

Mercury IT Governance Center™

Mercury Financial Management™

User's Guide

Version: 7.0



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Table of Contents

List of Figures	vii
List of Tables	ix
Chapter 1: Getting Started with Mercury Financial Management	11
Introduction to Financial Management	12
Related Documents.....	13
Chapter 2: Setting Up Cost Rate Rules	15
Overview of Setting Up Cost Rate Rules	16
Creating Cost Rate Rules.....	17
Modifying Cost Rate Rules.....	18
Modifying Cost Rate Rules.....	18
Rearranging Cost Factors.....	18
Deleting Cost Rate Rules.....	20
Cost Rate Rule Access	20
Recalculating Costs After Changes.....	21
Cost Rate Rule Precedence	21
Cost Rate Rule Examples	22
Cost Factor Applications.....	22
Chapter 3: Managing Financial Exchange Rates and Currencies	25
Overview of Financial Exchange Rates and Currencies	26
Managing Currencies and FX Rates	26
Adding a Currency.....	26
Adding a New FX Rate	31
Editing Existing FX Rates	31

Managing Regions (Handling Currency Display)	32
Creating Regions.....	32
Modifying Existing Regions.....	33
Associating Regions with Entities.....	34
Setting Your Personal Currency Display Preference.....	35
Chapter 4: Working with Budgets.....	37
Creating Budgets.....	38
Configuring Access to a Budget	41
Budget Access Grants.....	41
Budget Configure Access Page.....	42
Using the Configure Access Page.....	43
Synchronizing Budgets and Staffing Profiles	44
Setting Budget Associations.....	44
Projects.....	44
Programs	46
Organization Units.....	47
Modifying Budgets	47
Comparing Budgets	48
Comparing Planned to Actual Values.....	49
Comparing Related Budgets.....	50
Chapter 5: Tracking and Analyzing Financial Data	51
Overview of Tracking and Analyzing Financial Data	52
Cost Data Calculations and Formulas	52
Configuring Project Cost Calculation in the Project Settings.....	55
Configuring Actual Cost Data Calculation for Projects.....	58
Automatically Calculating Task Cost	59
Manually Entering Actual Labor Costs.....	59
Rolling Up Task Cost from Time Sheets	60
Cost Roll-up in Budgets for Projects.....	61
Cost Roll-up from Tasks.....	61
Cost Roll-up from Time Management.....	62
Cost Roll-up in Budgets for Programs.....	63
Analyzing Project Costs	64
Project Cumulative Cost Metrics	64
Project Current Cost Metrics.....	66
Viewing the Earned Value Analysis for a Project	67
Analyzing Program Costs	69

Chapter 6: SOP 98-1 Compliance	71
Overview of SOP 98-1 and Financial Management.....	72
Enabling SOP 98-1 Tracking.....	72
Enabling SOP 98-1 at the System Administration Level.....	73
Enabling SOP 98-1 on Projects.....	73
Enabling SOP 98-1 on Budgets.....	75
Using Activities to Track Capitalized Costs.....	75
Configuring Activities.....	76
Creating Activities.....	77
Modifying Existing Activities.....	78
Disabling Activities.....	79
Associating Activities with Tasks.....	80
Activity Inheritance Behavior.....	80
Viewing Capital and Operating Expense Data in Projects.....	81
Viewing Cost Data in the Dashboard.....	81
Project Cost and EV Analysis Summary Sections.....	81
Task Detail Page.....	82
Viewing Capital and Operating Expense Data in Programs.....	82
Program Cost Summary Portlet.....	82
Manage Program Page.....	83
Viewing Capital and Operating Expense Data in Your Portfolio.....	84
Total Exposure Portlet.....	84
Impairment Risks Portlet.....	85
Capitalized Project Timelines Portlet.....	86
Capitalized Project Breakdown.....	87
 Appendix A: Setting Up Cost Calculation Intervals	 89
Overview of Cost Calculation Intervals.....	90
Cost Calculation Server Parameters.....	90
 Index	 93

List of Figures

Figure 5-1	Project Settings page.....	55
Figure 5-2	Project Settings: Cost and Effort policy	56
Figure 5-3	Project Settings: Cost and Effort policy	58
Figure 6-1	Project Settings: Cost and Effort policy	74
Figure 6-2	View Activity page.....	76
Figure 6-3	Project Overview page: Project Cost section.....	81
Figure 6-4	Top of Task Details page.....	82

List of Tables

Table 2-1	Cost rate rule access grants	20
Table 2-2	Example cost rate rule table	22
Table 2-3	Cost factors and the entities to which they apply	23
Table 3-1	Available currencies in Mercury IT Governance Center	26
Table 3-2	Locations of region selection fields on entities.....	34
Table 4-1	Budget access grants	42
Table 4-2	Additional editing access for a budget	42
Table 4-3	Budget to Budget Comparison portlet parameters.....	48
Table 5-1	Cost data items and associated formulas.....	52
Table 5-2	Settings required for project work plan budget roll-up.....	62
Table 5-3	Settings required for project budget roll-up with Time Management	63
Table 5-4	Settings required for program budget roll-up	64
Table 5-5	Analyze Cumulative Cost Metrics page parameters.....	65
Table 5-6	Analyze Current Cost Metrics page parameters	66
Table 5-7	Earned Value view fields.....	67
Table 6-1	Access grants needed to configure activities	76
Table 6-2	Activity fields and descriptions	76
Table 6-3	Total Exposure portlet filter fields	84
Table 6-4	Impairment Risks portlet filter fields	85
Table 6-5	Capitalized Project Timelines portlet filter fields	86
Table 6-6	Capitalized Project Breakdown portlet filter fields	87
Table A-1	server.conf parameters for periodic cost calculations.....	90

Chapter



Getting Started with Mercury Financial Management

In This Chapter:

- *Introduction to Financial Management*
- *Related Documents*

Introduction to Financial Management

Mercury IT Governance Center™ features a set of functionality collectively referred to as Mercury Financial Management™. Mercury Financial Management enables you to do the following, in conjunction with Mercury Project Management™, Mercury Program Management™, or Mercury Portfolio Management™, along with Mercury Time Management™:

- Set up and use cost rate rules to provide detailed estimates of labor costs (see [Chapter 2, *Setting Up Cost Rate Rules*, on page 15](#) for more detailed information)
 - Cost rates can be based on a number of different cost factors.
 - Cost factors can be organized by order of precedence.
- Use and display multiple currencies in one installation of the Mercury IT Governance Center (see [Chapter 3, *Managing Financial Exchange Rates and Currencies*, on page 25](#) for more detailed information)
 - Currency display can be user-based or entity-based.
 - Currency values are tracked against each other using financial exchange rates.
- Create and monitor budgets (see [Chapter 4, *Working with Budgets*, on page 37](#) for more detailed information)
 - Budgets associated with entities such as projects, programs, and organization units can be used to track financial performance.
 - Budgets can be compared with each other on the project or organization unit level.
- Track actual cost data in work plans (see [Chapter 5, *Tracking and Analyzing Financial Data*, on page 51](#) for more detailed information)
 - Actual task cost values can be rolled up into work plans from time sheets.
 - Task cost values can be rolled up into project budgets from work plans.
 - Work plans can roll up actual cost values into project budgets, which can be rolled up into program budgets.
 - EV analysis can be performed on project cost data.

- Monitor SOP 98-1 compliance (see [Chapter 6, SOP 98-1 Compliance](#), on page 71 for more detailed information)
 - Capitalization can be tracked at the task level.
 - Capital exposure can be monitored at the portfolio level.
 - Capitalization can be built into process using project templates.

Related Documents

Related documents for this book are:

- *Mercury Project Management User's Guide*
- *Mercury Program Management User's Guide*
- *Mercury Portfolio Management User's Guide*
- *Mercury Resource Management User's Guide*
- *Mercury Time Management User's Guide*

Chapter

2

Setting Up Cost Rate Rules

In This Chapter:

- *Overview of Setting Up Cost Rate Rules*
 - *Creating Cost Rate Rules*
 - *Modifying Cost Rate Rules*
 - *Modifying Cost Rate Rules*
 - *Rearranging Cost Factors*
 - *Deleting Cost Rate Rules*
 - *Cost Rate Rule Access*
 - *Recalculating Costs After Changes*
 - *Cost Rate Rule Precedence*
 - *Cost Rate Rule Examples*
 - *Cost Factor Applications*
-

Overview of Setting Up Cost Rate Rules

Cost rates are determined by a number of factors. Organizations may struggle to forecast costs with sufficient accuracy if they are limited to one rate per person or role. The factors that determine cost rates can also vary.

For example:

- The cost rate for a resource might be different from another resource.
- The cost rate for a role might vary from year to year.
- The cost rate for a resource might be different for a contractor than for a full-time employee.

Additionally, the order of precedence between cost factors may vary from organization to organization. A regional cost rate may supersede the rate for a particular project or activity.

Mercury Financial Management enables you to set cost rate rules that can be based on a range of factors that can be reordered, including:

- Resource
- Role
- Region
- Project
- Request type
- Resource type
- Department
- Primary organization unit
- Package workflow
- Miscellaneous work items

Before entering cost rate rules, cost factors for your business as well as their order of precedence should be identified. See [Cost Rate Rule Precedence on page 21](#) for details on cost rate rule determination and precedence.

Creating Cost Rate Rules

To create a new cost rate rule:

1. Log on to Mercury IT Governance Center.
2. From the menu bar, select **Administration > Financials > Manage Cost Rate Rules**.
3. Click **Manage Cost Rates**.

The Cost Rate Rules page opens.

Cost Rate Rules Save Done Cancel

Rule #	Effective Start	Effective End	Resource	Role	Resource Type	Org Unit	Currency	Rate
12			Gloria Nunez			Commercial Applications	United States Dollar	75.00
11				Business Analyst			United States Dollar	100.00
10					Consultant		United States Dollar	115.00
9					Contractor		United States Dollar	95.00
8				Developer - Java/Web Tec	Consultant		United States Dollar	125.00
7				Developer - Java/Web Tec	Contractor		United States Dollar	100.00
6				Developer - Java/Web Tec			United States Dollar	80.00
5				Database Administrator			United States Dollar	100.00
4				Database Administrator	Consultant		United States Dollar	150.00
3				Database Administrator	Contractor		United States Dollar	105.00
2				Database Administrator	Full Time Employee		United States Dollar	75.00
1							United States Dollar	60.00

Add Cost Rate Change Cost Factors Save Done Cancel

4. Click **Add Cost Rate**.

The Add Cost Rate dialog box opens.

Add Cost Rate

Effective Start:

Effective Finish:

Resource:

Role:

Resource Type:

Org Unit:

Rate: United States Dollar

Add Cost Rate Cancel

5. Enter any relevant cost factors.
6. At the **Rate** prompt, select a currency and enter an amount.
7. Click **Add Cost Rate**.
8. Click **Save**.

Modifying Cost Rate Rules

Cost rate rules can be modified by changing particular cost factors for a given rule, or by reordering the precedence of all cost factors. Cost rate rules can also be deleted.

Modifying Cost Rate Rules

To modify cost rate rules:

1. Log on to Mercury IT Governance Center.
2. From the menu bar, select **Administration > Financials > Manage Cost Rate Rules**.
3. Click **Manage Cost Rates**.

The Cost Rate Rules page opens.

Cost Rate Rules										Save	Done	Cancel
Rule #	Effective Start	Effective End	Resource	Role	Resource Type	Org Unit	Currency	Rate				
12			Gloria Nunez			Commercial Applications	United States Dollar	75.00				
11				Business Analyst			United States Dollar	100.00				
10					Consultant		United States Dollar	115.00				
9					Contractor		United States Dollar	95.00				
8				Developer - Java/Web Tec	Consultant		United States Dollar	125.00				
7				Developer - Java/Web Tec	Contractor		United States Dollar	100.00				
6				Developer - Java/Web Tec			United States Dollar	80.00				
5				Database Administrator			United States Dollar	100.00				
4				Database Administrator	Consultant		United States Dollar	150.00				
3				Database Administrator	Contractor		United States Dollar	105.00				
2				Database Administrator	Full Time Employee		United States Dollar	75.00				
1							United States Dollar	60.00				

4. Change the values for any of the cost factors for the desired rules.
5. Click **Save**.

Rearranging Cost Factors

Cost factors precedence is counted from left to right. Cost factors on the left take precedence over factors to their right (see [Cost Rate Rule Precedence on page 21](#) for details and examples). Cost factors can be added, removed, or reordered at any time.



Cost factors cannot be rearranged for individual cost rate rules. All cost rate rules are subject to the same cost factors.

To rearrange cost rate rules:

1. Log on to Mercury IT Governance Center.
2. From the menu bar, select **Administration > Financials > Manage Cost Rate Rules**.
3. Click **Manage Cost Rates**.

The Cost Rate Rules page opens.

