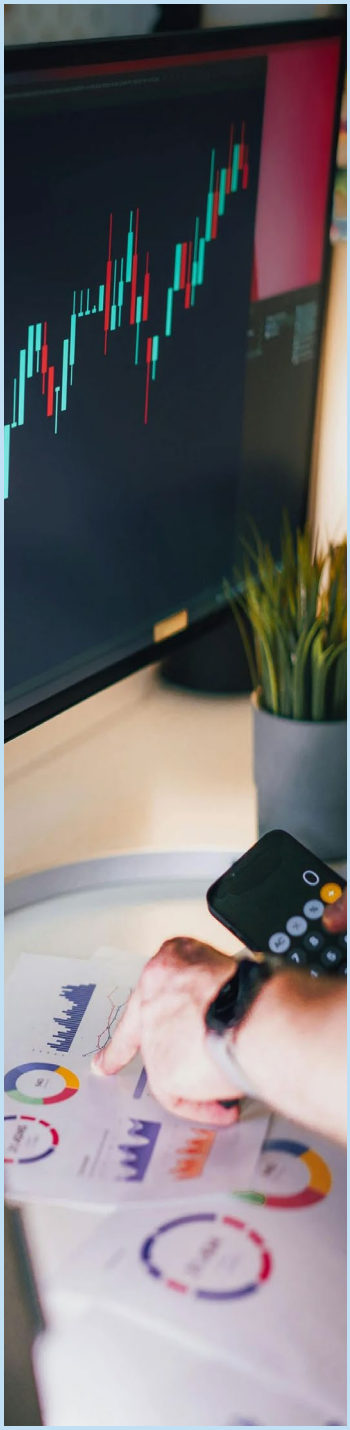
VIEW POINT



SAP FUNDS MANAGEMENT (PSM-FM) IN THE PUBLIC SECTOR: MODERNIZED FAST, ON SAP GROW

Abstract

SAP PSM-FM enforces the real-time budgetary control government finance requires, validating every commitment and payment against appropriations before it posts. Once tied to lengthy, custom on-premise builds, it can now go live in weeks through SAP GROW's guided cloud adoption path to S/4HANA Cloud Public Edition. This Point of View examines PSM-FM's core capability set and the concrete benefits public sector organizations realize when it is deployed through SAP GROW Fast.

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Public Services

Executive Overview

Why fund accounting still breaks in government ERP

Public sector finance is not run on profit and loss, it is run on appropriations, budgets, and legally binding spending authority. Ministries, municipalities, universities, and public agencies must prove, line by line, that every payment stayed within an approved budget, funded source, program, and fiscal year.

Commercial finance modules were never built for this; SAP Public Sector Management — Funds Management (PSM-FM) was. It layers budgetary control directly into the SAP financial core, enforcing availability control before a commitment, obligation, or payment is ever allowed to post.

Historically, PSM-FM carried a reputation for lengthy, customization heavy on-premise rollouts spanning 12–18 months.

That equation has changed. SAP GROW, SAP's fast, guided, cloud-first adoption motion for SAP S/4HANA Cloud Public Edition, now brings PSM-FM capability into a preconfigured, best-practice public sector content set, deployed through a structured, accelerated methodology rather than a bespoke build.

4 Phases

GUIDED GROW JOURNEY

Discover, **Prepare**, **Explore**, and **Realize** run on prebuilt public sector content and fit-to-standard workshops — replacing custom blueprinting with guided, SAP-led configuration.

Weeks

NOT MONTHS, TO GO LIVE

Preconfigured budgetary control and fund accounting processes remove custom development cycles, letting agencies activate PSM-FM in the same cloud tenant used for fit-to-standard testing.

100%

BUDGET-CONTROLLED SPEND

Standard availability control activated from day one enforces hard budget checks across every commitment and payment, with no gap period during cutover.

What PSM-FM Delivers: Core Capabilities



Multi-dimensional Budget Structures (FM Account Assignment)

Budgets are modeled across funds, funds centers, commitment items, functional areas, programs, and grants simultaneously, mirroring how appropriations, cost centers, and legal fund sources actually intersect in government chart of accounts.



Availability Control (AVC) & Budgetary Ledger

Every requisition, purchase order, and invoice is checked in real time against approved budget before it posts. Configurable tolerances trigger warnings, errors, or hard blocks, preventing overspending and unauthorized commitments at the source.



Budget Planning, Versions & Transfers

Supports original budget entry, supplements, returns, transfers, and multi-year/multi-version planning with full audit trails enabling formal budget amendment workflows required by legislatures and oversight bodies.



