3.2 Procurement

3.2.1 Purchase Requisitions

Objective

This section will describe the business process requirements for the State's procurement requisitioning process. The goal is to streamline and expedite the process of documenting and approving end user requests for materials and services from external suppliers. The requisitioning process will create a single point of entry for all requisitioning, utilizing automation and imaging in a paperless environment. The requisitioning process will be real time and integrated with Finance functions to allow the State to encumber funds at the earliest time possible while capturing spend data for future analysis.

Process Definition

Overview

This process is used to request any material or service. A user determines a need (either a service or product). The user may choose their need from online catalogs (i.e., Statewide, Term, Multi-Agency and Agency Contracts), product master (which includes both materials and services), or type the description of the specific need. The information above will be used to create the purchase requisition along with the information listed below. The system will automatically default some information into each user's document (i.e. codes for purchasing organization, agency (plant) and/or storage location) based on their agency user parameters. Upon completion of the necessary requisition detail, the requisition will be routed via workflow through the necessary approval steps to ultimately get to a complete document that can be processed by a buyer within procurement. If the requisition is in the amount above the agency certification, the requisition will be routed via workflow to MMO or ITMO for processing.

Process Flows

Requisition Basic Data

- Requisition number
- NIGP Commodity Code identifying service or product
- Short description
- Quantity

- Unit of measure
- Estimated cost
- Desired delivery date
- Plant/Storage location
- Requisitioner's name
- Desired or potential vendor
- Financial elements (account assignment details such as Cost Center, GL account and Fund. Other budgetary elements in Funds Management can be derived from the these financial attributes)
- Additional documentation including but not limited to specifications and justifications

To accurately capture the state's total spend, a requisition will require the use of a NIGP Commodity Code for services and products. The capability to utilize free text requisitions will be available but should only be used in extenuating circumstances. The use of free text requisitions will limit the State's ability to have accurate reporting data on commodity spend.

Requisitioners who purchase the same items throughout the year will have the capability to create and save templates for these recurring requests. The template will save information typed into the information fields as well as the material or service.

Requisitioners will have the ability to put a requisition on hold and be able to process the additional information at a later time. This functionality allows for a requisitioner to build a requisition and be able to stop at any point without losing their work or causing any financial impacts in the system. The requisition is temporarily stored in the SCEIS solution for future processing. Financial documents will only be created upon the actual "save" of the requisition.

For users with no SCEIS system access, a paper copy of the standard requisition form that contains all appropriate fields will be available for their use. This standard requisition form will be forwarded to a staff person who has system access for input. This standard requisition form will need to be developed during the next phase and the data contained within the form will replicate the online requisition document. The following are negative impacts of the paper requisition process:

- Original requisitioner has no visibility of online requisition

- Data will be created twice (once manually and once on the system)
- Loss of automated workflow connection with original requisitioner

Process Scenarios

Assets

It has been recommended that the identification of an asset be completed as early in the process as possible. Thus, it is incumbent upon the requisitioner to identify an item as an asset (per the State of South Carolina's definition) and notify the Asset Custodian who will create an asset master record with the appropriate information. Once the asset master record is completed, the asset custodian will notify the requisitioner. The requisitioner will add the Asset Master Record Number to the requisition and continue its creation. Refer to Finance – Asset Accounting section of this document for further details on the asset process.

Additional Functions

Procure from catalogs – Users will have the ability to create a requisition by browsing locally staged and / or remote catalogs. Selected items are returned directly to the SCEIS solution and included as line items in an online requisition. Note: This functionality is unique to the SAP SRM module included in the scope of the SCEIS solution.

Create an ad-hoc request – Users will have the ability to create a request for items (goods and services) that are not cataloged, by entering a text description of goods and or services required.

Procure on behalf of other users – Users will have the ability to create a request document (requisition) on behalf of other purchasing organizations within their agency and/or users within their purchasing organization.

Favorites & Templates – Users will have the ability to utilize "favorites" and "template" functions that provide for quick access and standardizing of frequently purchased items.

Public Templates – Select users will have the ability to create public templates that provide standardized attributes for specific items purchased by users belonging to the same agency.

Basic data defaults – When creating a purchasing document, the user's basic organizational data such as cost center, address, and purchasing data will default automatically into the request document based on their user parameters.

