



MEETING MINUTES

State of Louisiana ERP Project

Non-Payable Invoices

October 21, 2008

Location: DOTD East Wing, Conference Room 611

Attendees:

No.	Name	Invited?	Attended?	Comments
1.	Glenn Berntsen	Y	N	ERP Team
2.	Richard Harbor	Y	Y	DOTD
3.	Beverly Hodges	Y	N	ERP Team
4.	Marietta Holliday	Y	Y	ERP Team
5.	Rae Marrero	Y	N	OSRAP
6.	Marty Milner	Y	Y	OFPC
7.	Anees Pasha	Y	Y	ERP Team
8.	Ashley Peak	Y	Y	ERP Team
9.	Eileen Scherich	Y	Y	ERP Team
10.	Drew Thigpen	Y	N	ERP Team
11.	Kris Horsley		Y	WLF
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<i>Agenda Item and Notes</i>	<i>Owner(s)</i>	<i>Action Items & Assignments</i>	<i>Comments / Follow-up</i>
1. Logistics, Ground Rules, & Introduction	Marietta Holliday	• None	
2. Project Timeline	Marietta Holliday	• None	
3. Workshop Objectives <ul style="list-style-type: none"> • Identify each agencies business requirements for procurement transactions (PO, invoicing) that are managed in SAP but <u>not paid from SAP</u> using the vendor payment function <ul style="list-style-type: none"> ○ Invoice data entry and accounting requirements ○ Invoice approvals and control requirements ○ How/when will the third party be notified of open liability and payment due date ○ How/when SAP will know the invoice has been paid by third party ○ when should the invoice be cleared in SAP ○ Reporting requirements • Develop business process design supporting vendor invoice billing discrepancies/invoice tolerances and application of vendor credits 	Marietta Holliday Mary Walker Anees Pasha	• None	<ul style="list-style-type: none"> • Identified that the agencies that use Non-Payable business function are <ul style="list-style-type: none"> ○ Office of Facility Planning and Control with payments made by Third Party ○ Department of Transportation and Development with payments made by DOTD and Third party reimbursement • Identified business requirements for: <ul style="list-style-type: none"> ○ Invoice data entry/accounting ○ Invoice approvals ○ How/when third party is notified ○ When Invoice is cleared in SAP ○ Reporting requirements (see Visio attachments) • Identified business process design for invoice discrepancies invoice tolerance and vendor credits (see Visio attachment)
4. Business Process Review <ul style="list-style-type: none"> • High Level Overview • "AS-IS" Process Flow 	Marietta Holliday Mary Walker Anees Pasha	• None	• See "Discussion" below.

- Process Improvement Opportunities
- Leading Practices
- SAP Glossary
- Review of SAP Vendor Invoicing Basics
- Review of Invoicing in SAP
 - Non PO Related Invoices
 - PO Related Invoices
 - PO Related Invoice Verification
 - Invoice Verification Tolerance Settings
 - Evaluated Receipt Settlement (ERS)
- SAP Concepts and Functionality
- “TO-BE” Business Process Flow – Vendor Invoice
- Review Of Vendor Payment Processing
- “TO-BE” Business Process Flow – Vendor Payment Processing
- Review of Vendor Account Management
- Enterprise Readiness Challenges

5. Action Items

Marietta Holliday
Mary Walker
Anees Pasha

- Obtained Request for Reimbursement Form from OFPC
- Confirm WLF use of OFPC as liaison for Non-Payable transactions
- Obtain policy/procedures that relate to Invoice Verification Tolerance settings from SME's

Discussion:

AS-IS Process Flow – Questions Addressed

- **Office of Facility Planning (OFPC)**
 - **Who are considered the “Third Parties” and what type of goods and/or services are purchased? Revenue Bonds Trustee are the third parties associated with OFPC; Services are rendered that relate to constructing and repairing buildings.**
 - **Where are the goods actually delivered? There are no Good Receipts based contracts just services.**