Cost Rate Rules										Save	Done	Cancel
Rule #	Effective Start	Effective End	Resource	Role	Resource Type	Org Unit	Currency	Rate				
12			Cloria Nunez			Commercial Applications	United States Dollar	75.00				
11				Business Analyst			United States Dollar	100.00				
10					Consultant		United States Dollar	115.00				
9					Contractor		United States Dollar	95.00				
8				Developer - Java/Web Tec	Contractor		United States Dollar	125.00				
7				Developer - Java/Web Tec	Contractor		United States Dollar	100.00				
6				Developer - Java/Web Tec			United States Dollar	80.00				
5				Database Administrator			United States Dollar	100.00				
4				Database Administrator	Consultant		United States Dollar	150.00				
3				Database Administrator	Contractor		United States Dollar	105.00				
2				Database Administrator	Full Time Employee		United States Dollar	75.00				
1							United States Dollar	60.00				

4. Click **Change Cost Factors**.

The Change Cost Factors dialog box opens.

Change Cost Factors

Available Columns

- Region
- Project
- Request Type
- Package Workflow
- Misc. Work Items
- Department

Selected Columns

- Resource
- Role
- Resource Type
- Org Unit

5. Add, remove, or reorder cost factors:
 - Add cost factors by selecting from the **Available Columns** list and clicking the right arrow icon.
 - Remove cost factors by selecting from the **Selected Columns** list and clicking the left arrow icon.
 - Reorder cost factors by selecting from the **Selected Columns** list and clicking the up or down arrow icons.
6. Click **Change**.
7. Click **Save**.

Deleting Cost Rate Rules

Cost rate rules can be deleted.

1. Log on to Mercury IT Governance Center.
2. From the menu bar, select **Administration > Financials > Manage Cost Rate Rules**.
3. Click **Manage Cost Rates**.

The Cost Rate Rules page opens.

Rule #	Effective Start	Effective End	Resource	Role	Resource Type	Org Unit	Currency	Rate
12			Gloria Nunez			Commercial Applications	United States Dollar	75.00
11				Business Analyst			United States Dollar	100.00
10					Consultant		United States Dollar	115.00
9					Contractor		United States Dollar	95.00
8				Developer - Java/Web Tec	Consultant		United States Dollar	125.00
7				Developer - Java/Web Tec	Contractor		United States Dollar	100.00
6				Developer - Java/Web Tec			United States Dollar	80.00
5				Database Administrator			United States Dollar	100.00
4				Database Administrator	Consultant		United States Dollar	150.00
3				Database Administrator	Contractor		United States Dollar	105.00
2				Database Administrator	Full Time Employee		United States Dollar	75.00
1							United States Dollar	60.00

4. Click the **Delete** icon next to the rule you want to delete.
5. Click **Save**.

Cost Rate Rule Access

Users are linked to access grants through the security group they are a part of. The access grants related to cost rate rules are discussed in more detail in [Table 2-1](#).

For more information on access grants and security groups, see the *Security Model Guide and Reference*.

Table 2-1. Cost rate rule access grants

Access Grant	Description
View Cost Rate Rules	The user can view any cost rate rule in the system.
Edit Cost Rate Rules	The user can edit any cost rate rule in the system.

Recalculating Costs After Changes

After changes have been made to cost rate rules, costs can be recalculated according to a set schedule determined by parameters in the `server.conf` file on the Mercury IT Governance Server. See *Cost Calculation Server Parameters* on page 90 for more details on these parameters.



Note

Changes to cost rate rules may not take effect immediately. By default, costs are recalculated every five minutes, though this period can vary depending on the amount of data in the system, the entities that are using the cost rate rules, and the settings in the `server.conf` file. It is recommended that the recalculation be configured to take place after working hours, or on weekends, to avoid confusion.

Cost Rate Rule Precedence

Before creating any cost rate rules, Mercury recommends that you identify the factors that drive cost rates, and the order of precedence among them. This can be done in tabular form, as in *Table 2-2*.



Note

The table should not contain conflicting rules. This means that for any particular transaction date and set of factors, there should be only one rule effective for that date that specifies these exact values for each driving factor, except default resource rate values.

When the system determines a cost rate:

- The rate table is filtered to include only the rules that match the driving factors. This leaves only the rules that:
 - Are effective for the transaction date and
 - Exactly match the values in the driving factors, or
 - Apply to any value for the driving factors
- From this filtered set, the system determines which of these rules applies. The precedence of the factors is from left to right across the table. For each driving factor from left to right, the system checks whether any of the rules exactly matches the driving value. If so, then all of the more general rules that apply to any value for this driving factor are discarded. This process continues left to right until only one rule remains.

Cost Rate Rule Examples

This section gives some examples of how cost rates are selected, using the example cost rate rule table given in *Table 2-2*.

Table 2-2. Example cost rate rule table

Rule #	Effective	Resource	Region	Role	Rate
1	Jan 05-...	USD \$75
2	Jan 05-...	...	EMEA	...	EUR €80
3	Jan 05-...	...	EMEA	DBA	EUR €100
4	Jan 05-Jul 06	...	APAC	...	HKD \$50
5	Jul 05-...	...	APAC	...	HKD \$55
6	Jan 05-...	John Doe	USD \$200

According to this table:

- All labor in North America in 2005 costs at least \$75/hour.
- Most labor in EMEA in 2005 costs €80/hour.
- DBA labor, specifically, costs €100/hour in the EMEA region during 2005.
- All labor by John Doe costs \$200/hour, even if John Doe is working as a DBA in EMEA.
- A task on a work plan with a resource assigned who has no role and no specific resource rate will cost \$75/hour.

Cost Factor Applications

Not all cost factors apply to all entities at all times. For example, a package workflow has nothing to do with logging time against a task or request; it is only relevant when logging time against a package. *Table 2-3* describes some important entities and the cost factors that apply to them.

Table 2-3. Cost factors and the entities to which they apply (page 1 of 2)

Entity	Relevant Cost Factors
Planned budget labor costs obtained through staffing profile synchronization	<ul style="list-style-type: none"> ■ Region: The region of the staffing profile ■ Project: If the staffing profile is for a project ■ Resource type: As defined on the staffing profile position ■ Role: The role specified on the staffing profile position
Task planned cost	<ul style="list-style-type: none"> ■ Region: The region of the resource for the assigned portion of the task, and the region of the project for the unassigned portion ■ Project: The project being worked on ■ Resource Type: For the assigned portion of the task, use the resource's resource type ■ Role: For the assigned portion of the task, use the resource's primary role, for the unassigned portion, use the task role ■ Department: For the assigned portion of the task, use the resource's department ■ Resource: For the assigned portion of the task
Actual cost for tasks in work plans	<ul style="list-style-type: none"> ■ Region: The region of the resource ■ Project: The project being worked on ■ Resource Type: The type of resource assigned to the task ■ Resource: Assigned to the task ■ Role: The resource primary role ■ Department: The resource's department ■ Primary Org Unit: The primary organization unit to which the resource belongs
Projects, tasks, and summary tasks updated with time sheets	<ul style="list-style-type: none"> ■ Region: The region of the resource ■ Project: The project being worked on ■ Resource Type: The type of resource assigned to the task ■ Resource: The resource logging time ■ Role: The resource's primary role ■ Department: The department of the resource logging time ■ Primary Org Unit: The primary organization unit to which the resource belongs

Table 2-3. Cost factors and the entities to which they apply (page 2 of 2)

Entity	Relevant Cost Factors
Packages updated with time sheets	<ul style="list-style-type: none"> ■ Region: The region of the resource ■ Resource Type: The type of resource assigned to the task ■ Resource: The resource logging time ■ Role: The resource's primary role ■ Department: The department of the resource logging time ■ Package Workflow: The package workflow for the package being worked on ■ Primary Org Unit: The primary organization unit to which the resource belongs
Miscellaneous items updated with time sheets	<ul style="list-style-type: none"> ■ Region: The region of the resource ■ Resource Type: The type of resource assigned to the task ■ Resource: The resource logging time ■ Role: The resource's primary role ■ Department: The department of the resource logging time ■ Misc Work Item Type: The type of miscellaneous work item being worked on ■ Primary Org Unit: The primary organization unit to which the resource belongs
Requests updated with time sheets	<ul style="list-style-type: none"> ■ Region: The region of the resource ■ Project: The project being worked on ■ Request Type: The type of request being worked on ■ Resource Type: The type of resource assigned to the task ■ Resource: The resource logging time ■ Role: The resource's primary role ■ Department: The department of the resource logging time ■ Primary Org Unit: The primary organization unit to which the resource belongs

Chapter

3

Managing Financial Exchange Rates and Currencies

In This Chapter:

- *Overview of Financial Exchange Rates and Currencies*
 - *Managing Currencies and FX Rates*
 - *Adding a Currency*
 - *Adding a New FX Rate*
 - *Editing Existing FX Rates*
 - *Managing Regions (Handling Currency Display)*
 - *Creating Regions*
 - *Modifying Existing Regions*
 - *Associating Regions with Entities*
 - *Setting Your Personal Currency Display Preference*
-

Overview of Financial Exchange Rates and Currencies

Mercury IT Governance Center can display cost data for entities such as projects and budgets in different currencies depending on the region each entity is associated with. A particular entity can only be associated with one region at a time, meaning the entity's cost data will display in only one currency, which would be the region's local currency or the base currency used by the system. Financial exchange (FX) rates are used to calculate the exchange between a local currency and the base currency.



Note

Access to currencies, FX rates and regions is controlled through access grants and security groups. For details on the security surrounding currencies, FX rates, and regions, see the *Security Model Guide and Reference*.

Managing Currencies and FX Rates

You can select new currencies to be available for display. You can also create new FX rates, as well as maintain existing ones.

Adding a Currency

Currencies can be made available for display in the system. *Table 3-1* lists all the currencies from which you can pick.

*Table 3-1. Available currencies in Mercury IT Governance Center
(page 1 of 5)*

Currency Code	Currency Name
AFN	Afghanistan Afghani
ARS	Argentine Peso
ATS	Austrian Schilling (Euro)
AUD	Australian Dollar
BSD	Bahamian Dollar
BHD	Bahraini Dinar
BDT	Bangladesh Taka
BEF	Belgian Franc (Euro)

Table 3-1. Available currencies in Mercury IT Governance Center
(page 2 of 5)

Currency Code	Currency Name
BOB	Bolivian Boliviano
BAM	Bosnia-Herzegovina Convertible Marks
BWP	Botswana Pula
BRL	Brazilian Real
GBP	British Pound
BGN	Bulgarian Lev (since 1999-07-05)
XAF	Chad CFA Franc BEAC
CAD	Canadian Dollar
CLP	Chilean Peso
CNY	Chinese Renmibi Yuan
COP	Colombian Peso
HRK	Croatian Kuna
DKK	Danish Krone
DEM	Deutsche Mark (Euro)
EGP	Egyptian Pound
EEK	Estonian Kroon
EUR	Euro
FJD	Fiji Dollar
FIM	Finnish Markka (Euro)
FRF	French Franc (Euro)
GRD	Greek Drachma (Euro)
GTQ	Guatemalan Quetzal
HKD	Hong Kong Dollar
HUF	Hungarian Forint
ISK	Iceland Krona
INR	Indian Rupee
IDR	Indonesian Rupiah

Table 3-1. Available currencies in Mercury IT Governance Center
(page 3 of 5)

Currency Code	Currency Name
IQD	Iraqi Dinar
IEP	Irish Pound (Euro)
ITL	Italian Lira (Euro)
JPY	Japanese Yen
JOD	Jordanian Dinar
KZT	Kazakhstan Tenge
KES	Kenyan Shilling
KWD	Kuwaiti Dinar
LAK	Lao Kip
LVL	Latvian Lats
LBP	Lebanese Pound
LTL	Lithuanian Litus
LUF	Luxembourg Franc (Euro)
MKD	Macedonian (Former Yug. Rep.) Denar
MGA	Malagasy Ariary
MGF	Malagasy Franc
MYR	Malaysian Ringgit
MXN	Mexican Peso
MNT	Mongolian Tugrik
NPR	Nepalese Rupee
NLG	Netherlands Guilder (Euro)
ILS	New Israeli Shekel
TWD	New Taiwan Dollar
NZD	New Zealand Dollar
NGN	Nigerian Naira
KPW	North Korean Won
NOK	Norwegian Krone

Table 3-1. Available currencies in Mercury IT Governance Center
(page 4 of 5)

Currency Code	Currency Name
PKR	Pakistani Rupee
PAB	Panama Balboa
PGK	Papua New Guinea Kina
PEN	Peruvian Nuevo Sol
UYU	Peso Uruguayo
PHP	Philippine Peso
PLN	Polish Zloty
PTE	Portuguese Escudo (Euro)
ROL	Romanian Leu
RUB	Russian Ruble
SAR	Saudi Riya
CSD	Serbian Dinar
SGD	Singapore Dollar
SKK	Slovak Koruna
SIT	Slovene Tolar
SOS	Somali Shilling
ZAR	South African Rand
KRW	South Korean Won
ESP	Spanish Peseta (Euro)
LKR	Sri Lanka Rupee
SEK	Swedish Krona
CHF	Swiss Franc
SYP	Syrian Pound
TZS	Tanzanian Shilling
THB	Thai Baht
TOP	Tunisian Dinar
TRL	Turkish Lira

Table 3-1. Available currencies in Mercury IT Governance Center
(page 5 of 5)

Currency Code	Currency Name
UAH	Ukrainian Hryvnia
AED	United Arab Emirates Dirham
USD ^a	United States Dollar ^a
VEB	Venezuelan Bolivar
VND	Viet Nam Dong
ZWD	Zimbabwe Dollar

Adding a new currency makes it available to be displayed by any region. When you add a new currency, you must also fill in FX rates for current and future time periods.