Account Assignment – Specification of accounting objects to be charged when goods / services are purchased for direct usage or consumption as opposed to procuring into inventory. Account assignment is defined on the requisition and purchase order at the item level. For one line item, one or several account assignments can be specified.

The following account assignment objects will be available for assignment and allocation of costs for purchasing activities:

Exhibit 3.2.1-1 Account Assignment Objects

Account Assignment	Required Accounting Object
Cost Center	Cost Center Number
Fund	Fund Number
Fund Center	Fund Center Number
Functional Area	Functional Area Code
Commitment Item	Commitment Item Number
Internal Orders	Internal Order Number
Assets	Asset number
Project	Work Breakdown Structure (WBS) Elements.

Account determination – The system will perform GL account determination for line items based on commodity code and type of account assignment. The GL account defaulted through commodity mapping may be changed, if necessary. The ability to perform split accounting functions will be available to allow users to distribute line item costs to multiple accounting objects and GL accounts.

Asset creation – The Requisitioner will be responsible for identifying whether an item is an asset. If the item qualifies as an asset, they will contact the Asset Custodian who will create the asset master record. The requisitioner is then notified of the asset master record number and applies it to the requisition. See Finance – Asset Accounting section of this document for further details.

Source Determination – The following data objects will be available for use in determining source of supply information for various products and material items.

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- Catalogs (including locally staged and remote)
- Purchase contracts (including Statewide, Term, multi-agency and agency contracts)

- Vendor lists

The system will automatically determine or suggest a source of supply when an item that has been sourced is added to a requisitioner's request as a line item (i.e. a requisitioner will be notified on the screen if a commodity has an existing contract).

Notes & Attachments – Users will have the ability to create notes for internal or external (vendor) use and have the ability to upload attachments to request documents.

Availability Check – When requesting inventory items, the system will check availability of requested items within their assigned plants. The system will create a Reservation for items that are available in inventory and an external demand document (e.g., requisition) when items are not available or cannot be fulfilled within the prescribed delivery date. Automatic replenishment through the use of Materials Requirement Planning functionality will be a determination made by each agency by commodity.

Validation functions – The system will be configured to perform real-time validation against MM/FI/CO objects in the SCEIS solution as a condition to release including but not limited to:

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- Accounting objects
- Budgeted objects
- Purchasing objects (Purchasing Organizations, Plants, Storage Location)

Upon creation of a requisition, the SCEIS solution will perform an online budget availability check. Pre-encumbrances will be recorded in the Funds Management module of the SCEIS solution.

Document Type and Numbering Requirements

The SCEIS solution will utilize special and standard document types to define purchase requisitions. The special type will be created for central procurement, ITMO and MMO, to allow them to create requisitions without encumbering funds. It will act as an internal requisition for central procurement allowing them to utilize the SCEIS solution to start the solicitation process. These requisitions could originate within ITMO, MMO or from an agency that has not been rolled out to the SCEIS solution.

Requisition numbers will be internally assigned by the system from a predefined number range for each document type.

Note: Document heading functions will be available for users to define specific naming conventions for requisition documents at their discretion. These headings may be used as a source of reference for future query or reporting needs.

