



# *Procurement* Re-architecture Business and Policy Primer

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New York State Office of the State Comptroller  
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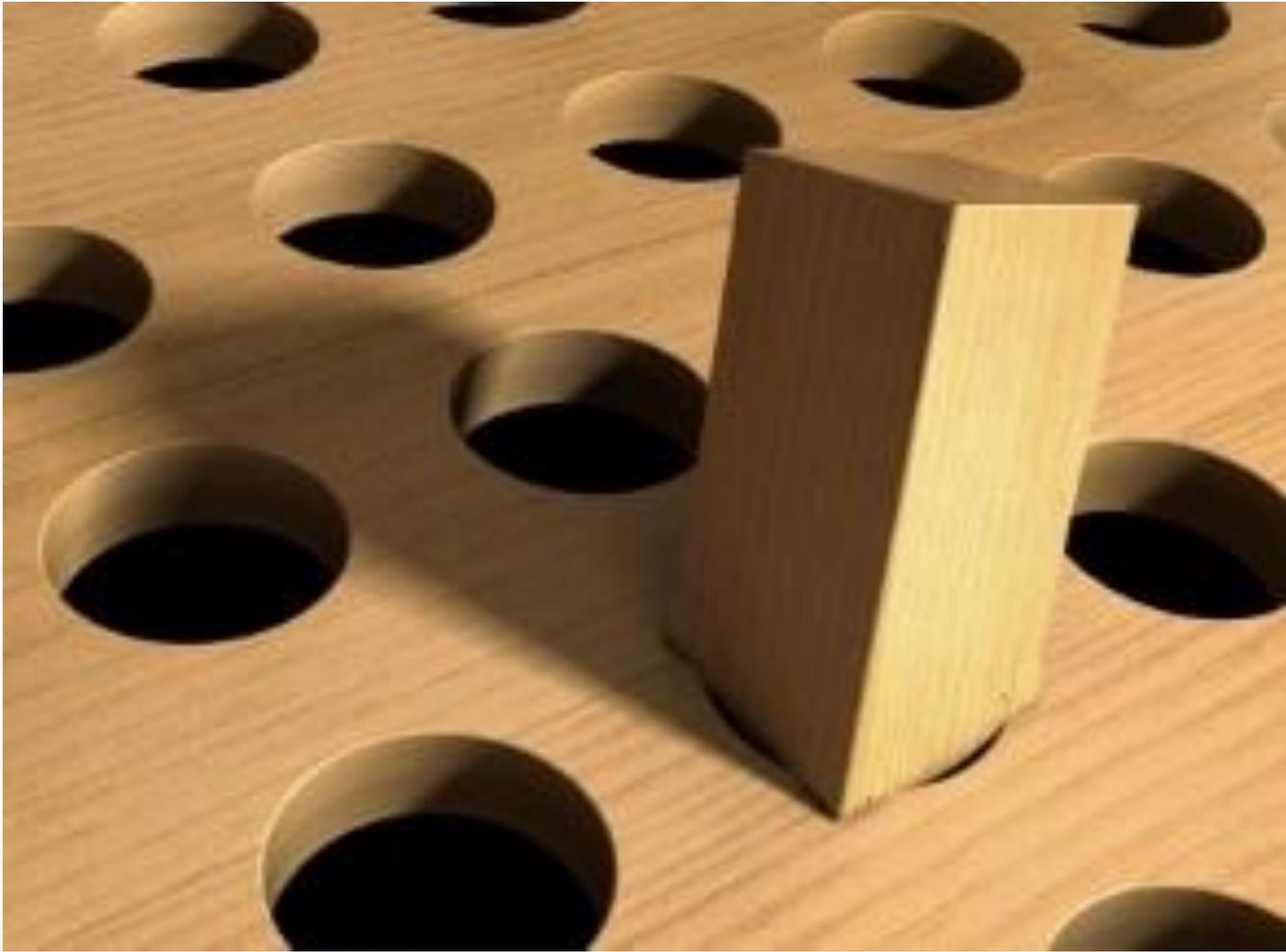
## **Division of Contracts and Expenditures**

