



EE1: Going Live with Procurement Updates

October 9, 2014

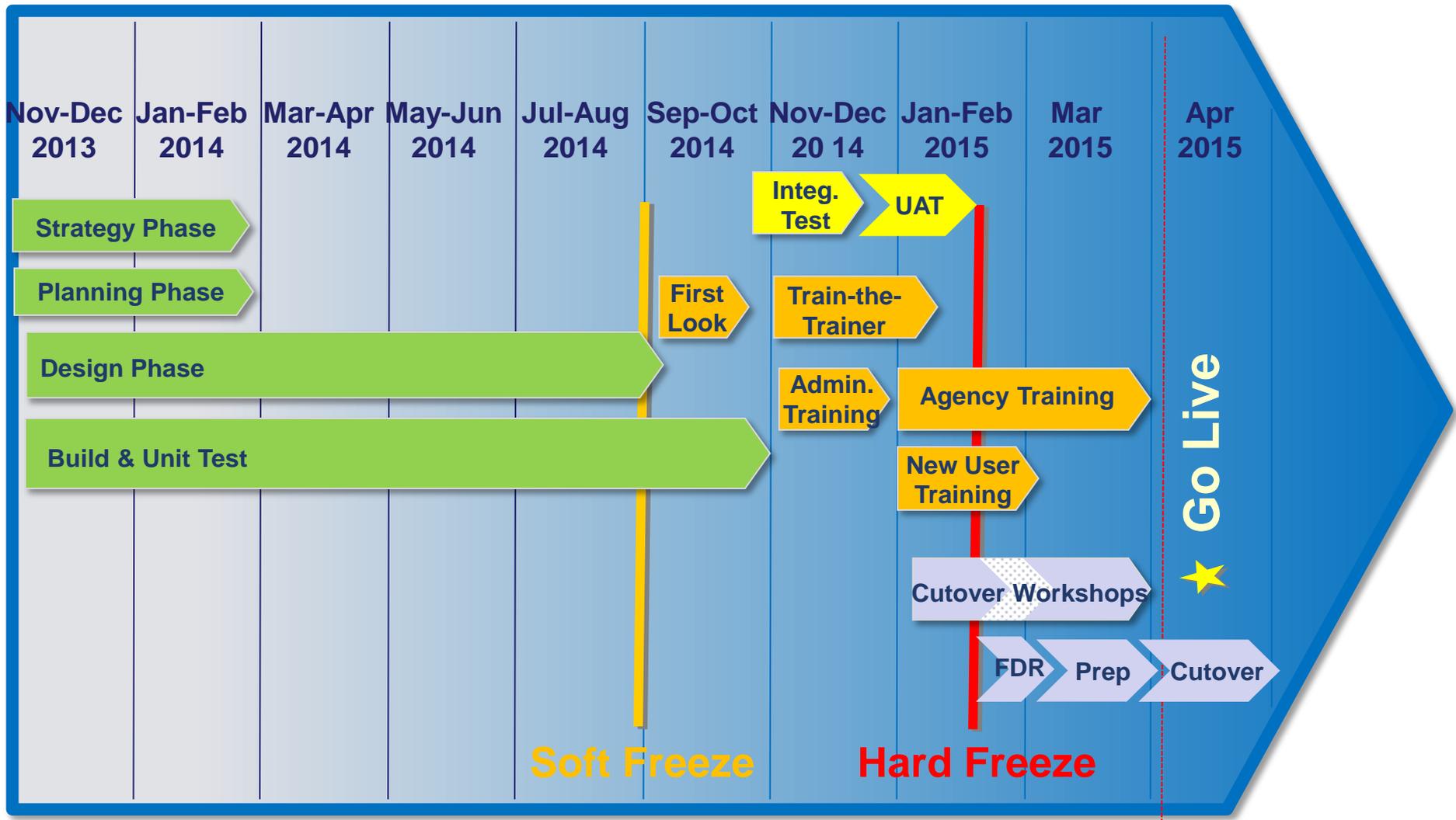
Session Agenda

- Introduction
- Procurement Management and Implementation
- Break for Questions and Answers
- Detailed Information about Procurement Updates
- Break for Questions and Answers

EE1 Overview

New Functionality	<p data-bbox="772 342 1081 592">Enterprise Services Automation (ESA)</p> <p data-bbox="1110 342 1420 592">eSettlements</p> <p data-bbox="1449 342 1796 592">Asset Lifecycle Management (ALM)</p>
Re-architecture	<p data-bbox="772 714 1081 963">Procurement Contracts</p> <p data-bbox="1110 714 1420 963">Bulkload Extracts</p> <p data-bbox="1449 714 1796 963">Budget/ Commitment Control</p>
Technical Upgrade	<p data-bbox="763 1063 1690 1220">PeopleSoft 9.2 Upgrade/ Technology Stack</p>