Note

Certain currencies may not display correctly unless the `I18N_ENCODING` parameter in the `server.conf` file on the Mercury IT Governance Server is set to `UTF-8`. See the *System Administration Guide and Reference* for more information on adjusting the `server.conf` file.

To add a new currency:

1. Log on to Mercury IT Governance Center.
2. From the menu bar, select **Administration > Financials > Manage Exchange Rates**.

The Manage Financial Exchange Rates page opens.

3. Click **Add a Currency**.

The Add Currency page opens.

4. From the **Select Currency to Add** list, select a currency.
5. Enter an **Exchange Rate** for all **Effective Dates** listed.
6. Click **Add**.

Adding a New FX Rate

When you add a new FX rate, all cost data (budget values, project plan costs, and so forth) are re-calculated relative to the base currency.

To add a new FX rate:

1. Log on to Mercury IT Governance Center.
2. From the menu bar, select **Administration > Financials > Manage Exchange Rates**.

The Manage Financial Exchange Rates page opens.

3. Click **Add New FX Rate**.

The Add Financial Exchange Rate page opens, with current FX rate values for all active currencies defaulted.

4. From **Effective Date**, select a date for the new FX rate to take effect.
5. Enter the new FX rate for the desired currencies listed.
6. Click **Add**.

Editing Existing FX Rates

To edit existing FX rates:

1. Log on to Mercury IT Governance Center.
2. From the menu bar, select **Administration > Financials > Manage Exchange Rates**.

The Manage Financial Exchange Rates page opens.

3. Click the **Edit Rates** link under the time period you want to edit.

The Edit Financial Exchange Rate page opens.

4. Edit the FX rate values for the desired currencies.
5. Click **Done**.

Managing Regions (Handling Currency Display)

Currency display is based on region. A single region's definition includes both its local currency and regional calendar.



Regional calendars are used primarily by the Mercury Project Management and Resource Management functionality. For more information on regional calendars and their usage, see the *Mercury Resource Management User's Guide*.

Depending on what region an entity is associated with, a different local currency may be used to display its cost data. The following entities can have regions specified:

- Project
- Work plan templates
- Resources
- Organization units
- Budgets
- Financial benefits
- Staffing profiles
- Resource pools

Creating Regions

To create a new region:

1. Log on to Mercury IT Governance Center.
2. From the menu bar, select **Administration > Regions > Create a Region**.

The Create a Region page opens.

Create a New Region

*Region Name:

Enabled: Yes No

Description:

*Regional Calendar:

*Local Currency:

3. Enter a **Region Name** and specify the **Regional Calendar** and **Local Currency**.

4. Select **Yes** to enable the region.
5. Click **Create**.

Modifying Existing Regions

You can modify existing regions through the Modify Region page.

The Modify Region page also enables you to disable a region for further use. Entities that currently use the region will be unaffected, but it will not be available as a selection for new or existing entities going forward.

To modify existing regions:

1. Log on to the Mercury IT Governance Center.
2. From the menu bar, select **Administration > Regions > Browse Regions**.

The Manage Regions page opens.



3. Click on the desired **Region Name**.

The Edit Region page opens.



4. Make the desired changes.
5. Click **Done**.

Associating Regions with Entities

Regions are associated with various Mercury IT Governance Center entities from particular locations. *Table 3-2* identifies the locations from which to specify a region for each entity.

Resources can either inherit their regions from the primary organization units they belong to, or they can have a region specified directly. Resources that do not belong to a primary organization unit are assigned a region from the Change Resource Settings page. For more information on resources and regions, see the *Mercury Resource Management User's Guide*.

Table 3-2. Locations of region selection fields on entities

Entity	Location	Field Name
Projects and Project Templates	(Region is selected only upon creation) Create New Project page	Region
Budgets	Create New Budget page	Select Region
	Budget page > Change Properties for Budget page	Region
Financial Benefits	Create New Financial Benefit page	Region
	Financial Benefit page	Select Region
Resources	Resource page > Modify Resource page	Resource will: <ul style="list-style-type: none"> ■ Inherit Region ... ■ Use this Region
Organization Units	Create a New Organization Unit page	Parent Org Unit <ul style="list-style-type: none"> ■ Inherit Region from Parent ■ Use this Region
	Organization Unit page > Modify Organization Unit page	Parent Org Unit <ul style="list-style-type: none"> ■ Inherit Region from Parent ■ Use this Region
Resource Pools	Create a New Resource Pool page	Region
	Edit Resource Pool page	
Staffing Profiles	Change Staffing Profile Header page	Region
	Create a Staffing Profile page	

Setting Your Personal Currency Display Preference

You can choose the currency to display in all of your Mercury IT Governance Dashboard™ pages and portlets.

To select your preferred currency:

1. Log on to the Mercury IT Governance Center.
2. From the menu bar, select **Administration > Edit My Profile**.

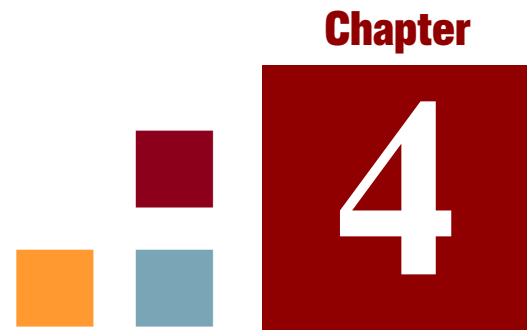
The Edit My Profile page opens.

The screenshot shows the 'Edit My Profile' page with the following sections:

- Edit My Profile** (Section Header)
- Change Password** (Section Header)
- Old Password:
- New Password:
- Repeat New Password:
- Dismissible Message Dialogs** (Section Header)
- Warning Messages that you chose not to show again can be turned back on here.
- Bring back all warning messages
- Overview Page Section Preferences** (Section Header)
- Results in Maximized Overview Sections:
- Project Work Plan Preferences** (Section Header)
- The number of tasks displayed per page in the project work plan can be configured here.
- 20 tasks per page.
- 100 tasks per page.
- Tasks per page (max allowed = 500).
- Cost Display** (Section Header)
- I prefer to see Costs displayed in the:
- Base Currency: United States Dollar (USD)
- Local Currency

A **Done** button is located at the bottom right of the page.

3. Select an option in the **Cost Display** section of the page.
4. Click **Done**.



Chapter
4

Working with Budgets

In This Chapter:

- *Creating Budgets*
 - *Configuring Access to a Budget*
 - *Synchronizing Budgets and Staffing Profiles*
 - *Setting Budget Associations*
 - *Projects*
 - *Programs*
 - *Organization Units*
 - *Modifying Budgets*
 - *Comparing Budgets*
 - *Comparing Planned to Actual Values*
 - *Comparing Related Budgets*
-

Creating Budgets

Once created, budgets can be used to track financial information for a project, program, organization unit, or other entity. Budgets can be linked to these entities with varying levels of data dependency. See *Setting Budget Associations* on page 44 and *Cost Roll-up in Budgets for Projects* on page 61 for more details.

To create a budget:

1. Log on to Mercury IT Governance Center.
2. From the menu bar, select **Financial Management > Budgets > Create a Budget**.

The Create New Budget page opens.

Create New Budget

*Budget Name:

This is a Budget for

Actuals are: Entered Manually
 Automatically Rolled up from project Budget information

The Budget to Budget comparison portlet can be used to compare planned costs of a parent budget against the planned or actual costs of its children budgets. The parent-child relationship amongst the budgets is defined here. This relationship is only used by the Budget to Budget comparison portlet. The rollup of actual values from project to program budgets is configured above.

Parent Budget for Comparison:

Will this Budget have capitalized Costs? Yes No

*Region:

*Start Period:

*Finish Period:

3. Enter the **Budget Name**.
4. Enter any other desired information relating to the budget's associations.

For more information, see *Setting Budget Associations* on page 44.

5. Select a region from the **Region** list.

This determines the budget's currency settings.

6. Enter the budget's **Start Period** and **Finish Period**.

7. Click **Continue**.

The Create New Budget: Enter Details page opens.

Create New Budget: Enter Details

[Configure Access](#) [Create](#) [Cancel](#)

Budget Information

Status: Active: Yes No

Name:

Created On: September 14, 2006 Created By: Admin User

Description:

This Budget is **freestanding**, actuals are **entered manually**. This Budget does not roll up. This Budget occurs in **Region - MercuryUS**; Cost are entered in **United States Dollar**. [Change](#)

Start Period: September 2006 Finish Period: February 2007 [Change Periods](#)

Budget Summary

Planned Budget		Actual Budget	
Total Planned Labor	\$0	Total Actual Labor	\$0
Total Planned Non-Labor	\$0	Total Actual Non-Labor	\$0
Total Planned Budget:	\$0	Total Actual Budget:	\$0

Budget Breakdown

Budget Status: New Show: Plan Only Plan and Actuals Enter Lines In: Months Quarters [Apply](#)

[Add Budget Lines](#)

Please use the Add button to add lines to this Budget.

[Remove Lines](#)

Breakdown from September 2006 to February 2007 (Numbers in Table in 000s)

	Q3 2006			Q4 2006			Q1 2007		
	Jul 06	Aug 06	Sep 06	Oct 06	Nov 06	Dec 06	Jan 07	Feb 07	Mar 07
Month Total			\$0	\$0	\$0	\$0	\$0	\$0	
Quarter Total			\$0			\$0			\$0

Notes

Notes to be added on save:

[Configure Access](#) [Create](#) [Cancel](#)

8. Enter any desired information in the **Budget Information** section.

This includes the budget's associated entities and roll-up settings, if you did not already specify them. See *Setting Budget Associations* on page 44 for more information.

9. To add lines to the budget, scroll down to the **Budget Breakdown** section.
 - a. Click **Add Budget Lines**.

The Add Lines to Budget page opens.

Add Lines to Budget: Information Architecture Development

Name: Information Architecture Development Status: New

Enter Line Information

Type: Category:

- b. Specify a **Type** and **Category** for the budget line.
 - c. Click **Add Another** if you want to add additional lines.
 - d. When you have finished adding lines, click **Add**.
10. The Create a New Budget: Enter Details page reloads with the budget lines added.

Create New Budget: Enter Details

Configure Access

Budget Information

Status: Active: Yes No

Name: Information Architecture Development

Created On: September 14, 2006 Created By: Admin User

Description:

This Budget is **freestanding**, actuals are **entered manually**. This Budget does not roll up. This Budget occurs in Region - MercuryUS; Cost are entered in **United States Dollar**.

Start Period: September 2006 Finish Period: February 2007

Budget Summary

Planned Budget	Actual Budget
Total Planned Labor \$0	Total Actual Labor \$0
Total Planned Non-Labor \$0	Total Actual Non-Labor \$0
Total Planned Budget: \$0	Total Actual Budget: \$0

Budget Breakdown

Budget Status: New Show: Plan Only Enter Lines In: Months
 Plan and Actuals Quarters

Add Budget Lines

	Q3 2006			Q4 2006			Q1 2007		
	Jul 06	Aug 06	Sep 06	Oct 06	Nov 06	Dec 06	Jan 07	Feb 07	Mar 07
Labor									
<input type="checkbox"/> Employee									
<input type="checkbox"/> Contractor									
Labor Total			\$0	\$0	\$0	\$0	\$0	\$0	\$0
Non-Labor									
<input type="checkbox"/> Hardware									
Non-Labor Total			\$0	\$0	\$0	\$0	\$0	\$0	\$0
Month Total			\$0	\$0	\$0	\$0	\$0	\$0	\$0
Quarter Total			\$0			\$0			\$0

Notes

Notes to be added on save:

11. If you want to enter actual amounts manually for your budget alongside the planned amounts, select the **Plan and Actuals** option in the **Show** line and click **Apply**. The Create New Budget: Enter Details page reloads with **Actuals** fields enabling you to fill in actual values next to the planned amounts in the budget's columns.



Note

Budget amounts can be entered in whole dollars as well as in thousands. To enter budget amounts in whole dollars, the parameter `BUDGET_IN_WHOLE_DOLLARS` should be set to **True** in the `server.conf` file.

Usually, only Mercury IT Governance Center system administrators have access to the Mercury IT Governance Server. Contact your system administrator with any questions about altering the `server.conf` file.

12. Click **Create**.

Configuring Access to a Budget

Access to a budget can be granted to individual users during a budget's creation, or after the budget has already been created. Additionally, there are different levels of possible access that can be granted.

A budget attached to a project can be viewed by everyone participating in that project who has the proper access grants listed in *Budget Access Grants*, without necessarily appearing on the list specified for the budget using the *Budget Configure Access Page*. This includes project process participants and project participants (users who are assigned to tasks in the work plan, or who are specified on the staffing profiles). In addition, project managers can edit budgets attached to their projects. The same type of access applies to budgets attached to proposals and assets, for users of Mercury Portfolio Management™.