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# Introduction



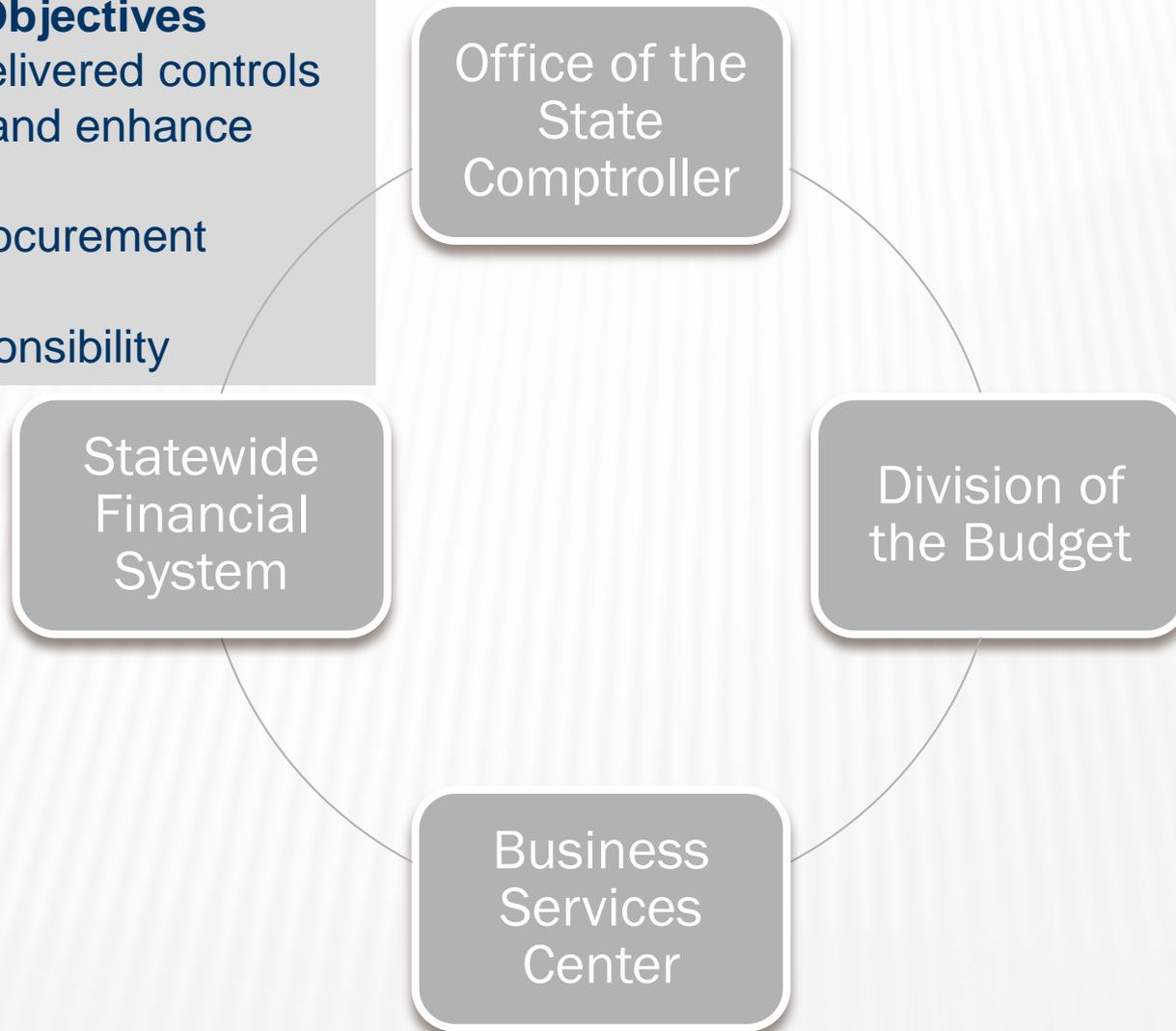
# SFS APRIL 2012 – GO-LIVE



# HOW DO WE DRIVE ALIGNMENT?

## Group Objectives

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



# EE1 OVERVIEW

## New Functionality

Enterprise Services Automation (ESA)

eSettlements

Asset Lifecycle Management (ALM)