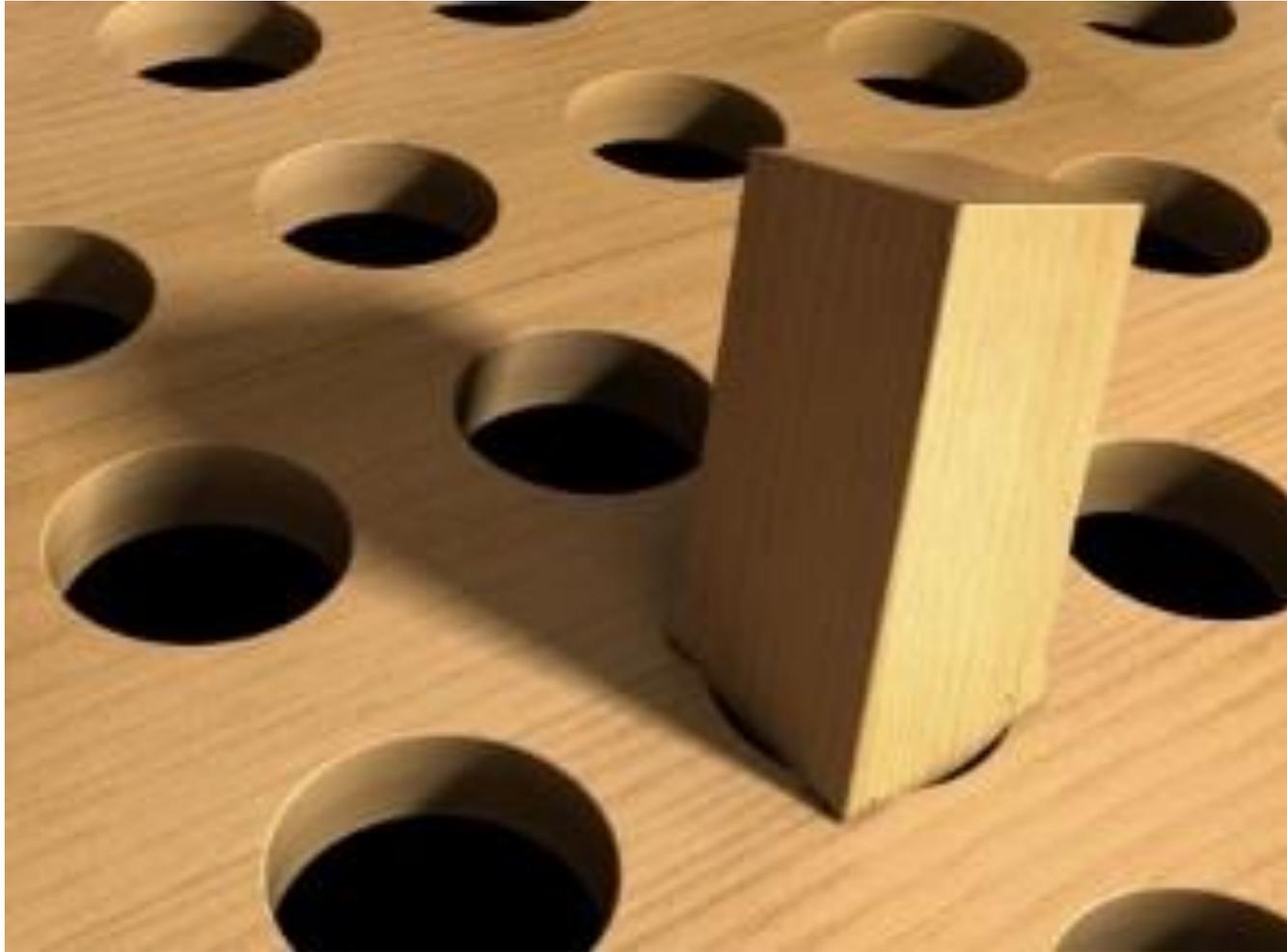
EE1 Project Timeline



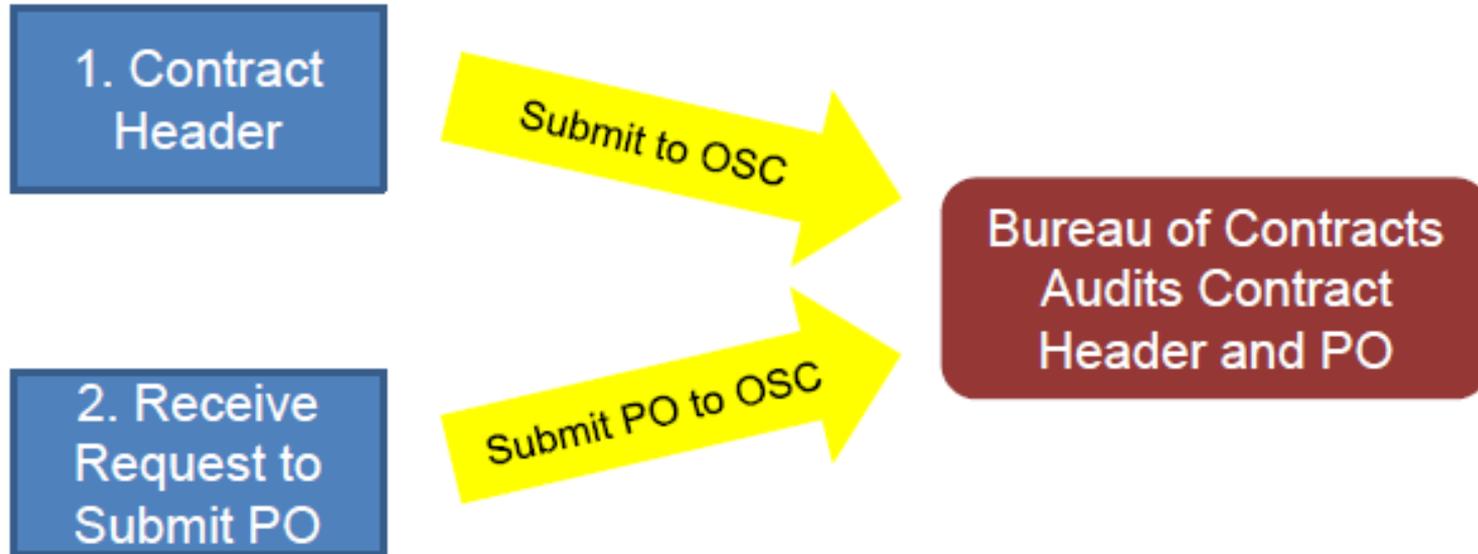
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SFS April 2012 – Go-Live