Budget Access Grants

Users are linked to access grants through the security group they are a part of. The access grants related to budget are discussed in more detail in *Table 4-1*. Without these access grants, a user cannot view or edit a budget regardless of whether they are specified in the list on the budget's Configure Access page, or are a participant in the project the budget is attached to (if any).

- For more information on access grants and security groups, see the *Security Model Guide and Reference*.
- For more information on project and project process participants, see the *Mercury Project Management User's Guide*.

Table 4-1. Budget access grants

Access Grant	Description
Approve Budgets	The user can set the Budget Status to Approved , but nothing else. Supplemental to the Edit Budgets or Edit All Budgets access grant.
Create Budgets	The user can create new budgets. Supplemental to the Edit Budgets or Edit All Budgets access grant.
Edit All Budgets	The user can edit any budget in the system.
Edit Budgets	The user can edit any budget for which they are on the specified Edit list.
Update Budget Status	The user can update the Profile Status , but nothing else. Supplemental to the Edit Budgets or Edit All Budgets access grant.
View Budgets	The user can view budgets to which they have been granted access.
View All Budgets	The user can view any budget in the system.

Budget Configure Access Page

User access to a budget can be further configured once the user has been added to the **View Access** list. The available options are listed in [Table 4-2](#).

Table 4-2. Additional editing access for a budget

Field Name	Description
Edit Basic Budget Information	Allows the user to edit basic budget information such as Name, Description, Status , and so forth.
Edit Plan and Actuals	Allows the user to edit the budget's lines and enter new values in the Actuals fields.
Edit Actuals	Allows the user to enter new values in the Actuals fields.
Edit Security	Allows the user to configure access to the budget.



The user access described in this section is applicable to users with the View Budgets and Edit Budgets access grants. A user with either of these access grants who appears on this list can view the budget. If the budget is attached to a project in which the user participates, that user can at least view the budget without appearing on the list.

A listed user with the Edit Budgets access grant can edit specific parts of the budget that have been selected in the list.

A user who is not listed cannot view the budget unless given the Edit All Budgets access grant. Users with the Edit All Budgets access grant have access to edit all budgets regardless of whether they appear on the budgets' Configure Access pages.

Using the Configure Access Page

To grant a user access to a budget:

1. Create a new budget or open an existing one.
2. Click **Configure Access** at the top of the page.

The Configure Access for Budget page opens.

Configure Access for Budget: Information Architecture Development

The following users have access to view the Budget for Mercury IT Governance Center. Provide additional editing access on an individual basis.

View Access			Additional Editing Access			
Username	First Name	Last Name	Edit Basic Budget Information	Edit Plan and Actuals	Edit Actuals	Edit Security
<input type="checkbox"/>	jbanks	Joseph Banks	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>

Give Access to User:

3. Select a user from the **Give Access to User** list.
4. Click **Add**.

The user is added to the **View Access** list.

5. Click **Save**.

The user has been granted View access to the budget. To configure further budget security options for the user, select the appropriate checkboxes.

Synchronizing Budgets and Staffing Profiles

You can synchronize a staffing profile to an existing budget, creating lines in the budget for planned labor costs that are automatically rolled up from the positions in the staffing profile. Properties of the budget determined by the staffing profile are as follows:

- Planned labor lines in the budget are determined by staffing profile lines.
- Planned budget amounts are calculated from staffing profile allocations.

If you decide to synchronize the staffing profile with a different budget, the labor lines created in the old budget will be automatically deleted and the link removed.

To synchronize a staffing profile with a budget:

1. Open an existing staffing profile and click **Change Header**.
2. Select the **Yes** option for **Synchronized with Budget**.
3. In **Budget Name**, specify a budget.
4. Click **Done**.

Setting Budget Associations

Budgets can be associated with projects, programs, and organization units. If you are using Mercury Portfolio Management, budgets can also be attached to assets and proposals. Data from projects can be rolled up into these linked budgets as actual values. See *Cost Roll-up in Budgets for Projects* on page 61 for more details.

Projects

You can associate a budget with an existing project. If the project has its Financial Management capabilities activated from the Project Settings page, the cost data calculated in the project work plan can be rolled up into the budget. For more information on linking cost data from projects into budgets, see *Cost Roll-up in Budgets for Projects* on page 61.

To associate a budget with a project and set it to roll up actual values:

1. Verify that the project you want to associate with the budget has the following settings enabled in the **Cost and Effort** policy on its Project Settings page:

- **Enable Financial Management**
- **Roll up actual costs from the work plan into the project budget**

See *Configuring Project Cost Calculation in the Project Settings* on page 55 for more information.

2. Create a budget or modify an existing one and click **Change**.

The Change Properties for Budget page opens.

Change Properties for Budget : Information Architecture Development

Name: Information Architecture Development
Status: New

Current Properties

This Budget is **freestanding**, actuals are **entered manually**. This Budget does not roll up. This Budget occurs in **Region - MercuryUS**; Cost are entered in **United States Dollar**.

New Properties

This is a **Budget for**

Actuals are: Entered Manually
 Automatically Rolled up from project Budget information

The Budget to Budget comparison portlet can be used to compare planned costs of a parent budget against the planned or actual costs of its children budgets. The parent-child relationship amongst the budgets is defined here. This relationship is only used by the Budget to Budget comparison portlet. The rollup of actual values from project to program budgets is configured above.

Parent Budget for Comparison:

Will this Budget have capitalized Costs? Yes No

Region:

3. From the **This is a __ Budget** list, select **Project**.
4. Select the desired project from the list.
5. Click **Change**.

The budget will roll up actuals from the project's tasks and report them as subtotals in each budget line category.

Programs

You can associate a budget with an existing program. Furthermore, you can set this program budget to roll up actual values automatically from the budgets of the projects in the program.

To associate a budget with a program and set it to roll up actual values:

1. Create a budget or modify an existing one.
2. Verify that the **Budget Status** has been set to **Approved**.
3. Click **Change**.

The Change Properties for Budget page opens.

The screenshot shows the 'Change Properties for Budget' page for 'Information Architecture Development'. The page is divided into several sections:

- Name:** Information Architecture Development
- Status:** New
- Current Properties:** This Budget is **freestanding**, actuals are **entered manually**. This Budget does not roll up. This Budget occurs in **Region - MercuryUS**; Cost are entered in **United States Dollar**.
- New Properties:**
 - This is a** [dropdown menu] **Budget for** [text input] [View]
 - Actuals are:** Entered Manually
 Automatically Rolled up from project Budget information
 - Parent Budget for Comparison:** [dropdown menu] [text input] [View]
 - Will this Budget have capitalized Costs?** Yes No
 - Region:** MercuryUS [dropdown menu]

At the bottom right, there are two buttons: **Change** and **Cancel**.

4. From the **This is a __ Budget** list, select **Program**.
5. Select the desired program from the list.
6. From the **Actuals are** options, select **Automatically Rolled up from project Budget information**.
7. Click **Change**.

The budget will roll up actuals from the program's projects and report them as subtotals in each budget line category.

Organization Units

You can associate a budget with an existing primary organization unit.

To associate a budget with an organization unit:

1. Create a budget or modify an existing one and click **Change**.

The Change Association for Budget page opens.

Change Properties for Budget : Information Architecture Development

Name: Information Architecture Development
Status: New

Current Properties

This Budget is **freestanding**, actuals are **entered manually**. This Budget does not roll up. This Budget occurs in **Region - MercuryUS**; Cost are entered in **United States Dollar**.

New Properties

This is a Budget for

Actuals are: Entered Manually
 Automatically Rolled up from project Budget information

The Budget to Budget comparison portlet can be used to compare planned costs of a parent budget against the planned or actual costs of its children budgets. The parent-child relationship amongst the budgets is defined here. This relationship is only used by the Budget to Budget comparison portlet. The rollup of actual values from project to program budgets is configured above.

Parent Budget for Comparison:

Will this Budget have capitalized Costs? Yes No

Region:

2. From the **This is a __ Budget** list, select **Organization Unit**.
3. Click **Change**.

Modifying Budgets

Once created, budgets can be modified. Budgets can be accessed from the standard interface by selecting **Financial Management > Budgets > Modify Budgets**. This opens a search page that can be used to locate and open existing budgets to which you have access. You can also delete budgets and create new budgets directly from this page.

To modify an existing budget:

1. Open the budget and click **Modify Budget** to open the Modify Budget page.
2. Make any necessary changes.

- a. To configure security options for the budget, click **Configure Access** to open the Configure Access for Budget page.
 - b. After you've made your changes, click **Save**.
3. Click **Save**.



Note

Budgets can be set to roll up values from other sources:

- A project budget can roll up actual values from the associated work plan.
- A program budget can roll up values from project budgets.

Changes made to work plans or project budgets may not appear in the parent budget immediately. Cost roll-ups are performed by Financial Management at a set interval system-wide. For more information on configuring cost roll-ups, see [Appendix A, Setting Up Cost Calculation Intervals, on page 89](#).

Comparing Budgets

The Budget to Budget Comparison portlet allows you to make a number of comparisons between budgets, as well as compare a budget's planned values to its actuals.

As with all portlets, the Budget to Budget Comparison portlet's Edit page allows you to choose parameters for the portlet's filtering and display of information. These parameters are listed in [Table 4-3](#).

Table 4-3. Budget to Budget Comparison portlet parameters (page 1 of 2)

Field Name	Description
Compare One or More Budgets	A multi-select auto-complete field that allows you to select one or more budgets.
To Actuals	Compares the selected budget(s) to its actual values, assuming any have been entered.
To Active Child Budgets	Compares the selected budget(s) to the budgets that specify the selected budget(s) as a Parent Budget for Comparison on their Change Properties page.

Table 4-3. Budget to Budget Comparison portlet parameters (page 2 of 2)

Field Name	Description
To Active Child Budget Actuals	Compares the selected budget(s) to the actual values entered for its child budgets.
To Another Set of Budgets	Compares the selected budget(s) to another set of budgets. This is another multi-select field. You can select to use the planned or actual values in the comparison.
Time Period Covered by Budgets	Limits the portlet's display range to the time period covered by the selected budget(s).
Show From/To	Allows you to select a period range to display.

Comparing Planned to Actual Values

The Budget to Budget Comparison portlet can be used to compare a budget's planned values to its actual values, if actual values are being captured. To see how to capture actual values for a budget, see [Creating Budgets on page 38](#).

You can compare a single budget's planned and actual values. This is accomplished by selecting a budget from the **Compare One or More Budgets** field and selecting the **To Actuals** option on the Budget to Budget Comparison portlet's Edit page.

You might also find it useful to compare planned and actual values for a set of budgets. This is accomplished by selecting multiple budgets from the **Compare One or More Budgets** field and selecting the **To Actuals** option on the Budget to Budget Comparison portlet's Edit page.

Comparing Related Budgets

The Budget to Budget Comparison portlet can also be used to compare sets of related budgets. This is accomplished by selecting a budget or budgets from the **Compare One or More Budgets** field and the **To Another Set of Budgets** option and multi-select field on the Budget to Budget Comparison portlet's Edit page.

Chapter

5

Tracking and Analyzing Financial Data

In This Chapter:

- *Overview of Tracking and Analyzing Financial Data*
 - *Cost Data Calculations and Formulas*
 - *Configuring Project Cost Calculation in the Project Settings*
 - *Configuring Actual Cost Data Calculation for Projects*
 - *Automatically Calculating Task Cost*
 - *Manually Entering Actual Labor Costs*
 - *Rolling Up Task Cost from Time Sheets*
 - *Cost Roll-up in Budgets for Projects*
 - *Cost Roll-up from Tasks*
 - *Cost Roll-up from Time Management*
 - *Cost Roll-up in Budgets for Programs*
 - *Analyzing Project Costs*
 - *Project Cumulative Cost Metrics*
 - *Project Current Cost Metrics*
 - *Viewing the Earned Value Analysis for a Project*
 - *Analyzing Program Costs*
-

Overview of Tracking and Analyzing Financial Data

While Mercury Financial Management capabilities allow you to track planning-related cost data in the form of budgets, you can also capture cost data during project execution in a variety of ways. This cost data can then be compared to financial data recorded in project or program budgets.

This chapter explains the different ways to capture actual cost data for projects and programs, and how to analyze this data.

Cost Data Calculations and Formulas

Financial Management allows users to capture and track planned and actual cost information for their projects, giving visibility into project performance from a financial standpoint. Basic cost information can be captured on projects and tasks in the areas defined by *Table 5-1*.