## Re-architecture

Procurement Contracts

Bulkload Extracts

Budget/Commitment Control

## Technical Upgrade

PeopleSoft 9.2 Upgrade/  
Technology Stack



# Overview



# AREAS OF FOCUS IN PROCUREMENT

Contract  
Definition

Contract  
Maintenance

Purchasing



# CONTRACT DEFINITION

## Need

### Document

- goods or services needed
- when needed
- how it will be paid for



# CONTRACT DEFINITION

Need → SFS Requisition

## Document

- goods or services needed
- when needed
- how it will be paid for

## Requisition

- what is needed; not from whom you will buy
- sets aside funds to fulfill funds reservation policy; prove it can be paid for



# CONTRACT DEFINITION

Need

Source the Need

- Identify and Select the Vendor
  - Same mechanisms and rules
    - RFP, IFB, etc.
    - Advertise, etc.



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- **Create and sign a Contract**
  - Same NYS Contract ID on the paper



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**As Today - Independent and Outside of the Financial System**



# CONTRACT DEFINITION

Need → SFS  
Requisition

Source the Need → SFS  
Contract

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As Today - Independent and Outside of the Financial System  
**THEN Create a Electronic Record in the System**



# CONTRACT DEFINITION

Need → SFS  
Requisition

Source the Need →  
SFS Contract

Approval → Contract  
Approval

## Benefits

- **Contract Lines** - precision, increased procurement intelligence
- **Ability to open contract lines when needed**
- **Straight Line process** – eliminated 2 step approval
- **No need to create a purchase order until you are ready to order and only for what you want to order**
- **Funds will always be reserved for contract requirements; no cancelling POs to make funds available**



# CONTRACT MAINTENANCE

Contract  
Definition

Contract  
Maintenance

Purchasing

## Contract Lines

- Elements of the contract that can be “Opened for Ordering”, as needed
  - System will maintain funds reservation in sync with contract

## Amendments

- Versions of the contract can be created for any changes in terms and conditions requiring a new agreement with vendor
  - Multiple versions can be in process at one time

## Revenue Contracts

- Customer Contracts to allow for easier billing and revenue accounting



# PURCHASING

Contract  
Definition

Contract  
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Purchasing

## Purchase Order

- Single Purpose – true commercial use of a PO - to tell the vendor you want particular goods or services when you want to order them
- PO Lines in sync with Contract Lines in sync with Req. Lines

## Item Master

- Increased procurement intelligence

## Potential for Auto Sourced and Auto Dispatched PO

- System identify the vendor; automatically send the PO

## Tolerances

- Reasonable tolerance values for purchases not governed by an Agency contract



# PURCHASING

Contract  
Definition

Contract  
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Purchasing

## Electronic Authorized POs

- Printing and signing of POs no longer necessary

## Electronic Invoicing

- Pilot of 10 vendors to prove concepts
- No paper exchange or keying of voucher



# PURCHASING

Contract  
Definition

Contract  
Maintenance

Purchasing

## Benefits

- **Increased Purchasing Intelligence** – precision - what did we buy, when, how much and how many, from who
- **Straight Line Single process**
- **Reduce processing time and steps**



# Contracting Policies

Peter Vander Veer



# OVERVIEW

- Contract Identifiers
- Contract Profile
- Contract Requisitions
- Contract Creation
- Funds Reservation
- Contract Amendments
- Purchase Orders Subject to OSC Review
- Statewide and Master Contract



# CONTRACT IDENTIFIERS

Contracts created in the Statewide Financial System (SFS) will have two key identifiers:

- the State agency entered **New York State Audit ID** containing the defined contract number (e. g. C1234567) that appears on the actual contract documents; and
- the **SFS auto generated Contract ID** that provides a unique 25 digit identifier to facilitate processing in the SFS

Both identifiers can be used to search for transactions in the SFS.