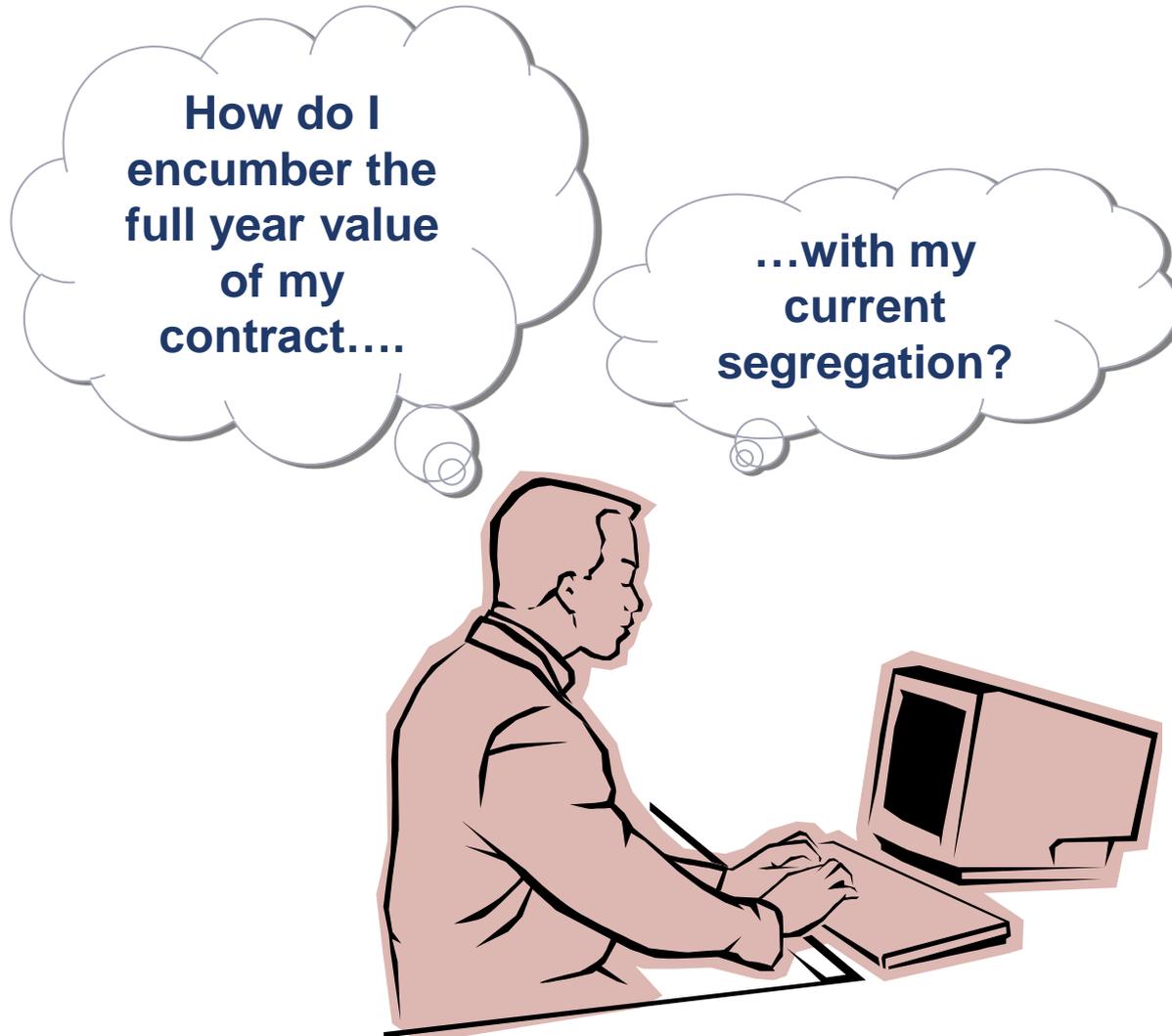


Two-Step Contract Process



Purchase Order = Encumbrance

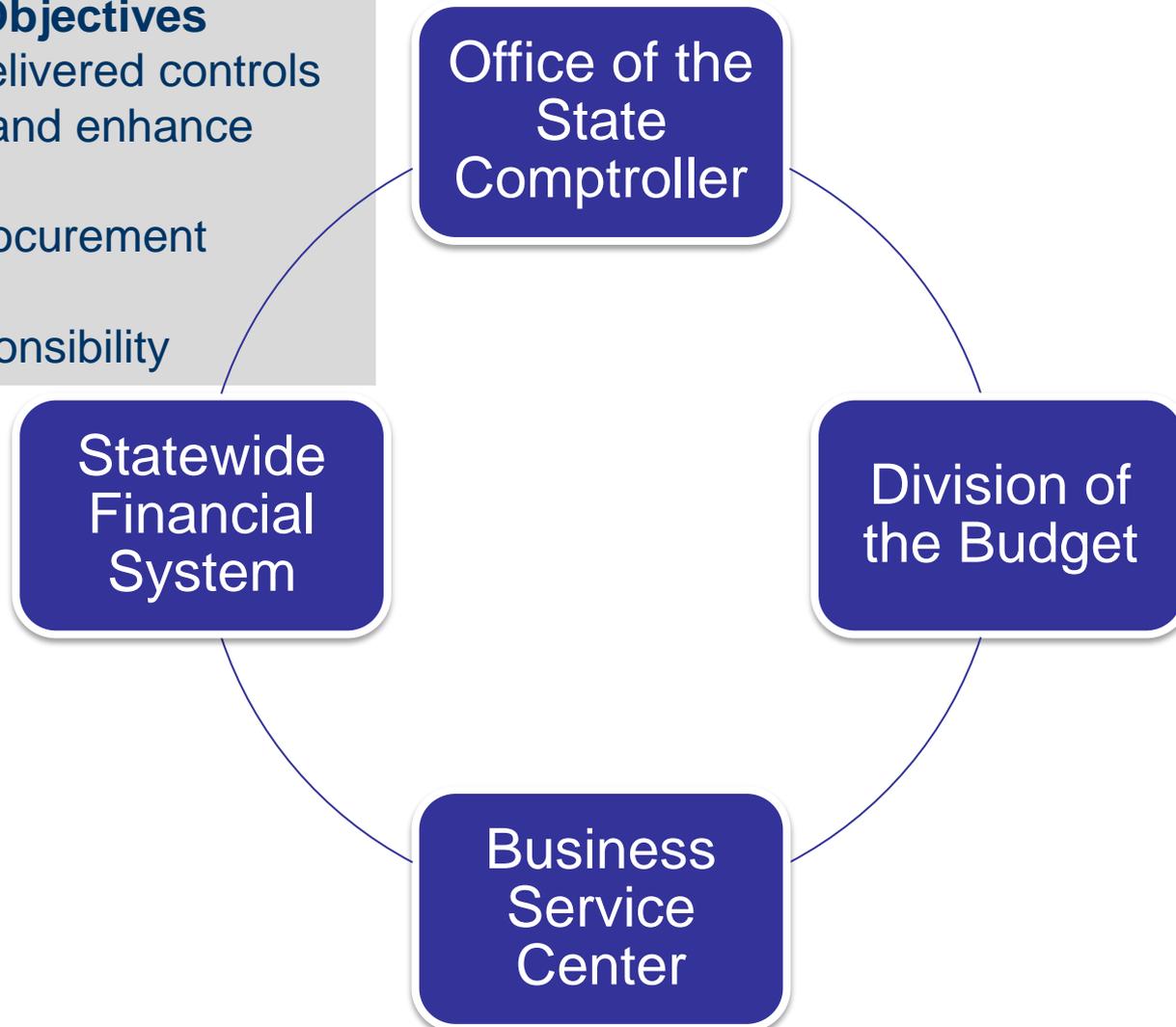
Policies not aligned



How do we drive alignment?

Group Objectives

- Leverage delivered controls
- Streamline and enhance process
- Increase Procurement Intelligence
- Fiscal Responsibility



Areas of Focus

Contract Definition

- How do we encumber funds for a contract?

Contract Maintenance

- Are there additional tools we can use to manage contracts?

Purchasing

- How do we get richer spend data?
- Are automation tools available?

New York State Benefits

- Improve fiscal accountability
- Realign to PeopleSoft best practices
- Reduce need for customizations across NYS
- Support NYS procurement initiatives such as MarketPlace and Item Master
- Enhance agency visibility into future cash impacts and financial performance
- Position NY State for future initiatives

Agency Transition

- Agency staff will require:
 - Training on new procurement policies, processes, and functionality, for example:
 - Creation of contract originating requisitions