Exhibit 3.2.1-2 Purchase Requisition to Check Process

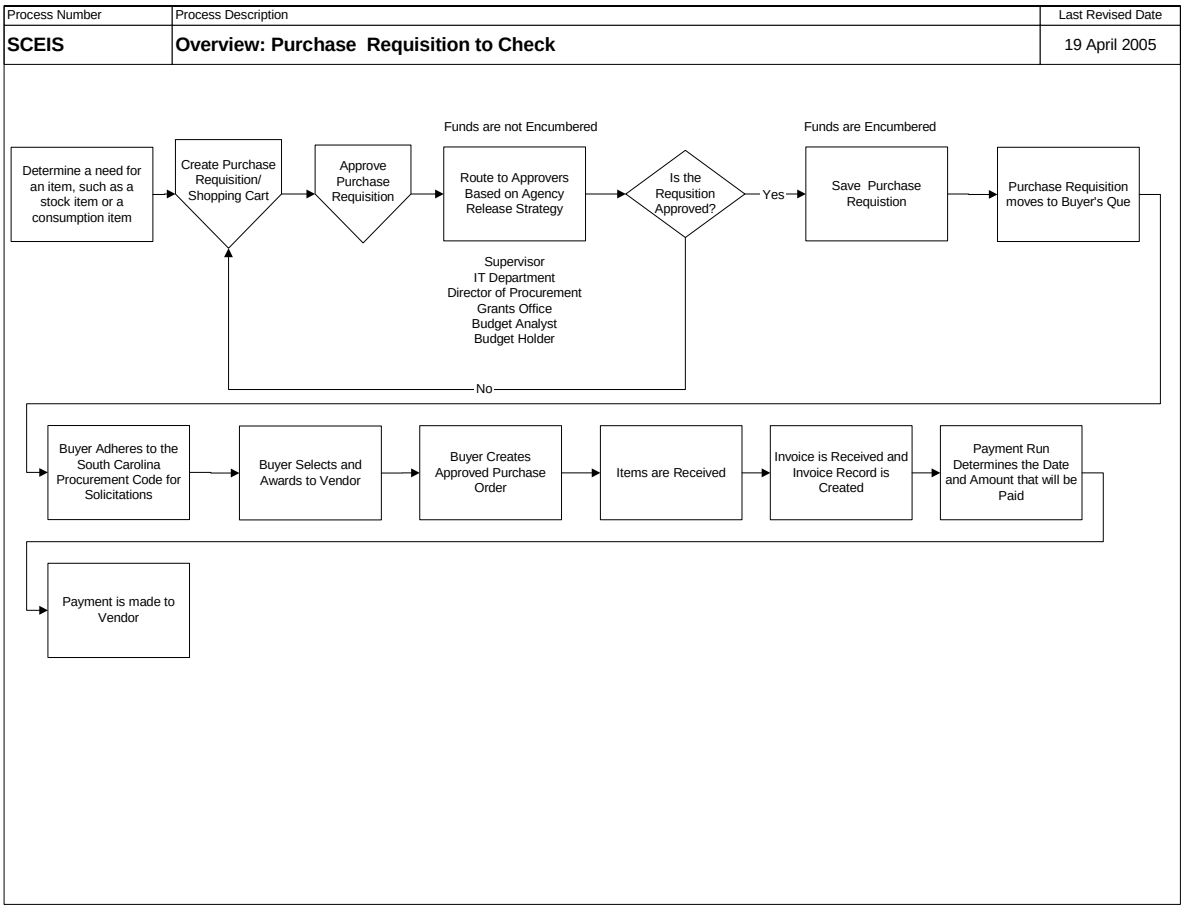


Exhibit 3.2.1-3 Purchase Requisition Creation Process

Process Number	Process Description	Last Revised Date
SCEIS	**Create Purchase Requisition - Service/Non-Asset Item**	20 April 2005