# NEW YORK STATE AUDIT ID

## New York State Audit ID



Depending on how the contract transaction is created in the SFS, the three fields that comprise the NYS Audit ID are separately entered on either the requisition or the contract header. These fields are systematically combined and displayed in the Description Field.

### **SFS Auto Generated Contract ID**

In addition to the NYS Contract ID created by the State agency and entered into the SFS, the SFS auto numbers contracts with a unique 25 digit auto generated Contract ID. This number is displayed in the Contract ID field.



# CONTRACT PROFILE

- New field added to the Contract Header
- 8 Characters (e.g. PANR0015, PAFR0016)
- Supports the Contract in three ways:
  - Indicates if Funds Reservation is required
  - Classifies the Contract (Lease, Construction etc.)
  - Optional: Can be used to default a Payment Schedule Projection (PSP) method on the PO



# CONTRACT PROFILE TABLE

Contract Profile (8 char)	Description	Category (Prefix)	Requires Funds Reservation (checkbox)
CFR0001	Miscellaneous Service, Consultant, or Grant - Funding Required	C	Y
CCFR0002	Corporate Contract for Miscellaneous Services or Consultant for Multiple Agency Use	CC	Y
CMFR0003	Multi-Agency Contract for Miscellaneous Service or Consultant	CM	Y
DFR0004	Construction-Related Contract	D	Y
KFR0006	Transportation Grant	K	Y
LFR0007	Lease	L	Y
LMFR0008	Multi Agency Lease	LM	Y
MFR0009	Legislative Initiative	M	Y
PCNR0010	OGS-commodity contracts	PC	N
PHNR0011	OGS-hourly based information technology services contracts,	PH	N
PRNR0012	OGS-consulting service contracts	PR	N
PSNR0013	OGS-service contracts	PS	N
PTNR0014	OGS-technology contracts	PT	N
PANR0015	Purchase Authorization	PA	N
PAFR0016	Purchase Authorization	PA	Y
SFR00017	Consultant for Miscellaneous Service – Individual	S	Y
TFR00018	Contracts Not Subject to OSC Approval	T	Y
WFR00019	Land Purchase	W	Y
OFR00020	Refund of Appropriation Contract	O	Y



# REQUISITIONS

Requisition will be used to:

- Initiate the Procurement Contract Process
- Establish 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
- Allow OSC Verification of funds reservations

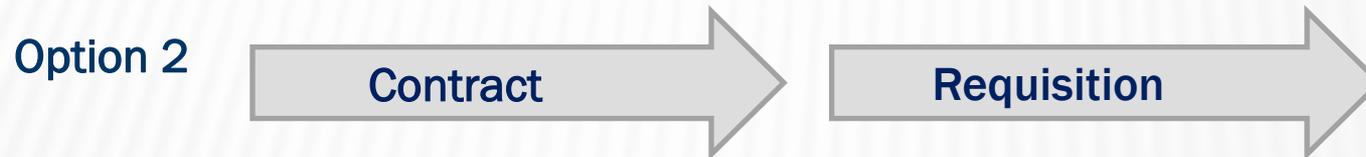


# CONTRACT CREATION

Two options for creation of Procurement Contracts.