 - The use of contract lines in maintaining contract releases
 - Search using new fields for procurement contracts
 - Awareness and understanding about the conversion process
 - All contract-related Purchase Orders (POs) [Agency and Master Contracts] will be closed prior to conversion
 - Each contract that had a status of Requested PO in the 9.0 environment will be brought forward as a conversion contract

Agencies hosted by the BSC

- Establishing Agency Procurement Contracts
 - Agencies will be responsible for contract processing, from establishing the contract to PO issuance
 - No more two step contract process
- Processing Change Notices for Agency Contract Purchase Orders
 - BSC will continue to process contract related change notices
- Establishing Stand Alone Purchase Orders
 - BSC will continue to generate standalone purchase orders for purchases from preferred sources, centralized contracts and discretionary purchases

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Questions and Answers

Session Agenda

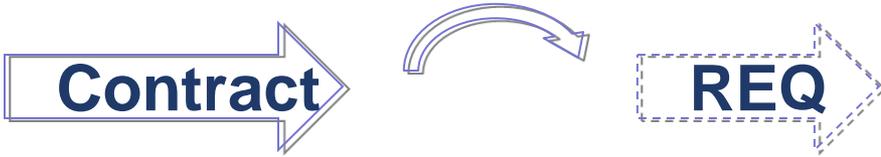
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Agency Contracts