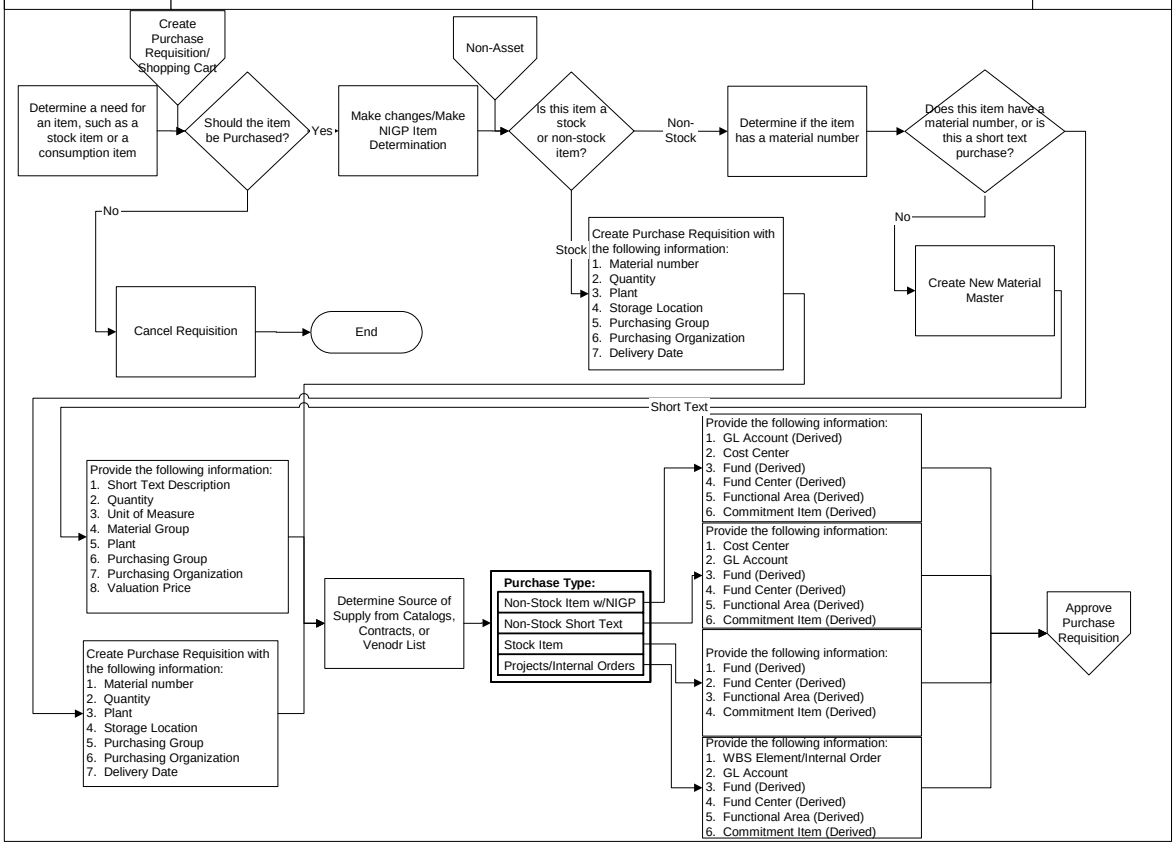
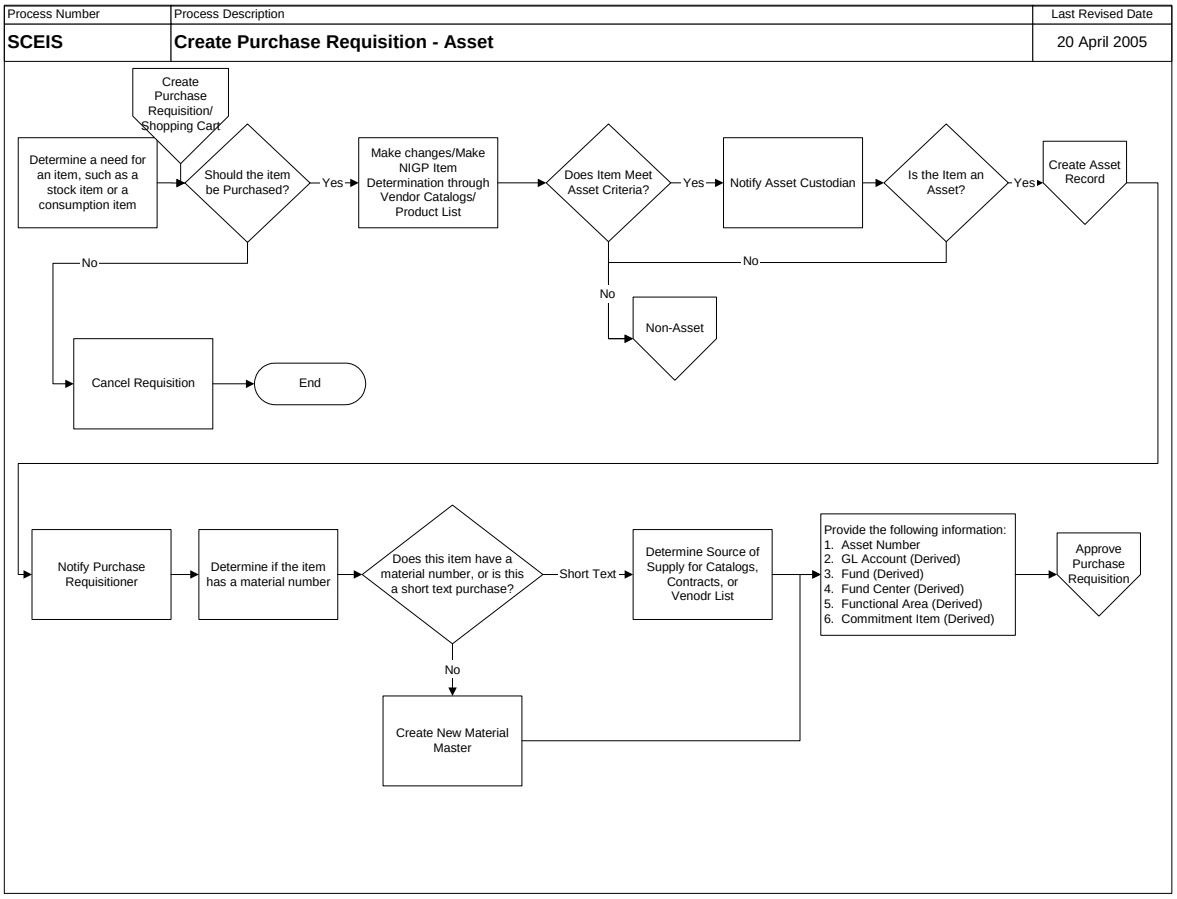