- Primary method for creating procurement contracts
- Used when Funds Reservations are required in current fiscal year



- Primary use Centralized Contracts
- Can be used when Funds Reservation not required



# CONTRACT FUNDS RESERVATION PROCESS

## No more two step Funds Reservation process

- The Office of the State Comptroller requires full funds reservation on all procurement contracts submitted for approval
- The requisition line(s) serves as the funding reservation that systematically pre-encumbers the funds and reduces the State agency's available budget balance
- An agency should not reduce a contract's funds reservation, except when the estimated liability for the current fiscal year is reduced
- It is the responsibility of the agency, throughout the term of the contract, to maintain funds reservation



# CONTRACT AMENDMENTS

Submit a contract amendment to OSC for review if:

- original contract was subject to OSC review; and
- terms and conditions are modified by the amendment

Submit an amendment to a contract not originally subject to OSC review if:

- the amendment will increase the Contract Maximum to meet or exceed OSC's review threshold



# CONTRACT AMENDMENTS

To route an amendment to BOC for review, create a new contract version in SFS.

The version created in the SFS must include:

- an appropriate Audit Type that requires BOC review; and
- change(s) made to one or more of the following Contract Header Fields
  - Contract Maximum
  - Begin Date
  - Expire Date
  - New York State Contract Description Field



# AMENDMENTS

## Contract Line Changes

- Changes to contract lines should not be sent to OSC

### *EXCEPTION*

Changes to contract lines resulting from modifications to contract terms and conditions must be submitted to OSC

- Do not change contract lines to reduce pre-encumbrance below the required funds reservation



# PURCHASE ORDERS SUBJECT TO OSC REVIEW

SFS will no longer allow the direct submission of purchase orders to OSC for review.

## To submit a purchase order to OSC for review:

- Create a contract transaction with an OP prefix (represents the PO)
- Begin Date should be the earliest date the PO would be dispatched to the vendor
- The Expire Date should be the last day of the fiscal year associated to the funds being used
- To trigger the display of Standard Terms and Conditions on the resulting purchase order
  - Comment Status must be “Active” on the contract header
  - Send to Supplier checked
  - Copy to Purchase Order boxes must be checked



# PURCHASE ORDERS SUBJECT TO OSC REVIEW

- Send a STS or AC340-S signed by an Authorized Signatory, along with the procurement record to OSC
  - No signed PO sent to OSC
  
- To indicate approval of the purchase order, OSC will approve the OP transaction in the SFS
  - OSC will provide the agency with a printout of the OP transaction's Contract Page, with OSC approval affixed
  
- Upon OSC approval of the OP transaction, agencies are able to create and dispatch the represented purchase order to the vendor



# STATEWIDE & MULTI-AGENCY CONTRACTS

## Statewide Contracts

- Statewide OGS Centralized contracts (P Contracts) will be created as Corporate Contracts
- Centralized contract expenditures will no longer be allowed to exceed the contract max



# STATEWIDE & MULTI-AGENCY CONTRACTS

## Multi-agency Contracts

- All other contracts will have Corporate Contract flag set to “no”
- Agency procurement contracts can be used by Multiple business units when those business units are entered on the PO Defaults
- The PO Defaults can be changed by the owning business unit at any time after contract approval



# Procurement and Expenditure Policies



# PURCHASE REQUISITIONS

## Purpose

Serves as a fund reservation and formal request to purchase goods or services

## Used To

- Reserve funds
- Document the item and quantity to purchase
- Document the vendor and, where applicable, contract selected by the requisitioner
- Initiate a request to purchase goods or services that a buyer will review

## Policy Updates

- Good business practice to start the procurement process with a requisition
- Business Units should include the supplier, contract, and item on the requisition
- Business Units must indicate that the procurement card is the payment method, where applicable



# PURCHASE ORDERS

## Purpose

- Direct the vendor to provide the goods or services (PO is an ordering document)
- Establish the PSP
- Relieve the funds reservation (established by the requisition)
- Update contract values (where applicable)

## Policy Updates

- All purchases should be associated to a purchase order, including:
  - Business Unit Contract
  - Centralized Contract
  - Discretionary (Open Market)
  - Procurement Card
- Purchase orders will be electronically authorized