Agency Contracts

- Two options for creation of Procurement Contract

- Option 1: 
 - Primarily used for Contracts for Goods or Services; and
 - Funds Reservation required in current Fiscal Year

- Option 2: 
 - Primary use Corporate Contracts for Goods or Services
 - Funds Reservation Not required
 - Secondary use Agency Contracts for Goods or Services
 - Funds Reservation required at Future point in time

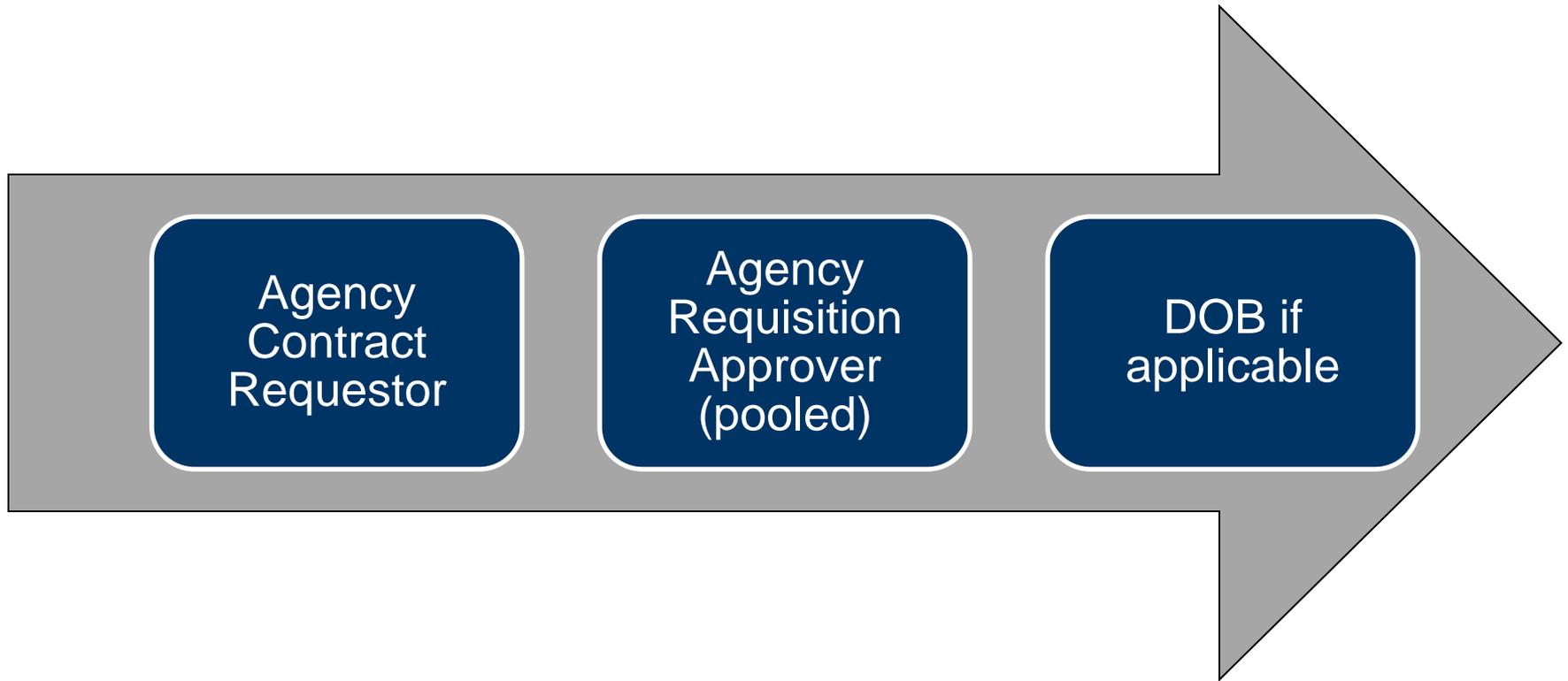
Agency Contracts

- Requisitions will be used in the following ways:
 - Initiate the Procurement Contract process
 - Funds Reservation via Pre-encumbrance
 - Capture Agency level approvals
 - Serve as a conduit of information for creating Request for Quote (RFQ) and Contract with lines
 - Manual or Auto Create RFQ and Contract
 - Used by Bureau of Contracts (BOC):
 - Verification of funds reservation to fulfill audit requirements

Funds Reservation Required on most Agency Contracts

- Current OSC Bureau of Contracts (BOC) encumbrance policy will continue
- Agencies establish funds reservation via requisition prior to contract approval for certain types of procurements
- Requisition reserves funds; allows the PO to be used as intended
- Requisition will be systematically kept in sync with contract amendments (versions)

Contract Requisition Approval Workflow



Future Process for Fund Reservation



ePro Requisition Page

Requisition - Windows Internet Explorer

http://h4a13.sfs.ny.gov:16210/psp/scasbx92/EMPLOYEE/ERP/c/PV_MAIN_MENU.PV_PROCURE_REQ.GBL?Page=PV_REQ_CHECKOUT&Action=U

File Edit View Favorites Tools Help

Requisition

Main Menu > eProcurement > Manage Requisitions > Requisition

ORACLE

All Search Advanced Search

Home Worklist MultiChannel Console Add to Favorites Sign out

New Window Help Personalize Page http

Edit Requisition - Review and Submit

Review the item information and submit the req for approval.