Exhibit 3.2.1-4 Purchase Requisition Creation for Asset Process



Business Benefits

- Full integration between financial and procurement/inventory applications
- Purchase requisitions will be stored and retrieved electronically with information available to anyone in the agency with the proper authorization
- Purchase requisitions will have one uniform process throughout all State agencies
- A complete audit trail of all purchase requisitions will be available for review
- Texts from the material master records will populate on purchase requisitions
- Material Master Record represents the central source of material-specific data and eliminates the problem of data redundancy

- Online validation and funds availability control at purchase requisition creation
- Pre-encumbrance accounting transactions at the requisition level will ensure that funding is available at the time of invoice payment
- Ability to have multiple purchase requisition release strategies based on the individual agency needs
- Online processing allows for easy approval, with little or no paper flow to slow down the process
- Automated routing of purchase requisitions for approval
- Ability of the owner of the budget to approve the purchase requisition
- Allow centralized and decentralized reporting
- Statewide or agency wide visibility of procurement activity in real time
- Better workload distribution across buyers
- Elimination of manual data collection for reporting

Recommendations

The following is a list of recommendations that have been developed through the Business Blueprint process. Recommendations that are a product of the workshops have been provided and agreed upon by the SCEIS Workshop team and are noted as such.

Exhibit 3.2.1-5 Purchase Requisition Recommendations

Recommendation	Made By	Follow Up
Create an electronic requisition with a unique requisition number.	SCEIS Workshop Team	The SCEIS solution will provide electronic requisitions with a system generated sequential number. Only in extraordinary circumstances where an Agency has limited access to SCEIS because of technology limitations will there be need for a paper based requisition. This is described in the process section above.
Track life cycle of a requisition including creation, modification, execution, or cancellation, including returns and credits.	SCEIS Workshop Team	The SCEIS solution will provide full life cycle transaction capabilities for the procurement cycle.

Recommendation	Made By	Follow Up
Allow requestor to suggest multiple potential vendors (utilizing notes section of requisition).	SCEIS Workshop Team	The SCEIS solution will provide the requisitioner one field for identifying a potential vendor. For multiple vendors the requisitioner will need to utilize the noted/free text section of the requisition.
Notification if the requested commodity is on Statewide or Term contracts.	SCEIS Workshop Team	The SCEIS solution will provide online notification if the commodity on the requisition is currently on an existing statewide or term contract or purchase order. This will occur when a buyer is processing a requisition.
Cross-referencing of requisitions to the corresponding purchase order and vice versa.	SCEIS Workshop Team	The SCEIS solution will link all associated documents automatically. The requisition, purchase order, contracts, delivery/goods receipt and invoice will all be linked. Users will have the capability to drill from one document to another as long as their security profile permits access.
Each Agency will have purchase requisition release dollar limits.	SCEIS Workshop Team	The SCEIS solution will provide each agency the capability to establish their individual release strategies. Each strategy will be unique to the agency and include dollar limits as well as other predefined approvals e.g. IT approval. See Purchase Requisition Workflow section for complete list of approvals.
Examples of purchase requisition approval routing could be based on the following: Commodity Type, Purchasing Group or Dollar Value.	SCEIS Workshop Team	The SCEIS solution will provide each agency the capability to establish their individual release strategies. Each strategy will be unique to the agency and include dollar limits as well as other predefined approvals e.g. IT approval. See Purchase Requisition Workflow section for complete list of Approvals.
When creating a purchase requisition the requisitioner will need to know or search for the material number and accounting information.	SCEIS Workshop Team	The SCEIS solution will utilize the NIGP coding structure to classify goods and services. There will be full search capability in the solution to find materials or account codes. The SCEIS Workshop Team recommends that all users be provided with adequate training on NIGP and Finance codes, before they are required to use the system.