Table 5-1. Cost data items and associated formulas (page 1 of 3)

Item	Definition	Formula
Planned Labor Cost	The cost of a work item (typically a task) which is a measure of the amount of scheduled effort on a task. This figure is task-specific and is rolled up to the project level.	Planned Labor Cost = Sum of (Allocation * Rate determined by cost rate rule for each task)
Planned Non-Labor Cost	The cost of miscellaneous items needed to complete a work item. This is not a direct measure of the effort to be spent on a work item. This figure is task-specific and is rolled up to the project level.	Manually entered
Planned Cost	The total planned cost represented by a work item.	Planned Cost = Planned Labor Cost + Planned Non-Labor Cost
Baseline Labor Cost	The labor cost for a work item in the active baseline taken of a project.	Baseline Labor Cost = Planned Labor Cost at time of Baseline
Baseline Non-Labor Cost	The non-labor cost for a work item in the latest baseline taken of a project.	Baseline Non-Labor Cost = Planned Non-Labor Cost at time of Baseline

Table 5-1. Cost data items and associated formulas (page 2 of 3)

Item	Definition	Formula
Baseline Cost	The total cost represented by the latest baseline taken of a work item.	Baseline Cost = Baseline Labor Cost + Baseline Non-Labor Cost
Actual Labor Cost	The cost of the work performed on a work item.	Actual Labor Cost = Sum of Actual Effort * Rate determined by cost rate rule for each work item
Actual Non-Labor Cost	The total of all miscellaneous costs accrued in completing a work item.	Manually entered
Actual Cost	The total cost incurred in completing a work item.	Actual Labor Cost + Actual Non-Labor Cost
Planned Value (PV)	The portion of the Baseline Cost planned to be spent between the project's start date and the current date.	Baseline Cost * ((Today's Date – Start Date) / (Finish Date – Start Date))
Earned Value (EV)	The portion of the Baseline Cost for the entire project that has theoretically been spent by the current date, measured as a function of the amount of work performed thus far.	EV = Baseline Cost * % Complete
Cost Performance Index (CPI)	The cost efficiency ratio of Earned Value to Actual Cost. CPI is used to calculate Projected Actual Cost for a project.	CPI = EV / Actual Cost
Schedule Performance Index (SPI)	The ratio of Earned Value to Planned Value. SPI describes what portion of the work plan has been accomplished in terms of its cost.	SPI = EV / PV

Table 5-1. Cost data items and associated formulas (page 3 of 3)

Item	Definition	Formula
Cost Variance	Difference between the earned value and the actual cost for the project or task. Earned value compared with the actual cost incurred for the work performed provides an objective measure of planned and actual cost. Any difference is called a cost variance.	$CV = EV - AC$
Schedule Variance	The difference between the earned value and the planned value of the project or task. Planned value compared with earned value measures the dollar volume of work planned against the equivalent dollar volume of work accomplished. Any difference is called a schedule variance.	$SV = EV - PV$
<p>Notes:</p> <ul style="list-style-type: none"> ■ All cost information utilizing a formula is calculated automatically by Project Management. ■ Calculations for SPI use the expected baseline cost of a project and do not involve Actual Cost. 		

Configuring Project Cost Calculation in the Project Settings

If you want to track financial data in a project, you must configure its Financial Management–related project settings.



Note

Project settings are determined by project policies, which are inherited by the project type. Project policies can be locked in place, meaning you may not be able to edit particular groups of settings depending on what project type was used in a given project's creation.

To open a project's settings, click **Project Settings** from its Project Overview page.

Figure 5-1. Project Settings page

Project Fields

Some fields must be used by Project Management and are always enabled.

Schedule Fields

Fields enabled here will be available for entry and viewing in the work plan. The Scheduled Effort field is enabled or disabled by the Cost and Effort policy.

- Scheduled Start
- Scheduled Finish
- Scheduled Duration
- Scheduled Effort (controlled by the Cost and Effort policy)

Actuals Fields

Actuals fields track the progress of the work plan execution. Fields enabled here will be available for entry and viewing in the work plan. Effort fields are enabled or disabled by the Cost and Effort policy.

- % Complete
- Actual Start
- Actual Finish
- Actual Duration (always system-calculated)
- Actual Effort (controlled by the Cost and Effort policy)
- Estimated Remaining Effort (controlled by the Cost and Effort policy)
- Estimated Finish Date

Additional Fields

- Activity (used to categorize tasks, recommended for Capitalization)
- Role (used to categorize resources, recommended for Work Load and Project Staffing)

Milestone Display

You can control which milestones are visible in the Milestones tile on the Project Overview page. Milestones are identified as Major Milestones in the Edit Task page.

- Display Major Milestones only

The Project Settings page contains policies controlling various aspects of a project. The **Cost and Effort** policy lets you configure:

- How cost data is calculated on the project/task level
- What level of manual entry is needed

The **Cost and Effort** policy also determines how Time Management is used to track effort; for more information, see the *Mercury Resource Management User's Guide*.

Figure 5-2. Project Settings: Cost and Effort policy

The screenshot shows the 'Cost and Effort' configuration page. Key settings include:

- Resource Load Settings:** 'Work Load Category' is set to 'Strategic Projects'. The 'Staffing Profile' section is selected, with 'Use actual information from the work plan and Time Management when viewing actuals in the staffing profile' checked.
- Scheduled Effort in the Work Plan:** 'Use Scheduled Effort during planning' is checked. 'Automatically calculate Scheduled Effort' is also selected.
- Actual Effort in the Work Plan:** 'Track Actual Effort per resource assignment' is checked. 'Track Estimated Remaining Effort per resource assignment' is unchecked.
- Time Management:** 'Use Time Management to track actuals against this project' is unchecked. 'Track time at the: Task level' is selected.
- Financial Management:** 'Enable Financial Management for Work Plan' is checked. Under 'Planned costs will be:', 'Automatically calculated based on scheduled effort and rates' is selected.

Selecting the **Enable Financial Management for Work Plan** checkbox turns on Financial Management. You must then choose from the following options for the tracking of cost data:

- **Allow capitalized costs on this project**

By selecting this checkbox, you can begin tracking capitalized costs, useful for SOP 98-1 compliance. See [Chapter 6, SOP 98-1 Compliance](#), on page 71, for more details.

- **Roll up actual costs from the work plan into the project budget**

By selecting this checkbox, you enable the roll-up of actual costs from the work plan into the budget associated with the project.

- ■ Note

Actual values that appear in work plans may not appear in the project budget immediately. Cost roll-ups are performed by Financial Management at a set interval system-wide. For more information on configuring cost roll-ups, see [Appendix A, Setting Up Cost Calculation Intervals](#), on page 89.

- **Planned costs will be:**

- **Automatically calculated based on scheduled effort and rates.** Planned labor costs for tasks will be automatically calculated and rolled up to projects. For examples of how Project Management calculates these costs, see [Cost Rate Rule Examples on page 22](#).
- **Manually entered on tasks and rolled up to summary tasks.** Planned labor costs for tasks will be entered by the project manager or other user with the proper level of access. These values are rolled up to projects automatically.

- **Actual labor cost will be:**

- **Automatically calculated based on actual effort and rates.** Actual labor costs for tasks will be automatically calculated and rolled up to projects. For examples of how Project Management calculates these costs, see [Cost Rate Rule Examples on page 22](#). Actual labor costs for tasks can also be automatically calculated from time sheets entered in Time Management by users. For more details on integration with Time Management, see [Rolling Up Task Cost from Time Sheets](#).
- **Manually entered on tasks and rolled up to summary tasks.** Actual labor costs for tasks will be entered by the project manager or other user with the proper level of access. These values are rolled up to projects automatically.

Configuring Actual Cost Data Calculation for Projects

Depending on the **Cost and Effort** policy settings in the Project Settings page, actual labor costs can be entered manually for projects or tasks in work plans, or automatically calculated.

Figure 5-3. Project Settings: Cost and Effort policy

Cost and Effort

Allow project managers to override these settings? Yes No

Resource Load Settings

Work Load Category: Strategic Projects

Staffing Profile represents the work load imposed by the project.
 It is recommended that you use the staffing profile as the planned work load for your project. This allows the project manager to plan and schedule the project in phases without concern that the resources will appear unutilized.
 In this option, the staffing profile represents both planned and actual resource load. Planned load is always entered directly on the staffing profile. Actual load can be entered directly on the staffing profile or on the work plan or time sheets.

Enter actuals directly on the staffing profile
 Use actual information from the work plan and Time Management when viewing actuals in the staffing profile
 Actual Effort must be tracked on the work plan in order to use this option.

Work plan task assignments represent the work load imposed by the project.
 This option is only recommended for short projects when the work plan is fully defined and scheduled.
 Scheduled Effort and Actual Effort must be tracked on the work plan in order to use the work plan as work load.

Scheduled Effort in the Work Plan

Use Scheduled Effort during planning.
 Tracking Scheduled Effort in the work plan is required when automatically calculating planned costs or when the work plan represents resource work load.

Automatically calculate Scheduled Effort
 Manually enter Scheduled Effort per task assignment
 Allow override of effort calculation made in the work plan

Actual Effort in the Work Plan

Track Actual Effort per resource assignment.
 Tracking Actual Effort in the work plan is required when automatically calculating actual costs, when using Time Management to track actuals against the work plan, or when the work plan represents resource work load.

Track Estimated Remaining Effort per resource assignment.
 Tracking Estimated Remaining Effort is not allowed when using Time Management to track actuals against the work plan at a summary task or project level. Once actuals have been entered, this option cannot be deselected.

Time Management

Use Time Management to track actuals against this project.
 You can integrate with Time Management if your organization uses time sheets, allowing resources to enter their actuals data in a single location.

Track time at the:

Task level
 Summary tasks at hierarchy level: 2
 Not available when tracking Estimated Remaining Effort

Project level
 Not available when tracking Estimated Remaining Effort

Allow the following to report time on this project:

Project resources
 Resources assigned to tasks, resources on the staffing profile, and summary task owners.

Assigned resources
 Resources can log time against tasks to which they are assigned, or (if tracking time at a summary task or project level) to summary tasks above them in the project hierarchy.

All resources
 All resources who can see the project can log time against it.

After a task is complete, allow time to be logged:

Day(s) more
 Time period(s) more (for time period in which the task is complete, enter 0)
 Any time
 Do not allow. Resources cannot log time against a task that is complete.

Time logged against this project must be approved by a project representative from the following group:

Participant Group: Project Managers
 Security Group

Financial Management

Enable Financial Management for Work Plan

Roll up actual costs from the work plan into the project budget
 Allow capitalized costs on this project

Planned costs will be:

Automatically calculated based on scheduled effort and rates
 Manually entered on tasks and rolled up to summary tasks

Actual labor cost will be:

Automatically calculated based on actual effort and rates
 Manually entered on tasks and rolled up to summary tasks

Select one of the following options for the **Actual labor cost will be** setting in the **Cost and Effort** policy:

- Automatically calculated based on actual effort and rates.** Actual labor costs for tasks will be automatically calculated and rolled up to projects. For examples of how Project Management calculates these costs, see [Cost Rate Rule Examples](#) on page 22. Actual labor costs for tasks can also be

automatically calculated from time sheets entered in Time Management by users. For more details on integration with Time Management, see [Rolling Up Task Cost from Time Sheets](#).

- **Manually entered on tasks and rolled up to summary tasks.** Actual labor costs for tasks will be entered by the project manager or other user with the proper level of access. These values are rolled up to projects automatically.

Automatically Calculating Task Cost

Actual labor cost data is automatically calculated by Project Management as follows:

Number of hours spent * Rate determined by cost rate rules = Task cost

The values for tasks can then be rolled up to their parent projects or summary tasks.

Example: Developer Bob has a rate of \$20/hour. He spends 4 hours on a task in a bug-fixing project.

The task's actual labor cost is computed as \$20/hour * 4 hours = \$80 for the task.

The bug-fixing project has a total of 5 tasks identical to Bob's. The total actual labor cost for the project comes to \$400 with no actual non-labor costs incurred.

Actual non-labor costs are not captured automatically, and can be entered manually at any time.

Example: Developer Bob needs to spend \$100 on RAM to upgrade his machine so he can finish one of his tasks. This is entered as an actual non-labor cost.

Manually Entering Actual Labor Costs

Though actual labor costs can be calculated automatically, you may want to manually enter values for tasks or summary tasks. Actual labor costs can be entered in the Task Detail page.

Actual non-labor costs are not captured automatically, and can be entered manually at any time.

To enter actual labor cost data in the **Cost** tab of the Task Detail page:

1. Open the desired project.
2. Verify in the **Cost and Effort** policy on the Project Settings page that you can enter actual labor cost values for tasks or projects.

Financial Management should be enabled, and the **Actual labor cost will be** option should be set to **Manually entered on tasks and rolled up to summary tasks**.

Upon verifying, click **OK**. The Project Settings page closes, returning you to the Project Overview page.

3. Click **Edit Work Plan**.
4. Select the task you want to update and click the **Task Details** icon.

The Task Details page opens.

5. Click the **Cost** tab.
6. Enter the actual labor cost values in the appropriate task lines.
7. Save changes to the task.

Click **Save** to save changes to the task and continue editing it. Click **OK** to save changes to the task and close the Task Detail page.

8. Click **Done** to save changes to the work plan.

Rolling Up Task Cost from Time Sheets

Actual labor cost data can be automatically updated by time sheets. This requires installing Mercury Time Management and using time sheets to track effort. The project settings for Time Management can then be used. Actual non-labor costs are not captured automatically, and can be entered manually at any time.

For more information on Time Management, see the *Mercury Time Management User's Guide*.