My Preferences Requisition Settings

Requisition Summary

Business Unit	US001	US001 NEW YORK OPERATIONS	Requisition Name	000000292
Requester	ABROWN	Aaron Brown	Requisition ID	000000292
Currency	USD		Priority	Medium
Card Number				
Expiration Date				
<input type="checkbox"/> Use Procurement Card				

Auto Build RFQ & Contract

Requisition Type [Contract Details](#)

ePro Requisition – Contract Details

Oracle eProcurement - Create Requisition

Home | Worklist | Add to Favorites | Sign out

ORACLE

New Window | Help | Personalize Page

[Requisition - New Contract Details](#)

Business Unit

Requisition ID

Information entered on this page will be used to create a New Contract.

*NYS Contract ID	<input type="text"/>	*Contract Start Date	<input type="text"/>
*Contract Owning DeptID	<input type="text"/>	Contract End Date	<input type="text"/>
*SupplierID	<input type="text"/>	*Contract Total Value	<input type="text"/>
*Contract Audit Type	<input type="text"/>	*NYS Contract Description	<input type="text"/>
		*Contract Profile	<input type="text"/>

OK Cancel

Contract Profile

- Contract Profile:
 - Determines if Fund Reservation is required
 - Classifies the Contract (Lease, Construction, etc.)
 - Can be associated to a default Payment Schedule Projection (PSP) Method via the Business Unit (BU) Configuration page

Bulkload Processing

- Agencies will send:
 - Contract Header (PCH)
 - Contract Lines (PCL), and
 - Contract Distributions (PCD)
- Bulkload process will create the Procurement Contract
- Requisitions/RFQ will be created or updated systematically when contract lines are activated (“Include for Release”)

Request For Quote (RFQ)

- Information from the requisition will be used to generate the RFQ
- RFQ is used to:
 - Capture the vendor awarded the contract
 - Functions as the link between the requisition and contract
 - Needed to keep the Pre-Encumbrance and Encumbrance in sync

Numbering

- SFS Contract ID (system generated number) will be assigned during the contract creation process
- The BU (Business Unit), NYS Contract #, & Owning Department ID will be populated from the Requisition during the contract creation process
- The Description field will contain these values concatenated BU-NYS Contract #-Owning Department ID
 - Example: (BBBBBB-NNNNNNNNNN-DDDDDDDD)
- Enables users to see the contract attributes in drop down search pages

Contract Lines

- Contract Requisition should be for the current fiscal year liability
- Contracts that are created from a requisition will be created with one contract line for each requisition line
 - Line(s) will be marked as “Include for Release.”
- Contract lines are activated by setting the “Include for Release” to Y. If the Contract Profile is set to “Requires Funds Reservation” then the system will reserve funds via a requisition
- In order to associate a PO to a Contract line the line must be activated (“Include for Release = Y”)

Contract Lines

- Additional contract lines can be added to the contract if desired
 - Additional line(s) don't need to be indicated as "Include for Release"
 - Total of line maximum amounts cannot exceed header contract max amount
- Requisition will be kept in sync with the contract as lines are added or modified and indicated as "Include for Release"
- The Requisition is locked down to prevent user edit, only systematic updates can be made to the requisition through the contract document

Contract Lines example

			Contract Header			
			Max Amount		500	
			Released		0	
			Non-PO Exp		0	
			Non-PO Adj		0	
			In Process Amount		0	
			Remaining Balance		500	
Requisition			Contract Lines			
Line #	Description	Amount	Line #	Description	Max Amount Remaining	Release?
Line 1	Original Line	100-->	Line 1	Original Line	100	100Y
				Added before sent to		
			Line 2	OSC	400	400N
Create new contract version to update contract lines - line 2 now included for release and line 3 added for additional years.						
Line 1	Original Line	100-->	Line 1	Original Line	100	100Y
Line 2	Added for second year	100<--	Line 2	Added before sent to OSC	100	100Y
			Line 3	Added for additional years	300	300N

Distribution Lines

- Contract lines and associated distribution lines
- The contract distribution lines are percentage based, for example:
 - If you have two distribution lines at 50 percent each, funds will be pre-encumbered at 50 percent per distribution line
- When activating contract lines distribution information will be required if Funds Reservation needed

Amendments/Versions

- Any changes to an approved contract will be made on the contract page as a new version
- An Amendment Request will be systematically created
 - Status will be “In Process” if OSC BOC Audit Approval required
 - A New Contract version number created and an amendment sequence number will be systematically assigned
 - Original contract is assigned PS Version 1 and Amendment Sequence Number of 0
- Once approved users will create POs referencing contract line(s)

Amendments/Versions

- Agencies do not have to manage spending at the amendment level
- A \$100 contract, with \$70 in Life-To-Date expenditures, approves a new version of \$150 increase of \$50:
 - With a \$150 Version, the contract amount is increased by \$50
 - The agency will be able to spend \$80

Contract Remaining Balance

- Definitions
 - Non-PO Expense
 - Maximum Amount
 - Released Amount
- Contract Remaining Balance Calculation:
 - New calculation for Remaining Balance would be *Max Amount – {Released Amount + Non-PO Expenses + Non-PO Adj Expenses} – In Process Amount = Remaining Amount.*