# PURCHASE ORDERS: BENEFITS

- Provides the State with greater procurement intelligence
- Provides the State with better controls over cash
- The State uses adopts a consistent procurement process and orders from vendors in a uniform manner
- Controls purchasing and spending against all contracts
- Creates opportunities for greater efficiencies in procurement process



# PROCUREMENT CARD PURCHASES: POLICY UPDATES

- Procurement card **cannot** be used for Business Unit Contract purchases or Purchase Authorizations
  
- Business Units should process a PO for procurement card purchases if the purchase is planned. Planned purchases include:
  - Centralized Contract purchases
  - Inventory Item purchases
  - Routine purchases (e.g., utilities)
  - Purchases over \$2,500
  
- It is useful to process a confirming PO for point of sale transactions and unplanned purchases



# AUTO SOURCING

## Business Unit Contract Purchases

- Business Unit buyers can use the contract release functionality to create approved and budget checked purchase orders directly in the procurement contract module (known as staged releases)
- Buyers can schedule staged releases at regular intervals (e.g., daily, weekly, monthly, quarterly)

## Preferred Source, Centralized Contract and Discretionary Purchases

- Pilot program to auto-source requisitions to purchase orders in a pending status
- Pilot agencies for April 2015:
  - BSC: OMH01, OGS01, DOH01, OFT01
  - Non-BSC: DFS01, LAW01, OSC01, and UCS01-06



# FUTURE PROCUREMENT UPDATES

## Electronic Dispatch

- BUs will dispatch all MarketPlace purchase orders electronically
- BUs can electronically dispatch purchase orders to pilot vendors for non-marketplace purchases

## Tolerances

- OSC is reviewing the options for applying tolerances:
  - Category code
  - Item
  - Generic tolerance across all BUs
- No tolerances on BU Contract purchases
- OSC wants to allow tolerances on items that fluctuate in price



# ESETTLEMENTS – BACKGROUND

- Supplier identification process
- Requirements to participate
- Supplier setup
- Pilot suppliers
- Methods to submit e-invoices



# ESETTLEMENTS – EINVOICING PROCESS

- File Transfer – Submit file to eSettlements
- Direct Entry – Enter invoice into eSettlements and submit
- Attachments
- Initial validations
- Voucher Build
- BU action in Accounts Payable module



# ESETTLEMENTS – ACTION IN AP

- Errors in Voucher Build
- Match exceptions
- Workflow
- Attachments



# TRAVEL AND EXPENSE

## ➤ Receipt Requirements

Expense Type	Documentation Required*
Charge on the State Travel Card	Receipt
Transportation by Common Carrier (e.g. train, bus, airplane, subway)	Ticket stub if purchase price is printed on the stub; receipt and ticket stub if purchase price is not printed on the stub
Taxi	Receipt
Rental Car	Receipt showing return time
Tolls - EZ Pass	EZ pass statement with applicable charges indicated
Tolls - Cash	Receipt
Gas	Receipt
Day Trip Meals - Receipted	Receipt
Hotels - Receipted	Receipt
Miscellaneous and incidental expenses	Receipt



# MANDATORY FIELDS

- **Effective April 1, 2015**, employees who travel are required to populate dates and times of travel, destination and business purpose in their expense reports in the SFS Travel and Expense module. For non-travel related reimbursements, employees should indicate the date and time the expense was incurred and the destination field should reflect the location where the employee incurred the expense.
- Dates are required for bulkload as well as online agencies.



# ATTESTATION STATEMENT

- By checking this box, I certify that the expenses reported and the attachments associated with the transactions are just, true, and correct, that no part thereof has been paid (except as stated therein), and that the balance is actually due and owing. If I am a proxy submitting on behalf of an employee, I confirm that this is a true representation of information certified by the employee.



# ATTACHMENTS & TRAVELER'S CERTIFICATION

## ➤ Attachments

- Header Level
- Line Level

## ➤ Traveler's Certification

- Signed AC132S must be completed for any traveler who uses a Proxy



# Q&A