For more information on the Time Management–related project settings, see the *Mercury Project Management User's Guide*.

Cost Roll-up in Budgets for Projects

Actual cost data for a project can be automatically calculated or manually entered; for more information, see *Configuring Actual Cost Data Calculation for Projects* on page 58. This data can also be configured to roll up into the budget linked to that project. This allows you to compare budget against project performance more directly through budget-based visualizations and analyses.

Cost Roll-up from Tasks

All tasks can be grouped according to the following categories:

- Labor/Non-Labor
- Capital/Operating (if capitalization tracking has been activated; see *Enabling SOP 98-1 Tracking* on page 72 for details)

Budget lines are also grouped according to the same categories. If a budget is set to roll up actuals automatically from the project work plan it is associated with, the actual values appear as subtotals per category in the **Actuals** column for each period in the budget. These values can be automatically calculated on the work plan side, or manually entered into a work plan.

- All task costs classed as Labor are grouped and reported as a subtotal in the budget's Labor category.
- All task costs classed as Non-Labor are grouped and reported as a subtotal in the budget's Non-Labor category.

Clicking on a subtotal value for a category opens a drilldown page that shows how the rolled-up data was calculated from the work plan.

■ ■ Note

Depending on whether you have capitalization tracking activated, you may see different categories for your budgets and projects.

Table 5-2 lists the fields that need to be set in order for a project budget to roll up values from the work plan.

Table 5-2. Settings required for project work plan budget roll-up

Location	Field Name	Setting
Project Settings page > Cost and Effort policy	Track Actual Effort per resource assignment	Selected
Project Settings page > Cost and Effort policy	Enable Financial Management for Work Plan	Selected
Project Settings page > Cost and Effort policy	Roll up actual costs from the work plan into the project budget	Selected
Project Settings page > Cost and Effort policy	Actual labor cost will be	<Either setting>
Budget page > Change Properties for Budget page	This is a ____	Project
Budget page > Change Properties for Budget page	Budget for ____	<Name of the project>

Cost Roll-up from Time Management

If you have installed Mercury Time Management, you can track effort using time sheets, and configure the work plan to roll up actual cost values from those time sheets. These values can in turn be rolled up to the project budget if desired. For more information on Time Management, see the *Mercury Time Management User's Guide*.

Table 5-3 lists the fields that need to be set in order for a project budget to roll up values from time sheets logged against the work plan.

Table 5-3. Settings required for project budget roll-up with Time Management

Location	Field Name	Setting
Project Settings page > Cost and Effort policy	Track Actual Effort per resource assignment	Selected
Project Settings page > Cost and Effort policy	Use Time Management to track actuals against this project	Selected
Project Settings page > Cost and Effort policy	Enable Financial Management for Work Plan	Selected
Project Settings page > Cost and Effort policy	Roll up actual costs from the work plan into the project budget	Selected
Project Settings page > Cost and Effort policy	Actual labor cost will be	<Either setting>
Budget page > Change Properties for Budget page	This is a ____	Project
Budget page > Change Properties for Budget page	Budget for ____	<Name of the project>

Cost Roll-up in Budgets for Programs

Cost data for all the projects that make up a program can be rolled up from the project budgets into the program's budget.

Actual values rolled up from project budgets appear as subtotals in the program budget's **Actuals** columns. Clicking on a subtotal value for a category opens a drill-down page that shows how the rolled-up data was calculated from the projects.



Note

Depending on whether you have capitalization tracking activated, you may see different categories for your program and project budgets.

In order for program budget roll-up calculation to work properly, each project in the program is required to have a budget attached.

Table 5-4 lists the fields that need to be set in order for a program budget to roll up values from its projects.

Table 5-4. Settings required for program budget roll-up

Location	Field Name	Setting
Project Settings page > Cost and Effort policy	Roll up actual costs from the work plan into the project budget	Selected
Budget page > Change Properties for Budget page	This is a ____	Program
Budget page > Change Properties for Budget page	Budget for ____	<Name of the program>
Budget page > Change Properties for Budget page	Actuals are	Automatically Rolled up from project Budget information

Analyzing Project Costs

Mercury Financial Management capabilities provide useful interfaces for visualizing project cost data. The primary visualization tools are discussed below.

Project Cumulative Cost Metrics

The Analyze Cumulative Cost Metrics page can be reached by selecting **Financial Management > Analyze Costs > Project Cumulative Cost Metrics** from the menu bar.

The Analyze Cumulative Cost Metrics page can be filtered according to the criteria described in *Table 5-5*.

Table 5-5. Analyze Cumulative Cost Metrics page parameters

Field Name	Description
Project	Select a project to be analyzed.
Summary Task	Select summary tasks to be analyzed.
Period	The period to be used in the graph's time axis. Possible values: Week , Month , or Year .
From Date	The date at which to start the graph.
To Date	The date at which to end the graph.
Include in graph:	
Planned Value (PV)	Graphs the portion of the Baseline Cost planned to be spent between the project's start date and each data point.
Earned Value (EV)	Graphs the portion of the Baseline Cost for the entire project that has theoretically been spent by each data point. (Baseline Cost * % Complete)
Actual Costs (AC)	Graphs the total dollar cost for the project. (Actual Labor Cost + Actual Non-Labor Cost)
Budget	Graphs the budget for the project at each data point.
Budget Actuals	Graphs the budget actual values, if any have been entered, at each data point.

Use the Analyze Cumulative Cost Metrics page to get a look at a project's performance in terms of different cost variables over time. The project's projected actual cost is also calculated by Project Management and displayed at the top of the chart. This page is also available as a portlet.

■ ■ Note

The `server.conf` parameter `PENDING_COST_EV_UPDATE_SERVICE_ENABLED` must be set to **TRUE** in order for the Analyze Cumulative Cost Metrics page to obtain and process data. If necessary, contact your Mercury IT Governance Center system administrator.

Project Current Cost Metrics

The Analyze Current Cost Metrics page can be reached by selecting **Financial Management > Analyze Costs > Project Current Cost Metrics** from the menu bar.

The Analyze Current Cost Metrics page can be filtered according to the criteria described in *Table 5-6*.

Table 5-6. Analyze Current Cost Metrics page parameters (page 1 of 2)

Field Name	Description
Projects	
Projects	Select a project to be displayed.
Summary Tasks	
Project	Select a project.
Summary Tasks	Select summary tasks within the specified project to be displayed.
Other Criteria	
Project Manager	Select projects with a certain manager to be displayed.
Program	Select a program to be displayed.
Work Plan Status	Select projects with work plans of a certain status to be displayed.
Actual Costs exceed Earned Value by	Select projects with a cost variance greater than a certain amount to be displayed.
Planned Value exceeds Earned Value by	Select projects with a schedule variance greater than a certain amount to be displayed.
CPI Less Than	Select projects with a CPI under a certain value to be displayed.
SPI Less Than	Select projects with an SPI under a certain value to be displayed.
Budget Greater Than	Select projects with a budget greater than a certain amount to be displayed.
Baseline Costs Greater Than	Select projects with baseline costs greater than a certain amount to be displayed.
Budget Actuals Greater Than	Select projects with budget actual values greater than a certain amount to be displayed.

Table 5-6. Analyze Current Cost Metrics page parameters (page 2 of 2)

Field Name	Description
Include Level 1 and Level 2 Summary Tasks?	Determine whether to include summary tasks of level 1 or 2 within the work plan hierarchy.
Size of bubble indicates	
Budget	Bubbles representing projects will vary in size based on the size of their associated budgets.
Budget Actuals	Bubbles representing projects will vary in size based on the size of their actual budget values, if any have been entered.
Baseline Costs	Bubbles representing projects will vary in size based on the size of their last baseline costs.
Projected Actual Cost at Completion	Bubbles representing projects will vary in size based on the size of their projected actual cost at completion.

Use the Analyze Current Cost Metrics page to compare the sizes and cost health of one or more projects. This page is also available as a portlet.

Viewing the Earned Value Analysis for a Project

Use the **Earned Value** work plan view to view earned value (EV) analysis data for the project work plan. *Table 5-7* defines the fields on this tab.



Note

All fields within the **Earned Value** work plan view are read-only and cannot be edited.

Table 5-7. Earned Value view fields (page 1 of 2)

Field Name	Description
Seq	Number of a task in the hierarchy.
Cost Health	Indicates cost health based on Cost Summary Condition settings.
Name	Name of a task.
Planned Value	Portion of the Baseline Cost, in the latest Baseline of the work plan, that is planned to be spent on the project or task between the start and status dates.

Table 5-7. Earned Value view fields (page 2 of 2)

Field Name	Description
Earned Value	Portion of the Baseline Cost planned for the entire project or task that should have been spent for the percentage of work completed. This value is calculated by multiplying Baseline Cost by % Complete ($EV = BC * \% \text{ Complete}$).
Cost Variance	Difference between the earned value and the actual cost for the project or task. This value is calculated by subtracting Actual Cost from Earned Value ($CV = EV - AC$). Earned value compared with the actual cost incurred for the work performed provides an objective measure of planned and actual cost. Any difference is called a cost variance.
Schedule Variance	Difference between the earned value and the planned value of the project or task. This value is calculated by subtracting Planned Value from Earned Value ($SV = EV - PV$). Planned value compared with earned value measures the dollar volume of work planned against the equivalent dollar volume of work accomplished. Any difference is called a schedule variance.
CPI	Cost Performance Index. Cost efficiency ratio of Earned Value to Actual Cost. Used to predict the magnitude of possible cost overrun. The value is calculated by dividing Earned Value by Actual Cost ($CPI = EV / AC$).
SPI	Schedule Performance Index. Schedule efficiency ratio of Earned Value accomplished against Planned Value. Describes what portion of the planned schedule was actually accomplished. This value is calculated by dividing Earned Value by Planned Value ($SPI = EV / PV$).
Actual Cost	Total dollar cost incurred in completing a task or project during a given time period.

Analyzing Program Costs

You can track cost data for programs. Enabling cost tracking can be done when first creating a program or modifying an existing program. See the *Mercury Program Management User's Guide* for more detailed information on turning on cost tracking.

You can analyze cost data for programs by doing one of the following:

- Clicking the **EV Analysis** tab in the Manage Programs page.
- Selecting **Financial Management > Analyze Costs > Current Cost Metrics** from the menu bar and filtering for a particular program.

These analyses are identical to cost data analyses for projects. See [Analyzing Project Costs on page 64](#) for more information on cost visibility.



Chapter
6

SOP 98-1 Compliance

In This Chapter:

- *Overview of SOP 98-1 and Financial Management*
 - *Enabling SOP 98-1 Tracking*
 - *Enabling SOP 98-1 at the System Administration Level*
 - *Enabling SOP 98-1 on Projects*
 - *Enabling SOP 98-1 on Budgets*
 - *Using Activities to Track Capitalized Costs*
 - *Configuring Activities*
 - *Associating Activities with Tasks*
 - *Activity Inheritance Behavior*
 - *Viewing Capital and Operating Expense Data in Projects*
 - *Viewing Cost Data in the Dashboard*
 - *Viewing Capital and Operating Expense Data in Programs*
 - *Program Cost Summary Portlet*
 - *Manage Program Page*
 - *Viewing Capital and Operating Expense Data in Your Portfolio*
 - *Total Exposure Portlet*
 - *Impairment Risks Portlet*
 - *Capitalized Project Timelines Portlet*
 - *Capitalized Project Breakdown*
-

Overview of SOP 98-1 and Financial Management

Statement of Position (SOP) 98-1 is a United States accounting standard that addresses the capitalizable activities of software developed for internal use. Specifically, SOP 98-1 establishes the conditions that must be met before internal-use software can be capitalized. Mercury Financial Management capabilities can help optimize project planning and execution for SOP 98-1 compliance in the following ways:

- Projects and tasks can be designated as Capitalizable, meaning costs incurred during these phases can be accounted as capital costs. This distinction is also available for project templates, meaning you can create repeatable projects with capitalization built-in.
- Capital and operating expenses can be viewed at the project, program, or portfolio level, and analyzed accordingly.



Note

If SOP 98-1 tracking is not turned on, cost data will not be split into Capital and Operating categories.

Enabling SOP 98-1 Tracking

In order to track capitalized expense information, SOP 98-1 tracking must first be activated in the following places:

- At the Mercury IT Governance Center system administration level
- On a particular project
- On a budget

SOP 98-1 tracking cannot be activated for a project without first being enabled at the system level.

Enabling SOP 98-1 at the System Administration Level

When installing Mercury IT Governance Center, you can decide whether or not to turn on SOP 98-1 tracking. SOP 98-1 tracking is enabled by setting the `COST_CAPITALIZATION_ENABLED` parameter in the `server.conf` file to **True**.



Usually, only Mercury IT Governance Center system administrators have access to the Mercury IT Governance Center Server. Contact your system administrator with any questions about enabling SOP 98-1 tracking.

Enabling SOP 98-1 on Projects

SOP 98-1 tracking is set in the **Cost and Effort** policy in the Project Settings page.

