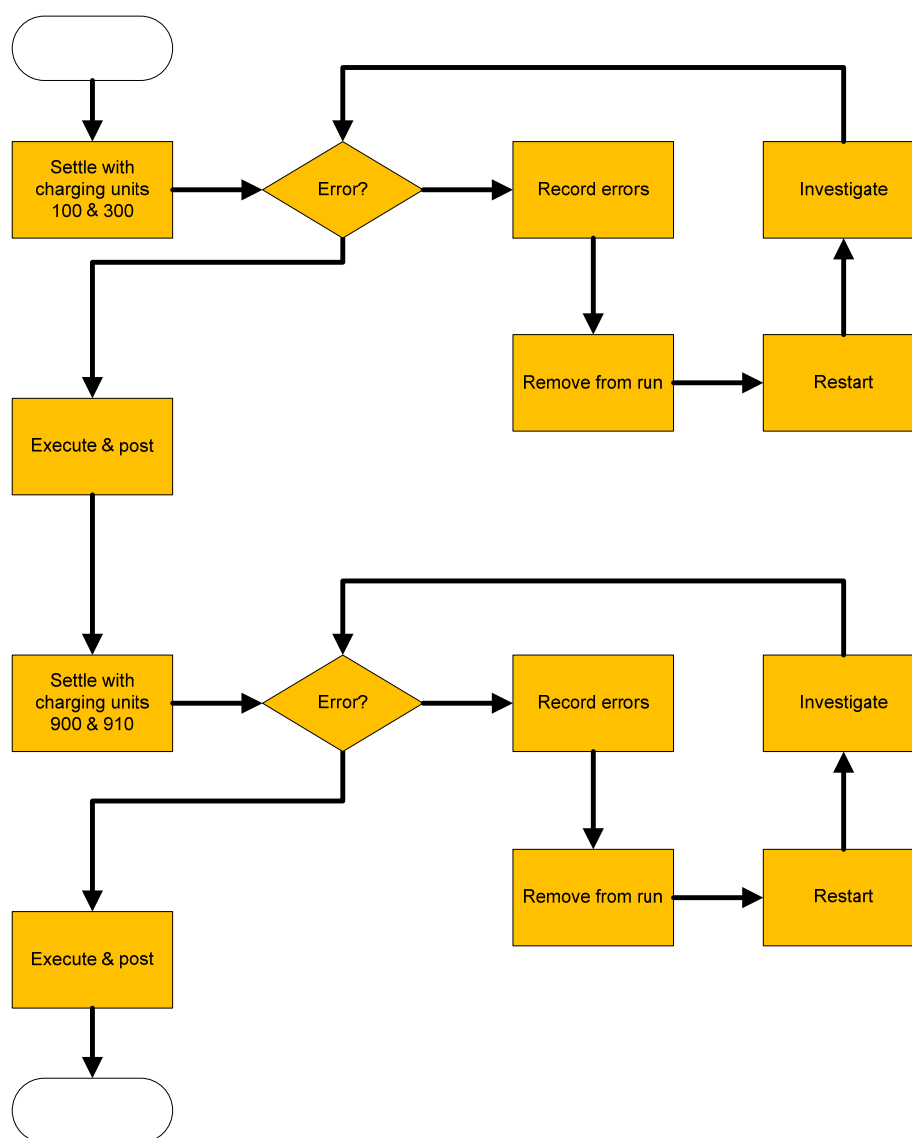
3.2.5 Running transfer charging for settlement units

SU transfer charging is run applying four different charge keys and run in blocks of property numbers because if an error is encountered by the program, processing will stop and need to be restarted to be started from the beginning after the offending property number has been removed from processing.

The causes of errors are investigated and reposted manually after all other property numbers have been processed. This process can take several hours and needs to be actively monitored because of the errors.

Task flow

1. Start FON2 (Execute Full Settlement: Operating Costs).
2. Settle for property numbers 80,000 to 82,000, applying charge keys 100 and 300.
3. Any errors are displayed at the bottom of the screen. Record them on the running sheet and remove the transaction from the run.
4. Go back to step 2 to restart the program. While it is running, use the time to investigate the cause of errors.
5. When all properties with errors have been removed, execute and post the settlements.
6. If there are no more errors, the program will end. Repeat steps 2 to 4 three times:
 - a. for property numbers 82,001 to 84,000
 - b. for property numbers 90,000 to 94,000
 - c. for property numbers 94,001 to 99,999.
7. After running FON2 for charge keys 100 and 300, repeat steps 2 – 5 for charge keys 900 and 910.
8. When all properties with errors have been removed, execute and post the settlements.



Typical errors and rejects

Typical cause	Action required
An SU that has been closed (because the lease has expired) has been reopened during the month in order to pay an invoice received.	Repost manually to the RU.
Creation of a lease has been backdated to a previous month.	Rerun FON2 for the backdated period. This may need to be done several times if the lease has been backdated several months.
It is more than three months since there have been settlements on the lease. It has probably expired.	Flag the property to be closed.
A property has been closed but there are still undisposed assets	Dispose of assets.
Funding charges against an open project for a closed property.	Request the Project Finance team to expense the item and close the project.
Residual values in PeopleSoft (e.g. assets have been disposed but residual values remain in the accumulated depreciation account for the property)	Add to the list of properties to be ignored when SAP runs transfer charging.