Grants & Program Management Integration

Tracks restricted funding federal grants, donor funds, capital programs separately from general appropriations, ensuring funds are spent only on eligible purposes and enabling accurate grantor reporting.



Year-End Closing & Carryforward

Automates commitment/budget carryforward, encumbrance rollover, and fiscal year-end processing aligned to government accounting calendars and statutory closing requirements.



Real-Time Fiscal Transparency

Embedded analytics (SAP Fiori apps) give budget holders, controllers, and finance leadership live visibility into consumption, available balances, and forecast-to-budget, replacing static spreadsheet reporting.

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PSM-FM on SAP GROW Fast

Deployment Model

SAP GROW is SAP's guided path to SAP S/4HANA Cloud Public Edition, combining preassembled best-practice processes, the SAP Activate methodology, tenant tooling, and embedded AI-driven configuration assistance. For public sector customers, this means PSM-FM's budgetary control, fund accounting, and availability checks arrive pre-integrated with core Finance, Procurement, and Grants capability, configured through guided self-service activities rather than custom development.

Prepare & Explore in Parallel

Fit-to-standard workshops validate PSM-FM scope against pre-built public sector processes, compressing discovery from months to weeks.

Guided Configuration

Budget structures, AVC tolerances, and fund hierarchies are set up through self-service configuration UIs, not ABAP customization.

Continuous, Low-risk Updates

Quarterly cloud releases keep budgetary control features current without re-implementation cycles.



SAP GROW delivers a guided, preconfigured path to SAP S/4HANA Cloud Public Edition, pre-integrating PSM-FM budgetary control, fund accounting, and availability checks with core Finance, Procurement, and Grants—set up through self-service activation, not custom development.

Value Realized: Public Sector Benefits

Faster Time-to-Compliance

Budgetary control and audit-ready fund tracking go live in weeks, meeting fiscal-year deadlines and legislative mandates without multi-year projects.

Prevents Overspending at Source

Hard budget checks stop non-compliant commitments before they post, reducing after-the-fact reconciliation and audit findings.

Lower Cost of Ownership

Standardized, cloud-delivered configuration reduces customization debt, upgrade effort, and reliance on scarce specialist consulting.

Grant & Donor Accountability

Restricted funds are ring-fenced and reportable by source, satisfying federal, state, and donor compliance obligations.

Real-Time Budget Visibility

Finance leaders and program managers see live available balances, reducing reliance on month-end spreadsheet reconciliation.

Citizen-Facing Transparency

Consistent, auditable fund data supports public transparency portals and open-budget reporting expectations.

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Accelerating GROW Fast with Infosys Public Services (IPS)

IMPLEMENTATION PARTNER VALUE

SAP GROW Fast compresses the software adoption timeline, but realizing that speed in a real government environment still depends on the implementation partner running fit-to-standard workshops, migrating legacy fund data, and managing change across budget offices and program managers. Infosys Public Services (IPS) combines deep public sector domain expertise with a dedicated GROW delivery methodology purpose-built to compress these dependencies without compromising governance rigor.

30–40%

FASTER FIT-TO-STANDARD

Prebuilt PSM-FM accelerators and government-specific test scripts let IPS run fit-to-standard workshops in days, not weeks, cutting discovery effort versus a from-scratch build.

Single Sprint

BUDGET & FUND DATA MIGRATION

Reusable migration templates for funds, commitment items,and open encumbrances shrink legacy data conversion from a multi-month workstream to a single, tightly scoped sprint.

Day-1

COMPLIANCE READINESS

IPS's public sector configuration playbooks embed statutory budget-control and audit requirements at go-live, avoiding costly post-launch remediation cycles.

Reduced Implementation Effort

Preconfigured public sector accelerators reduce the configuration and testing workload typically carried by client budget and finance teams.

Compressed Go-live Timeline

Parallel workstreams across Prepare, Explore, and data migration remove sequential dependencies that typically extend legacy fund accounting projects.

Lower Change-management Risk

Dedicated public sector adoption and training resources keep budget holders and program managers productive from cutover, reducing post-go-live support burden.

BOTTOM LINE

SAP PSM-FM gives public sector organizations the budgetary discipline that legislation demands. SAP GROW Fast removes the deployment risk and timeline that historically made that discipline hard to reach, and an experienced partner like IPS converts that platform speed into a shorter, lower-risk path to go-live, pairing purpose-built government fund accounting with a cloud adoption journey measured in weeks, not years.

For more information, contact askus@infosyspublicservices.com

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