Figure 6-1. Project Settings: Cost and Effort policy

Cost and Effort

Allow project managers to override these settings? Yes No

Resource Load Settings

Work Load Category: Strategic Projects

Staffing Profile represents the work load imposed by the project
 It is recommended that you use the staffing profile as the planned work load for your project. This allows the project manager to plan and schedule the project in phases without concern that the resources will appear unutilized.
 In this option, the staffing profile represents both planned and actual resource load. Planned load is always entered directly on the staffing profile. Actual load can be entered directly on the staffing profile or on the work plan or time sheets.

Enter actuals directly on the staffing profile
 Use actual information from the work plan and Time Management when viewing actuals in the staffing profile
 Actual Effort must be tracked on the work plan in order to use this option.

Work plan task assignments represent the work load imposed by the project
 This option is only recommended for short projects when the work plan is fully defined and scheduled.
 Scheduled Effort and Actual Effort must be tracked on the work plan in order to use the work plan as work load.

Scheduled Effort in the Work Plan

Use Scheduled Effort during planning
 Tracking Scheduled Effort in the work plan is required when automatically calculating planned costs or when the work plan represents resource work load.

Automatically calculate Scheduled Effort
 Manually enter Scheduled Effort per task assignment
 Allow override of effort calculation made in the work plan

Actual Effort in the Work Plan

Track Actual Effort per resource assignment
 Tracking Actual Effort in the work plan is required when automatically calculating actual costs, when using Time Management to track actuals against the work plan, or when the work plan represents resource work load.

Track Estimated Remaining Effort per resource assignment
 Tracking Estimated Remaining Effort is not allowed when using Time Management to track actuals against the work plan at a summary task or project level. Once actuals have been entered, this option cannot be deselected.

Time Management

Use Time Management to track actuals against this project.
 You can integrate with Time Management if your organization uses time sheets, allowing resources to enter their actuals data in a single location.

Track time at the:

Task level
 Summary tasks at hierarchy level: 2
 Not available when tracking Estimated Remaining Effort

Project level
 Not available when tracking Estimated Remaining Effort

Allow the following to report time on this project:

Project resources
 Resources assigned to tasks, resources on the staffing profile, and summary task owners.

Assigned resources
 Resources can log time against tasks to which they are assigned, or (if tracking time at a summary task or project level) to summary tasks above them in the project hierarchy.

All resources
 All resources who can see the project can log time against it.

After a task is complete, allow time to be logged:

Day(s) more
 Time period(s) more (for time period in which the task is complete, enter 0)
 Any time
 Do not allow. Resources cannot log time against a task that is complete.

Time logged against this project must be approved by a project representative from the following group:

Participant Group: Project Managers
 Security Group

Financial Management

Enable Financial Management for Work Plan

Roll up actual costs from the work plan into the project budget
 Allow capitalized costs on this project

Planned costs will be:

Automatically calculated based on scheduled effort and rates
 Manually entered on tasks and rolled up to summary tasks

Actual labor cost will be:

Automatically calculated based on actual effort and rates
 Manually entered on tasks and rolled up to summary tasks



Note

Project settings are determined by project policies, which are inherited by the project type. Project policies can be locked in place, meaning you may not be able to edit particular groups of settings depending on what project type was used in a given project's creation.

To enable SOP 98-1 tracking for a project:

1. Log on to Mercury IT Governance Center.
2. Open the desired project.
3. Click Project Settings.

The Project Settings page opens.

4. Click the **Cost and Effort** policy.
5. Verify that the **Enable Financial Management for Work Plan** checkbox has been selected.
6. Select the **Allow capitalized costs on this project** checkbox.
7. Click **Done**.

The project will now be able to track capitalizable expenses.

Enabling SOP 98-1 on Budgets

SOP 98-1 tracking is set when you create a budget. On the Create New Budget page, select **Yes** for the **Will this Budget have capitalized Costs?** option.

For more detailed information on creating a budget, see [Creating Budgets on page 38](#).

You can enable or disable SOP 98-1 tracking for a budget at any time through the Change Properties for Budget page. For information on the Change Properties for Budget page, see [Setting Budget Associations on page 44](#). If the budget is associated with a project, it will inherit its capitalization setting from the project.

Using Activities to Track Capitalized Costs

Activities are a simple configuration entity for projects and tasks that can be marked as capitalized. A project or task is identified as capitalized when it is associated with a capitalized activity. Activities can be used even when SOP 98-1 functionality is not enabled, but they cannot be marked as capitalized, nor will projects or tasks associated with any activities track capitalization data.

Activities can also be associated with requests and packages, but cannot be capitalized.

Figure 6-2. View Activity page

View Activity: Data Conversion

Name: Data Conversion
Description: Data Conversion
Enabled: Yes

SOP 98-1 Category: Data Conversion
Can be Capitalized: No

Configuring Activities

Activities are created, edited, and deleted from the menu bar. Select **Administration > Time Management** to access the activity-related menu items. *Table 6-1* lists the access grants needed to view or configure activities, while *Table 6-2* describes activity fields.

Table 6-1. Access grants needed to configure activities

Access Grant	Permitted Actions
View Activities	User can view activities but not create, edit, or delete them.
Edit Activities	User can create, edit, or delete activities.

Table 6-2. Activity fields and descriptions (page 1 of 2)

Field Name	Description
Name	The name of the activity (appears in field selections).
Description	A description for the activity.
Enabled	Whether or not the activity is enabled. Disabled activities do not appear as selections.

Table 6-2. Activity fields and descriptions (page 2 of 2)

Field Name	Description
Can be capitalized?	Indicates whether the activity can be capitalized. This field is only active when tasks or projects have been selected in the Use For list, and SOP 98-1 tracking has been enabled system-wide.
SOP 98-1 Category	Specifies the SOP 98-1 category the activity falls under. This field is only active when tasks or projects have been selected in the Use For list, and SOP 98-1 tracking has been enabled system-wide.
Used For	Indicates the entities the activity can be associated with. All activities enabled for a particular entity appear on time sheet lines for that type of work item. See the <i>Mercury Time Management User's Guide</i> for more details on time sheets and work items.

Creating Activities

To create an activity for use with SOP 98-1:

1. From the menu bar in the standard interface, select **Administration > Time Management > Create an Activity**.

The Create Activity page opens.

2. Complete the fields in the Create Activity page and click **Create**.

You can select an SOP 98-1 category and capitalize the item only if SOP 98-1 functionality is enabled. See the *Mercury Financial Management User's Guide*.

The activity is saved.

Modifying Existing Activities

To edit an existing activity:

1. From the menu bar in the standard interface, select **Administration > Time Management > Manage Activities**.

The Manage Activities page opens, with a list of existing activities in the **Select an Activity** section.

Manage Activities

[Export to Excel](#)

Select an Activity Showing 1 to 11 of 11

Activity Name	Description	Capitalized	Enabled	SOP 98-1 Category
Coding	Coding	Yes	Yes	Coding
Data Conversion	Data Conversion	No	Yes	Data Conversion
Design	Design of Chosen Option	Yes	Yes	Design of Chosen Option
Evaluation	Evaluation of Alternatives	No	Yes	Evaluation of Alternatives
Installation	Installation	Yes	Yes	Installation
Maintenance	Application Maintenance	No	Yes	Application Maintenance
Selection	Final Selection of Alternatives	No	Yes	Final Selection of Alternatives
Specification	Specification of Alternatives	No	Yes	Specification of Alternatives
Technology Assessment	Determination of Existence of Needed Technology	No	Yes	Determination of Existence of Needed Technology
Testing	Testing	Yes	Yes	Testing
Training	Training	No	Yes	Training

Showing 1 to 11 of 11

[Create Activity](#)

2. Click the activity of interest in the **Activity Name** column.

The Edit Activity page opens, with the same fields as when the activity was created.

Edit Activity: Data Conversion

Name:

Description:

Used For: Requests Tasks Packages Misc

SOP 98-1 Category:

Can be Capitalized: Yes No

Enabled Note: Disabling this activity will not affect time sheets and tasks that are currently using it. However, it will no longer be available for use on new time sheets and tasks.

Disabled for future use

[Save](#) [Cancel](#)

3. Change the fields as necessary and click **Save**.

The activity is saved.

Disabling Activities


While activities cannot be deleted, they can be disabled for future use. If an activity is disabled, the tasks and time sheets using it will be unaffected, but it will no longer be available for use on new time sheets and tasks.

To disable an activity for future use:

1. From the menu bar in the standard interface, select **Administration > Time Management > Manage Activities**.

The Manage Activities page opens, with a list of existing activities in the **Select an Activity** section.

Manage Activities

 @ [Export to Excel](#)

Select an Activity Showing 1 to 11 of 11

Activity Name	Description	Capitalized	Enabled	SOP 98-1 Category
Coding	Coding	Yes	Yes	Coding
Data Conversion	Data Conversion	No	Yes	Data Conversion
Design	Design of Chosen Option	Yes	Yes	Design of Chosen Option
Evaluation	Evaluation of Alternatives	No	Yes	Evaluation of Alternatives
Installation	Installation	Yes	Yes	Installation
Maintenance	Application Maintenance	No	Yes	Application Maintenance
Selection	Final Selection of Alternatives	No	Yes	Final Selection of Alternatives
Specification	Specification of Alternatives	No	Yes	Specification of Alternatives
Technology Assessment	Determination of Existence of Needed Technology	No	Yes	Determination of Existence of Needed Technology
Testing	Testing	Yes	Yes	Testing
Training	Training	No	Yes	Training

Showing 1 to 11 of 11

[Create Activity](#)

2. Click the activity of interest in the **Activity Name** column.

The Edit Activity page opens, with the same fields as when the activity was created.

Edit Activity: Data Conversion

Name:

Description:

Used For: Requests Tasks Packages Misc

SOP 98-1 Category:

Can be Capitalized: Yes No

Enabled
 Disabled for future use

Note: Disabling this activity will not affect time sheets and tasks that are currently using it. However, it will no longer be available for use on new time sheets and tasks.

[Save](#) [Cancel](#)

3. Select the **Disabled for future use** option.
4. Click **Save**.

The activity is disabled for future use.

Associating Activities with Tasks

Assigning an activity to a task is done in the Task Details page, opened from the **Define Work Plan** view.

To associate an activity with a project or task:

1. Open the desired project.
2. Click **Edit Work Plan**.

The Work Plan **Schedule** view opens.

3. Select the desired task and click the **Task Detail** icon.

The Task Details page opens.

4. In the Task Details page, select an **Activity**.
5. Click **Save**.

Activity Inheritance Behavior

Tasks and summary tasks can inherit their activity settings from their parent projects, making it unnecessary to manually set the activity for every task and summary task within a project. Activity inheritance follows certain rules:

- When an activity is set on a project, the same activity cascades down to all its children. These children will continue to inherit whatever their parent's activity setting is. If one of these children is moved to a different parent with a different activity setting, the child will acquire the new parent's activity setting.
- When a child with a different activity setting than its parent is found, the activity setting cascade stops and that child's activity setting is preserved. This child's activity setting will be preserved even if the child is indented, outdented, or cut-and-pasted under a different parent.
- In the case of a child with a different activity setting, manually setting that child's activity setting to that of its parent means that its activity setting will no longer be preserved, and will become that of its current parent.
- Manually setting a child's activity to an empty value will keep it empty, but it will not stay empty if the child is moved to a parent with a non-empty activity setting.

- If a summary task's parent changes its activity setting, the new activity will be applied to the summary task and all its children as well, unless the summary task's activity setting is different than its parent's, in which case the summary task and its children will remain untouched.

Viewing Capital and Operating Expense Data in Projects

You can view the breakdown between capital and operating expenses on a project in the Dashboard through particular portlets and pages, or by running reports.

Viewing Cost Data in the Dashboard

Capital and operating expense data can be viewed on the project level through a section of the Project Overview page, or at the task level in the Task Details page. The cost data displayed can come from one of the following possible sources:

- The project budget, if one exists
- Cost data calculated from the project itself

Project Cost and EV Analysis Summary Sections

The **Project Cost** section is found on a project's Project Overview page. Depending on project settings, it can display cost data in Capital and Operating categories. Each category can then be broken down into Labor and Non-Labor. If a project budget exists, the Project Cost section displays budget information.

Figure 6-3. Project Overview page: Project Cost section

Project Cost			
Budget			
Total Budget:	\$110,800.00		
Budget to Date:	\$110,800.00	Actual To Date:	\$0.00
Cost Details		View Current Budget	

The Project Overview page for a project can be reached by searching for a project or drilling down from a portlet in Mercury Project Management.

Task Detail Page

The **Cost** tab of the Task Details page displays the task's cost data and break the task cost into Labor and Non-Labor. The top of the Task Details page indicates the task's **Activity**.

Figure 6-4. Top of Task Details page

The screenshot shows the top portion of a task details page. At the top right, there are links for 'View Task Audit Trail', 'All Tasks', 'Prev', and 'Next'. Below this is the title 'Task Details: 83 - Finalize dynamic content' followed by 'Save', 'Done', and 'Cancel' buttons. The main form area includes:

- Name:** Finalize dynamic content
- Project Path:** Ops: BackOffice Acceleration > Cutover > Finalize dynamic content
- Status:** Pending Predecessor (dropdown menu)
- Sequence #:** 83
- Description:** (text input field)
- % Complete:** 0
- Activity:** (dropdown menu)
- Priority:** 500
- Three checkboxes: 'Mark task as milestone', 'This is a major milestone', and 'Milestone automatically completes'.