Business Requirements

The following are business requirements that were identified during workshops conducted with the SCEIS team and agency representatives:

Exhibit 3.2.1-6 Purchase Requisition Requirements

Requirement	Solution Capability
Paperless Requisition process that is automated	RFP Section # 6.4.2 The SCEIS solution will provide each agency the ability to create purchase requisitions in an automated solution. The solution will allow for a requisition to flow through to invoice processing in a paperless environment.
Ability to split the funding source on the purchase requisition	RFP Section # 6.4.2 The SCEIS solution will provide the capability to split funding multiple ways on a purchase requisition (i.e., quantity or percentage)
Ability to track changes on the purchase requisition	RFP Section # 6.4.2 The SCEIS solution will provide the capability to capture all change history on a purchase requisition.
Budget owners need to approve the purchase requisition	RFP Section # 6.4.2 The SCEIS solution will provide multiple release strategies per Agency. The defined Purchase Requisition process in the section will require the budget owner to provide final approval for requisition before it is routed to a buyer.
A material classification system needs to be in place	RFP Section # 6.4.2 The SCEIS solution will utilize the NIGP coding structure as the material classification system. This decision was agreed upon by the SCEIS Workshop Team.
Workflow for purchase requisitions will be required	RFP Section # 6.4.2 The SCEIS solution will provide standard workflow capabilities including all requisition approval processes.
Attach/Open documents (i.e., Word)	RFP Section # 6.4.2 The SCEIS solution will provide the ability to attach/open word documents as well as other documents including but not limited to (pdf's, excel spreadsheets, html)
Create Purchase Requisition from created and approved purchase requisition	RFP Section # 6.4.2 The SCEIS solution will provide the ability to create purchase requisitions with reference to existing requisitions and to existing requisition templates.
Create Purchase order from multiple lines created in different purchase requisitions	RFP Section # 6.4.2 The SCEIS solution will provide the ability to create purchase orders from multiple requisition line items.
Attach Notes to the purchase requisition document	RFP Section # 6.4.2 The SCEIS solution will provide the ability to attach documents as well as free text in the notes section of the requisition.

Requirement	Solution Capability
Route Purchase Requisition line items automatically and manually to buyers	RFP Section # 6.4.2 The SCEIS solution will require that requisition line items be assigned to a purchasing group code. This will allow for automatic routing of the requisition to the correct buyer.
Create text templates	RFP Section # 6.4.2 The SCEIS solution will provide the ability to create and maintain standard texts within the solution. The standard texts can be incorporated in the notes or long text section of the requisition.

Open Items

Refer to Appendices for outstanding Business Blueprint open items.

Reporting

The SCEIS solution will provide the following ways to report on Materials Management functionality:

- Standard reports that are delivered as part of the SAP software
- Customized reports per the reporting requirements defined in this Blueprint
- Ad-hoc query capabilities for select users

Standard reports will be available in the SCEIS solution. The SAP ECC 5.0 and the SAP BW components of the SCEIS solution will provide standard delivered reports and info cube structures for Materials Management. Reporting access in the SCEIS solution will be profile driven, allowing access only to authorized users. As “User” profiles are developed for security roles it will be determined what reports are applicable to certain job functions and will be assigned to the security role as required.

A complete list of all Materials Management reports can be found in the Reporting Strategy component of the Technical section of this document.