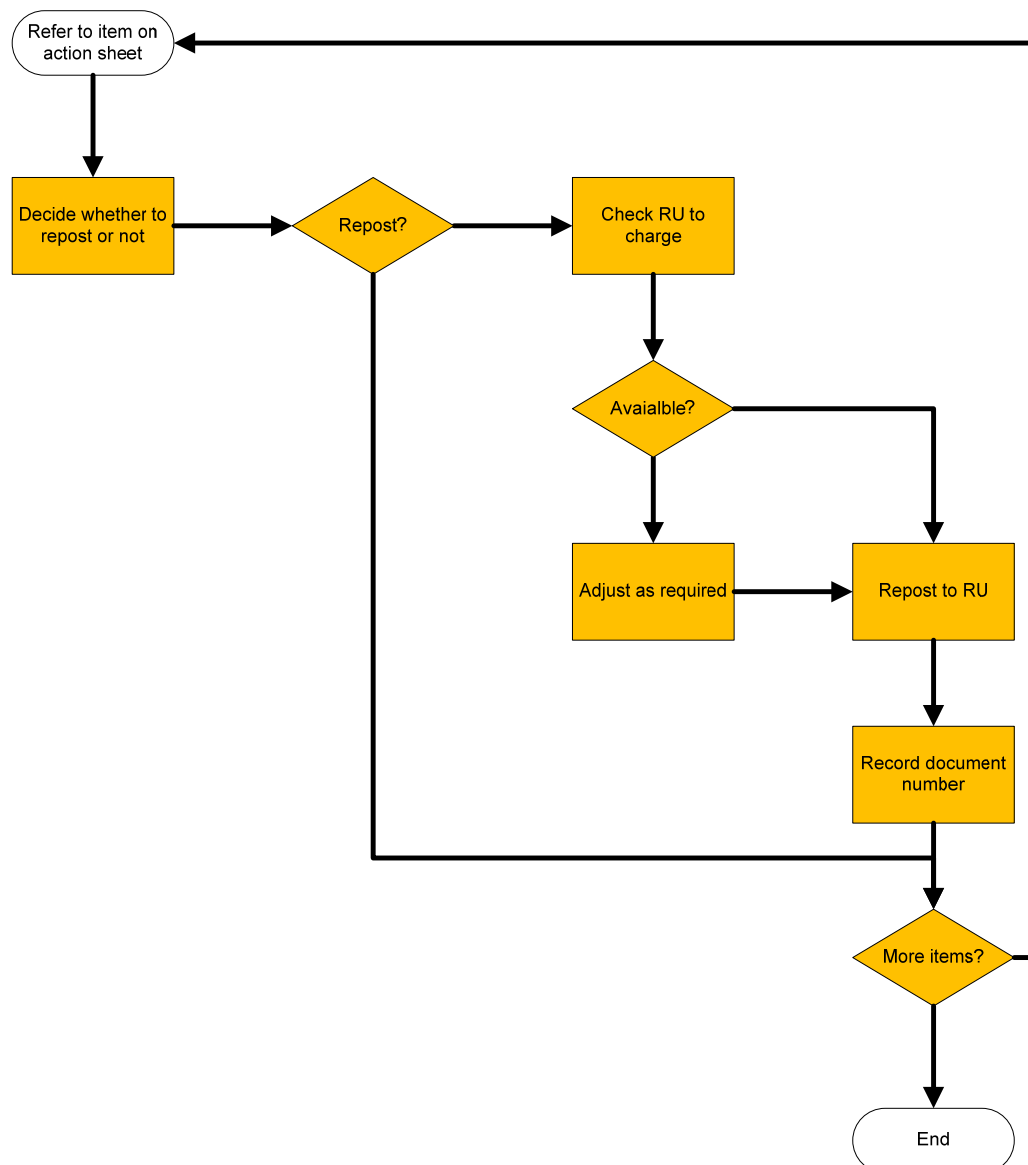
3.2.6 Manually reposting any rejected costs in SUs to RUs

Errors and rejects are recorded on the action sheet along with the remedial action required. For each item, a decision is made whether to post the item or not. For example, low value items are generally ignored. If an item is to be reposted, it must be done so manually.

The following procedure is performed for each item to be reposted:

1. Run FO23 to check what RU to charge.
2. Enter the document number on the KB61 and execute.
3. On the reposting screen change the *Object Type* field to 'RU' and repost.
4. Record the document number on the action sheet.

Reposting rejected items





3.2.7 Running rental unit processing

DEV001 transfer charges costs to rental units. It takes around two hours to run. The program does not stop if there are errors and rejects - they are listed after the program has run. Rejects are reposted manually.

1. Run *DEV001 Transfer Charging00*.
2. After the program has run, generate the *Transfer of Costs from Rental Unit to OUN* report and load it into MS Excel and save it.
3. Review the report for entries with the following message *F1 – Postings not allowed* investigate and repost through SM35 with the correct RU.
4. Investigate each of the errors, for example, it could be a charge made to an unoccupied space. Contact the Facility Manager or Lease Manager for instructions and take corrective actions as required (e.g. take the space out of participation).

3.3 Second working day

The following tasks are performed on the second working day of the month:

1. Review the report for entries with “No RA exists for the previous 3 months” in the comments column.
2. Update the rental agreement information in INF010 for ITC purposes.
3. Update INF011 (rental units)
4. Update INF012 with current month occupancy expense information.

3.4 Later in the month

On day 3 or 4, Property Finance opens the ITC Access database and runs a program in to combine INF010, INF011 and INF012 with the property OUN chart (PSPROPERTY.MDB) to generate a file that is then sent to Group Tax to calculate the ITC claimed in the month BAS (CFSP GST EXPENSE ITC DDMMYY.TXT).

After day 16, the file is returned from Group Tax and brought back into the MS Access database.