The Task Details page for any task can be reached through the My Tasks portlet, searching for a task, or drilling down from the Project Hierarchy portlet or page.

Viewing Capital and Operating Expense Data in Programs

Users of Mercury Program Management can use SOP 98-1 functionality to view the breakdown between capital and operating expenses on a program in the Dashboard through the Program Cost Summary portlet or on the Manage Program page. The cost data displayed can come from one of the following possible sources:

- The program budget, if one exists
- Cost data rolled up from the program's constituent projects

Program Cost Summary Portlet

The Program Cost Summary portlet displays cost data in Capital and Operating categories. Each category is then broken down into Labor and Non-Labor.

The Program Cost Summary portlet can be added to your Dashboard in the usual way.

Manage Program Page

The Manage Program page contains a **Cost** tab. The **Costing Information** section of the **Cost** tab displays the program's planned and actual total capital and operating expenses, broken down by labor and non-labor. The **Breakdown by Project** section displays similar categories of information, broken down by the program's individual project plans.

The Manage Program page for a program can be found by searching for a program or drilling down from a portlet in Mercury Program Management.

Viewing Capital and Operating Expense Data in Your Portfolio

Users of Mercury Portfolio Management can use SOP 98-1 functionality to view their capital exposure (the total amount of capital expense to date for all currently open projects) using certain portlets delivered with Mercury Portfolio Management that become available for use once SOP 98-1 tracking has been enabled. These portlets are designed to display and highlight capital exposure information for your portfolio.

Total Exposure Portlet

The Total Exposure portlet displays a pie chart of all the projects in your portfolio with capital expenses, sliced by Project Health.

This portlet can be filtered according to the criteria described in [Table 6-3](#).

Table 6-3. Total Exposure portlet filter fields

Field Name	Description
Project Name	Filters for the specified project(s).
Project Manager	Filters for projects with the specified manager(s).
Business Objective	Filters for projects with the specified business objective(s).
Project Status	Filters for projects with the specified status(es).
Project Health	Filters for projects with the specified health(s).
Start Date From	Filters for projects starting after the specified date.
Start Date To	Filters for projects starting before the specified date.
Complete Date From	Filters for projects finishing after the specified date.
Complete Date To	Filters for projects finishing before the specified date.
Min Planned Capital	Filters for projects with at least the specified minimum planned capital expenses.
Min Carrying Value	Filters for projects with at least the specified minimum actual capital expenses.
Min Planned Cost	Filters for projects with at least the specified minimum planned cost.
Min Actual Cost	Filters for projects with at least the specified minimum actual cost.

Impairment Risks Portlet

The Impairment Risks portlet is a pie chart that drills down from any one of the pie slices in the Total Exposure portlet. The Impairment Risks portlet's pie slices correspond to the capital expenses of each project that makes up the slice selected from the Total Exposure portlet.

This portlet can be filtered according to the criteria described in [Table 6-4](#).

Table 6-4. Impairment Risks portlet filter fields

Field Name	Description
Project Name	Filters for the specified project(s).
Project Manager	Filters for projects with the specified manager(s).
Business Objective	Filters for projects with the specified business objective(s).
Project Status	Filters for projects with the specified status(es).
Project Health	Filters for projects with the specified health(s).
Start Date From	Filters for projects starting after the specified date.
Start Date To	Filters for projects starting before the specified date.
Complete Date From	Filters for projects finishing after the specified date.
Complete Date To	Filters for projects finishing before the specified date.
Min Planned Capital	Filters for projects with at least the specified minimum planned capital expenses.
Min Carrying Value	Filters for projects with at least the specified minimum actual capital expenses.
Min Planned Cost	Filters for projects with at least the specified minimum planned cost.
Min Actual Cost	Filters for projects with at least the specified minimum actual cost.

Capitalized Project Timelines Portlet

The Capitalized Project Timelines portlet displays a Gantt chart showing the timelines of all capitalized projects in the portfolio by default.

This portlet can be filtered according to the criteria described in [Table 6-5](#).

Table 6-5. Capitalized Project Timelines portlet filter fields

Field Name	Description
Project Name	Filters for the specified project(s).
Project Manager	Filters for projects with the specified manager(s).
Business Objective	Filters for projects with the specified business objective(s).
Project Status	Filters for projects with the specified status(es).
Project Health	Filters for projects with the specified health(s).
Start Date From	Filters for projects starting after the specified date.
Start Date To	Filters for projects starting before the specified date.
Complete Date From	Filters for projects finishing after the specified date.
Complete Date To	Filters for projects finishing before the specified date.
Min Planned Capital	Filters for projects with at least the specified minimum planned capital expenses.
Min Carrying Value	Filters for projects with at least the specified minimum actual capital expenses.
Min Planned Cost	Filters for projects with at least the specified minimum planned cost.
Min Actual Cost	Filters for projects with at least the specified minimum actual cost.

Capitalized Project Breakdown

The Capitalized Project Breakdown portlet shows the capitalization information for all capitalized projects in the portfolio by default. The **Remaining Capital Expenses** column is calculated as follows:

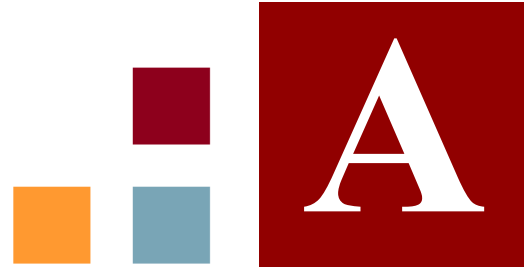
$$\text{Planned Capital Expenses} - \text{Carrying Value} = \text{Remaining Capital Expenses}$$

This portlet can be filtered according to the criteria described in [Table 6-6](#).

Table 6-6. Capitalized Project Breakdown portlet filter fields

Field Name	Description
Project Name	Filters for the specified project(s).
Project Manager	Filters for projects with the specified manager(s).
Business Objective	Filters for projects with the specified business objective(s).
Project Status	Filters for projects with the specified status(es).
Project Health	Filters for projects with the specified health(s).
Start Date From	Filters for projects starting after the specified date.
Start Date To	Filters for projects starting before the specified date.
Complete Date From	Filters for projects finishing after the specified date.
Complete Date To	Filters for projects finishing before the specified date.
Min Planned Capital	Filters for projects with at least the specified minimum planned capital expenses.
Min Carrying Value	Filters for projects with at least the specified minimum actual capital expenses.
Min Planned Cost	Filters for projects with at least the specified minimum planned cost.
Min Actual Cost	Filters for projects with at least the specified minimum actual cost.

Appendix



Setting Up Cost Calculation Intervals

In This Appendix:

- *Overview of Cost Calculation Intervals*
 - *Cost Calculation Server Parameters*
-

Overview of Cost Calculation Intervals

Cost data that involves roll-ups from other sources is recalculated system-wide on a periodic basis. These types of cost data can include the following possible scenarios:

- Work plan tasks roll up actual cost data to summary tasks
- Work plan actual cost data rolls up to the project budget
- Project budget actual cost data rolls up to the program budget
- Changes are made to cost rate rules or financial exchange rates

Since these roll-up calculations are performed periodically, cost data for one entity may not match its dependent entity until the next calculation interval.

Cost Calculation Server Parameters

Periodic cost roll-up is performed system-wide and is governed by several parameters in the `server.conf` file on the Mercury IT Governance Server. [Table A-1](#) describes these parameters.

Table A-1. server.conf parameters for periodic cost calculations

Parameter	Description	Default Value
ENABLE_COST_ROLLUP_SERVICE	Determines whether periodic cost roll-up calculations are performed. Possible values: TRUE or FALSE	TRUE
COST_ROLLUP_INTERVAL_MINUTES	Determines the frequency with which the roll-up calculations are performed, in minutes. Possible values: Any whole number	5
ENABLE_FX_RATE_UPDATE_SERVICE	Determines whether financial exchange rates are recalculated after updates are made to them. Possible values: TRUE or FALSE	TRUE

Table A-1. *server.conf* parameters for periodic cost calculations

Parameter	Description	Default Value
FX_RULE_UPDATE_SERVICE_INTERVAL_MINUTES	Determines the frequency with which financial exchange rate rules are checked for updates and costs recalculated, in minutes. Possible values: Any whole number	60
ENABLE_COST_RATE_RULE_UPDATE_SERVICE	Determines whether costs are recalculated after updates are made to cost rate rules. Possible values: TRUE or FALSE	TRUE
COST_RATE_RULE_UPDATE_INTERVAL_MINUTES	Determines the frequency with which cost rate rules are checked for updates and costs recalculated, in minutes. Possible values: Any whole number	60

For more detailed information on configuring the `server.conf` file, see the *System Administration Guide and Reference*.

A

- activities 75
 - associating with projects 80
 - associating with tasks 80
 - configuring 76
 - creating 77
 - disabling 79
 - inheritance behavior 80
 - modifying existing 78
- actual work plan costs 58
 - automatically calculating 59
 - manually entering 59
 - time sheet roll-up 60
- analyzing costs
 - earned value analysis 67
 - project cumulative cost metrics 64
 - project current cost metrics 66
 - project plans 64

B

- Budget to Budget Comparison portlet 48
- budgets
 - access grants 41
 - comparing 48
 - comparing planned to actuals 49
 - comparing related 50
 - configure access page 42

- configuring access 41
- creating 38
- granting access 43
- modifying 47
- organization unit associations 47
- program associations 46
- program budget roll-up 63
- setting associations 44
- staffing profile synchronization 44

C

- capital expense data
 - portfolio 84
 - programs 82
 - work plans 81
- capitalization
 - activity inheritance behavior 80
 - configuring activities 76
 - enabling 72
 - overview 72
 - tracking with activities 75
 - using activities 80
 - viewing in portfolio 84
 - viewing in programs 82
 - viewing in work plans 81
- Capitalized Project Breakdown portlet 87
- Capitalized Project Timelines portlet 86

- comparing budgets 48
 - planned to actuals 49
 - related 50
- cost calculation intervals
 - setup 90
- cost data
 - calculations and formulae 52
 - overview 52
- cost factors 22
- cost rate rules
 - cost factor applications 22
 - creating 17
 - deleting 20
 - examples 22
 - modifying 18
 - overview 16
 - precedence 21
 - rearranging factors 18
 - recalculation after changes 21
 - security 20
- currencies
 - adding 26
 - available 26
 - display 32
 - managing 26
 - overview 26
 - setting personal display preference 35

E

- earned value analysis
 - work plans 67
- enabling capitalization 72
 - system-level 73
 - work plan level 73
- enabling SOP 98-1 72
 - system-level 73
 - work plan level 73

F

- financial exchange rates
 - adding 31

- editing 31
- managing 26
- overview 26

- Financial Management
 - server parameters 90

I

- Impairment Risks portlet 85

M

- manage program page 83
- manual task costs 59

O

- operating expense data
 - portfolio 84
 - programs 82
 - work plans 81
- organization units
 - budget associations 47

P

- portfolio
 - capital exposure 84
 - Capitalized Project Breakdown portlet 87
 - Capitalized Project Timelines portlet 86
 - Impairment Risks portlet 85
 - Total Exposure portlet 84
 - viewing capital expense data 84
 - viewing operating expense data 84
- Program Cost Summary portlet 82
- programs
 - analyzing costs 69
 - budget associations 46
 - budget roll-up 63
 - manage program page 83
 - Program Cost Summary portlet 82
 - viewing capital expense data 82
 - viewing operating expense data 82
- project costs

-
- analyzing 64
 - Project Cumulative Cost Metrics portlet 64
 - Project Current Cost Metrics portlet 66
 - projects
 - associating with budgets 44
- R**
- regions
 - creating 32
 - managing 32
 - modifying 33
 - setting associations 34
- S**
- server parameters
 - overview 90
 - periodic cost calculations 90
 - SOP 98-1
 - activity inheritance behavior 80
 - configuring activities 76
 - enabling 72
 - overview 72
 - using activities 75, 80
 - staffing profiles
 - budget synchronization 44
- T**
- task costs
 - automatic calculation 59
 - configuring actuals calculation 58
 - manual entry 59
 - roll-up 61
 - task detail page 82
 - time sheet roll-up 60, 62
 - Total Exposure portlet 84
- W**
- work plan costs
 - automatic task cost actuals 59
 - configuring 55
 - configuring actuals calculations 58
 - cumulative cost metrics 64
 - earned value analysis 67
 - manual actuals 59
 - project cost summary 81
 - project current cost metrics 66
 - task detail page 82
 - task roll-up 61
 - time sheet roll-up 60, 62
 - viewing in Dashboard 81
 - work plans
 - activity inheritance behavior 80
 - associating with project budgets 44
 - cumulative cost metrics 64
 - current cost metrics 66
 - Dashboard cost data 81
 - earned value analysis 67
 - using activities 80
 - viewing capital expense data 81
 - viewing operating expense data 81
-