Contract Remaining Balance

- The Non-PO Expense will be subtracted away from the Maximum Amount and not be included in the Released Amount
- For agency contracts, the Non-PO Expense will be used for conversion only, it will be available for use on centralized contracts
- The Non-PO Adjustment will increase the remaining balance on the line and header levels of the contract and will not impact pre-encumbrances
- The In Process Amount, which is not available for spending, equals the contract amendment amount for increases to the contract value. OSC approval is required to release this amount

Contract Remaining Balance

Contract Header							
	(1)	(2)	(3)				
Max Amount	500	500	500				
Released	400	400	450				
Non-PO Exp	100	100	100				
Non-PO Adj	0	-50	-50				
In Process Amount	0	0	0				
Remaining Balance	0	50	0				
Contract converted with 100.00 expended and fully used							
(1)							
Contract Lines							
Line #	Description	Max Amount	Released	Non-PO Exp	Non-PO Adj	In Process	Remaining
Line 1	Conversion	100	0	100	0	0	0
Line 2	Released PO	400	400	0	0	0	0
(2) \$50 Refund Received and applied to Line 2							
Line 1	Conversion	100	0	100	0	0	0
Line 2	Released PO	400	400	0	-50	0	50
(3) \$50 PO Released to use the refunded amount							
Line 1	Conversion	100	0	100	0	0	0
Line 2	Released PO	400	450	0	-50	0	0

Conversion

- Before Conversion: Contract related POs will be closed
- During Conversion: All contracts will be converted with potentially two lines, (Life-to-date [LTD] expended amount and amount remaining)
- After Conversion: User updates necessary to:
 - Create Contract Distributions
 - Activate Contract Lines (systematically create Req/RFQ)
 - Release new POs to support business needs

Conversion

Requisition			Contract Header			
			Max Amount		500	
			Released		0	
			Non-PO Exp		100	
			Non-PO Adj		0	
			In Process Amount		0	
			Remaining Balance		400	
Requisition			Contract Lines			
Line #	Description	Amount	Line #	Description	Max Amount	Remaining Release?
			Line 1	Converted LTD Expended	100	0 N
			Line 2	Converted Remaining	400	400 N
Converted contract - User to create new version to Include amounts for Release						
			Line 1	Converted LTD Expended	100	0 N
Line 1	Updated for agency use	100<--	Line 2	Updated for agency use	100	100 Y
			Line 3	Added for additional years	300	300 N

Item Master

- The Item Master is currently used for a limited number of disaster stockpile items. It is being expanded to include non-emergency items.
- Benefits:
 - Supports procurement and inventory automation
 - Improved business intelligence
 - Clear and consistent naming conventions
 - Accurate transactional history for auditors, inventory planners, and procurement managers
 - Enhanced flexibility when ordering for buyers and procurement managers

Using Corporate Contracts

Corporate Contracts

- Corporate Contract is a contract that can be used by all state agencies.
- Once a Corporate Contract has been established it can be transacted against in any of the following ways:
 - Requisition can be created and associated with the contract and contract lines, subsequently sourced to a PO
 - A PO can be created and associated to the contract and lines without a Requisition
 - A Voucher can be processed and associated to the contract and lines without the use of a requisition or PO (where appropriate per OSC guidelines)

Corporate Contracts

- The delivered contract field on the PO and Voucher line level will be used
- Custom field will be removed from the header
- Validations will be in place to ensure that statewide contracts are not overspent
- Bulkload users will be able to use delivered contract fields on both the PO and Voucher layouts

Revenue Contracts

- Revenue contracts will be manually entered using the Customer Contract Application in the Enterprise Services Automation (ESA) module
- This will enable revenue contracts to reside in appropriate module within the SFS
- The conversion program will convert data to the customer contract header, contract lines, and contract line limit/fee detail records

Option 1 Example

- Service Contract beginning July 1st of 2014 (3 year contract with monthly billing, \$100K 1st yr., \$110K 2nd yr., \$120K 3rd yr.)
 - Agency would create Requisition for \$75K which represents the 2014 fiscal year liability (\$100K/12 X 9)
 - All Contract fields on Contract requisition will be completed, Contract Max Amount would equal \$330K
 - Contract will be built with the Contract Max at the Header of \$330K, and 1 Line for \$75K and indicated 'Include for Release' checked
 - Agency could add remaining out-years (\$255K) to one or more contract lines, all indicated as not to 'Include for Release'

Option 1 example

Contract Header	
Max Amount	330000
Released	0
Non-PO Exp	0
Non-PO Adj	0
In Process Amount	0
Remaining Balance	330000

Requisition
Line # Description Amount
Line 1 Liability 75000-->

Contract Lines				
Line #	Description	Max Amount	In Released Process	Remaining Release?
Line 1	Liability	75000		Y
Line 2`	Cost	255000		N

Option 2 Example

- Corporate contract for goods beginning May 1, 2014 with an amount limit of \$300K contract submitted on March 15, 2014
 - Contract Max Amount would equal \$300K.
 - Contract lines will be created reflecting the Goods to be provided (reference NYS Item ID's) for the appropriate amounts
 - Contract Lines will be activated 'Include for Release' but no funds reservation required.
 - Once approved, agencies using the contract would create requisitions, PO's or vouchers (where appropriate per OSC guidelines) referencing contract lines for the required goods or services

Option 2 example

Contract Header	
-----------------	--

Max Amount	300000
Released	0
Non-PO Exp	0
Non-PO Adj	0
In Process Amount	0
Remaining Balance	300000