The following is a list of the Purchase Requisition Reports identified during workshops.

Exhibit 3.2.1-7 Purchase Requisition Reporting Needs

Report Name	Description	Standard Report/ InfoCube
Active Requisitions with Fund Expiration	This report will list all purchase requisitions that have an expiring funding source within a specified time range by requisition, commodity, date, fund and location.	Custom Report or InfoCube to be developed.
WIP Purchase Requisition by Buyer	This report will list all purchase requisitions assigned to a buyer that have yet to be turned into contract or purchase order by buyer code, requisition number, commodity, quantity and date.	Standard Report – List Display of Purchase Requisitions
Processing Time Report	This report will list the processing time to take a purchase requisition through the full procurement cycle to invoice completion by document type by location.	Custom Report or InfoCube to be developed. 3 Standard InfoCubes exist which could provide basis for customization. InfoCube – Service Level Purchase Orders InfoCube – Service Level Purchase Order Qty InfoCube - Service Level Purchase Order Items

InfoCubes represent predefined sets of data that will be accessible for authorized users from the SCEIS Business Warehouse. The InfoCubes contain information that is transferred from the production system into a repository on a predefined basis. The cubes are standard cubes within the solution and will be reviewed by the project team to confirm applicability for the specific functional reporting needs as identified above.

Exhibit 3.2.1-8 Purchase Requisition InfoCubes

InfoCube Name	Purpose/Description
Service Level - Purchase Orders	This Cube enables you to evaluate the service level on the level of purchase orders. You can thus analyze, for example, the total number of purchase orders for the share of the purchase orders delivered late.
Service Level - Purchase Order Items	This Cube enables you to evaluate the service level on the level of purchase order items. You can thus analyze, for example, the total number of purchase items for the share of the purchase order items delivered late.
Service Level - Purchase Order Quantities	This Cube enables you to evaluate the service level on the level of purchase order quantities. You can thus analyze, for example, the entire purchase order quantity for the share of the purchase order quantities delivered late.

Workflow

The system will provide the ability to create various approval strategies based on combinations of different criteria such as dollar value, commodity type or funding source. Workflow will be used to electronically route requisitions to different individuals/positions for approval and ultimately to a buyer for processing. General workflow requirements have been determined, insofar as their degree of relevance to all agencies across the State and can be found in the "Purchase Order and Contracts" sections of this document. Workflow strategies will be addressed specifically during that particular agency's rollout to meet their needs. Requesters can add additional approvers and reviewers to the workflow to meet review and oversight requirements that are specific to their agency.

Assigned spending and approval limits will be used as an initial basis of workflow determination. Specific spending and approval limits will be assigned by role and agency hierarchy. All workflow routing will be based on the standardized procurement process documented in the flowcharts. Agency specific approval strategies will be defined during the agency rollout. If any agency determines that they have a unique requirement based on their procurement processes that differs from the standard process identified in this document, then they will be addressed during the agency roll out. Any modifications to the Procurement Code during the implementations of the SCEIS solution will have an impact on the approval and workflow process and will need to be addressed.

In addition to utilizing dollar limit controls for requisition approval, approvers will be added on the basis of type of commodity code. Commodities that have been identified to require additional approval are as follows:

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- IT Hardware / Software
- Furniture
- Vehicles
- Telecommunications equipment
- Hazardous materials
- Services
  - Architechtural

  - Accounting
  - Legal
  - Construction
- Drugs / Pharmaceuticals
- Guns and Ammunition
- Lab equipment
- Chemicals
- Alcohol
- Underground storage tanks
- Auxiliary Law Enforcement Equipment and Supplies
- Security systems
- Exempt items
- Sole source
- Emergencies

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Requisitions that contain items belonging to any of the specified categories of commodities will be routed to approvers responsible for their oversight and approval. As an example, items mapped to IT commodities will be routed to IT Planning for approval.

The system will add special approvers to the workflow on the basis of specified account assignment category. Account assignments that require special approval are as follows:

- Grants
- Internal Orders
- WBS Elements
- Fund or Fund Center

Requisitions that contain items that are assigned to any of the above account assignment categories will be routed to individuals responsible for their oversight and approval (e.g., Item costs assigned to a grant will be routed to the “Grants Office” or other appropriate office for approval).