Requisition

Contract Lines				
----------------	--	--	--	--

Line #	Description	Amount	Line #	Description	Max Amount	In Released	In Processing	Remain	Release ?
			Line 1	Widgets	100000			100000	Y
			Line 2	Gadgets	100000			100000	Y
			Line 3	Gizmos	100000			100000	Y

Questions and Answers

Purchase Order

Purchase Order Impacts

- Why Change?
 - Procurement Contract Business Process changes
 - State's Financial Plan Ledger
- Benefits:
 - Eliminates PO as Funds Reservation of Contracts
 - Provides tools to forecast spending impacts on Financial Plan. Payment Schedule Projection (PSP)

Purchase Order Impacts

- POs will be required for a majority of purchases; the GFO will provide exception guidance
- All POs (including those against agency contracts) will be used as ordering documents
 - Use of a PO as a true ordering document, not as evidence of encumbrance
 - Two ways to create POs against an approved agency contract
 - Three ways to create POs against centralized contracts

Purchase Order Impacts

- Agency Guidance: Use requisitions to create POs against centralized contracts whenever possible
 - Exception: Purchases from Value Added Resellers (VARs) captured on the PO line
- Creating POs that do not reference contracts and are true ordering documents not tied to contracts
- POs that currently require OSC prior approval (Stand Alone PO)
- Agency Contract creation and approval process will be used

Purchase Order – Bulkload Impacts

- Only PeopleSoft layout format will be accepted
- Agency will reference both Contract ID and Contract Line on the PO Line
- Agency will reference both NYS Master Contract ID and Contract Line on the PO Line

eSettlements

eSettlements

- eSettlements will provide the state a new standard for centralizing electronic invoicing
 - Approved suppliers (vendors) may submit electronic invoices to SFS via eSettlements
 - Approved suppliers may enter invoices directly into the Supplier Portal or via file from their source system
- Invoices entered into SFS via eSettlements will be built into accounts payable vouchers

eSettlements: Origination Points

- Invoices will have the following origination points:
 - File (XML) upload
 - Electronic Catalog initiative; invoice generation
 - Self-service entry via Supplier portal

eSettlements: Supplier Portal

- Supplier Portal
 - Supplier access will be granted to selected suppliers for invoice entry through the current supplier portal
 - Encourage eInvoicing vendors to use eSupplier
- Pilot Information
 - Low volume and high volume invoicing supplier will be targeted
 - 10-15 suppliers will be elected to participate in a pilot for eSettlements invoice entry
 - Supplier will help test invoice entry for their company
 - Supplier will test both XML invoice entry and self-service invoice entry

Accounts Payable

AP Contract Header Field Definitions

- Maximum Amount
 - Maximum amount agency can spend against contract
 - Applies to agency and centralized contracts
- Released Amount
 - Total amount encumbered against the contract
- In-Process Amount
 - Total amount of amendments are in process
 - Agencies cannot use this amount until the amendments are in Approved status

AP Contract Header Field Definitions

- Non-PO Expense
 - Agency Contracts – Equals the LTD expenditures prior to conversion. Agencies cannot populate this field after EE1 implementation.
 - Centralized Contracts – Agencies can populate this field by referencing the contract on the voucher.
- Non-PO Adjustment
 - Adjustment vouchers update this field
 - Only use when PO is closed
 - Same business process as today for adjustment vouchers when PO is open

AP Regular Vouchers - Summary

- Contract Fields will be conditionally available on Regular Voucher Lines in order to provide functionality for agency users to associate a voucher to a centralized contract without an associated PO
 - Non-PO Expenses will be tracked via selection of contract fields on regular vouchers directly associated to a centralized contract and will impact the remaining balance
- Agency users will need to know the correct contract line number to use on vouchers directly associated with centralized contracts

Regular Vouchers

- Validations will be in place to ensure that centralized contracts are not overspent

Contract Header							
Max Amount		500					
Released		100					
Non-PO Exp		100					
Non-PO Adj		0					
In Process Amount		0					
Remaining Balance		300					

Contract Lines							
Line #	Description	Max Amount	Released	Non-PO Exp	Non-PO Adj	In Process	Remaining
Line 1	Item 1	250	0	100	0	0	150
Line 2	Item 2	250	100	0	0	0	150

AP Adjustment Voucher Impacts

- Contract fields will appear on adjustment voucher lines and be populated under certain conditions:
 - Contract ID will be populated and non-editable if the related voucher is associated to a contract PO Line that is closed.
 - Contract Line Number will also be populated but will be editable via prompt list of valid contract line numbers available for release.

AP Adjustment Voucher Impacts

- Recording refund or credits will impact the contract remaining balance via Non-PO Adjustment
- Validations:
 - Similar to the validation on the Regular Voucher; the Adjustment voucher cannot exceed the value of the related voucher
 - Adjustment voucher amount cannot exceed the contract maximum amount in place

Matching/Tolerance Impacts

- Matching will be enforced on all POs for all BUs
- Dollar and percentage tolerance amount to allow payment above the Purchase Order amount will be established for April of 2015
 - PO tolerances are only for non contract POs that do not come to OSC BOC for approval. Contract POs will have a \$0 tolerance

Matching/Tolerance Impacts

- Exception override will not be allowed. If tolerances exceeded, vouchers will fail matching and a change order will be necessary for the increased amount
- Bulkload impacts
 - All bulkload agencies are supposed to already be insuring that they have performed the appropriate matching in their local systems

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