Requisitioners will utilize the "Check Status" function within the SCEIS solution as a primary medium to monitoring the status of their requests that are pending approval and may at anytime prior to final approval, change or withdraw a request.

The following mediums will be available for use in approving requisitions:

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- SCEIS Integrated Inbox
- Details View

Approvers will be permitted to make changes to the requisition. The system will recalculate the workflow and add incremental approvers, as changes require. Changes made by an approver will require resubmission back to the original approver to go through the approval process again. As changes are made, users will be notified of changes to their original request and be given the opportunity of accepting, modifying and resubmitting, or withdrawing their requests before they are final.

Imaging

Imaging requirements have been identified for the documents that impact the Purchase Requisition processes. Imaging within Purchase Requisitions refers to the scanning and capturing of information that is required to be maintained to support the requisitioning of goods and services. The following table identifies the types of documents and information to be included in the imaging process and the point in the process to which the imaging activities would generally occur.

Exhibit 3.2.1-9 Purchase Requisition Imaging Integration Points

Scanned Documentation	Approval Process	Imaging Integration Point
Informal Quote (<$10,000)	Yes	Agency personnel would attach the documentation where they have received quotes to the requisition. These quotes would be used in the approval process as the requisition is routed through the approval steps to the buyer. This document will be attached to the requisition upon creation before the requisition is workflowed for approval.

Scanned Documentation	Approval Process	Imaging Integration Point
Drawings (CAD, etc.)	No	Agency personnel would attach this supporting documentation to the requisition. This document will be used to assist the buyer in identifying the correct goods or service and the appropriate vendor. This document will be attached to the requisition upon creation before the requisition is workflowed to the buyer.
Specifications (received by paper, disk or CD)	No	Agency personnel would attach this supporting documentation to the requisition. This document will be used to assist the buyer in identifying the correct goods or service and the appropriate vendor. This document will be attached to the requisition upon creation before the requisition is workflowed to the buyer.
Finality of Determinations (Procurement Code § 11-35-2410) Examples: - Conditions for Use - Request for Qualifications - Cancellation of Awards	No	Agency personnel would attach this supporting documentation to the requisition. This document will be used to assist the buyer in determining the appropriate procurement method and vendor. This document will be attached to the requisition upon creation before the requisition is workflowed to the buyer.
List of Suggested Vendors	No	Agency personnel would attach this supporting documentation to the requisition. This document will be used to assist the buyer in identifying the appropriate vendor. This document will be attached to the requisition upon creation before the requisition is workflowed to the buyer.
Vendor Quotes on Letterhead (>$5,000 <=$10,000)	Yes	Agency personnel would attach the documentation where they have received quotes to the requisition. These quotes would be used in the approval process as the requisition is routed through the approval steps to the buyer. This document will be attached to the requisition upon creation before the requisition is workflowed for approval.

User Roles

Based on the business processes supporting Inventory Management, the following standard roles have been identified.

Exhibit 3.2.1-10 Purchase Requisition Standard User Roles

User Role	Description
Central Materials Management Configuration	The Central Materials Management Configuration users will maintain the configuration tables within the SCEIS solution. They will be responsible for the creation, changing and deletion of any table entries as required. They will be responsible for ensuring that any configuration changes are coordinated with any other functional and technical requirements and that changes are adequately tested before any migration into a production environment occurs. Agencies will be responsible for providing their configuration requirements with appropriate justification to this group.
Agency Requisitioner	The Agency Requisitioner will be responsible for creating, changing and deleting requisitions in the SCEIS solution. They will be knowledgeable of the NIGP commodity code structure and the relevant SCEIS financial data. i.e. Fund, Fund center, GL account and Cost Center. They will be responsible for coding the requisitions correctly to minimize recoding the requisition.
Agency Requisition Approver	The Agency Requisition Approver will be responsible for viewing, modifying and approving the purchase requisition. They will be knowledgeable of the NIGP coding structure and the SCEIS financial coding structure. They will have a good understanding of the SCEIS release strategy process to know how a requisition is routed through the approval steps before it gets to a buyer.
Agency Purchase Requisitions Display	The Agency Inventory Display user will have the ability to display all purchase requisitions and run reports for their agency.