- Who receives the invoice first? The architect/designer receives progress billing which is then forwarded to OFPC for processing.
- Do the Non-Payable Vendors need a separate Reconciliation Account? No; No accounting takes place, no expenses, no liabilities, and no encumbrance.
- Is there a need for a separate Vendor Account Group for the Non-Payable Vendors? No
- Department of Transportation and Development (DOTD)
 - Who are considered the “Third Parties” and what type of goods and/or services are purchased? Parishes and other state agencies are the third parties associated with DOTD; Services are rendered that relate to Road Projects and actual management of Federal monies; DOTD is subsequently reimbursed .
 - Where are the goods actually delivered? There are no Goods Receipts based contracts just services.
 - Who receives the invoice first? The consultant on the project receives the invoices and obtains all necessary signatures before the information is entered into “ESTI” and paid; Also, there is a Contingent Liability report submitted in spreadsheet format.
 - Do the Non-Payable Vendors need a separate Reconciliation Account?
 - Is there a need for a separate Vendor Account Group for the Non-Payable Vendors? Maybe a separate agency. Most expenses are charged to a Function # (580) and Project.
- Wildlife and Fisheries (WLF) – Follow-up with Susan Neuson

In some cases OFPC stated that monies are donated for different projects. Scenario stated referenced the Initial Contract and Change Orders. In those particular situations the donated funds are processed and monitored as regular payables. Donated Monies are Payable and Trustee controlled funding is Non-Payable.

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| <ul style="list-style-type: none"> ● Non-Payable <ul style="list-style-type: none"> ○ Vendor ○ “Non-Pay” Accounting Coding ○ Payment Method “NP” | <ul style="list-style-type: none"> ● Payable <ul style="list-style-type: none"> ○ Vendor ○ “True” Accounting ○ Payment Method “C” |
|--|---|

Leading Practices

Discussed 3-way matching (Purchase Order-Goods Receipts-Invoice) and 2-way matching (Purchase Order-Invoice) and how it relates to Non-Payables. Identified that most transactions are mainly 2-way matching (services provided).

Discussed electronic approvals, such as Workflow, and how the functionality of it would work through the SAP system streamlining the process of approvals. There are also instances where Workflow can also be implemented with some processes sitting outside the system where the actual documentation has to be accessed before approval it rendered.

Discussed utilizing electronic data presentation versus the mundane paper copies and how it would add value with the more efficiency and accuracy.

Discussed system controls that search for possible duplication of invoices by verifying that the same invoice number or dollar amount has not been previously entered.

Noted ‘self-service’ portals are currently in place and being maintained by OSRAP that allows vendors to research payment information.

Internal numbering for documents has been decided in previous sessions for document types. In addition, the Reference Field is required and the Document Header Text field is optional.

There are six main vendor document types that are standard with SAP. The Non PO Related document types are KR for the invoices and KG for the credits. The PO Related document type is RE for PO Related Invoices, PO Related Credits, ERS(Evaluated Receipts Settlement)/EDI Invoices/Credits, and Invoice Reductions.

Question: Are Non-Payable invoices typically Non PO Related? Yes

Manual Workflow for Non PO Related Invoices

OFPC

- **Manual Entry**
- **No need for End-User Tolerance Group**
- **Most approval prior to data entry into SAP**
- **Validation using parking**

DOTD

- **Manual Entry**
- **No need for End User Tolerance Group**
- **Most Approval prior to data entry into SAP**
- **Validation of data entry**
 - **Park with one level of review prior to post**

DOTD may also need Workflow to prompt individuals of pending items that need processing. Workflow concerns surrounding adding the functionality after the fact was discussed. It was stated that Workflow can be folded in later but requires very detailed information as to how you want it to perform.

Verification Tolerance Settings

This is a listing of the tolerances that are normally turned on and what they do within the system.

- **AP – simple price check**
- **BD – allows you to write small differences off**
- **BR – for goods receipt**
- **BW – for goods receipt**
- **DQ – supports checks from quantity point of view**
- **DW – supports checks from quantity point of view**
- **LA**
- **LD – will be used**
- **PP**
- **VP**

Invoice verification is performed by line items. Each individual item is reviewed by the system. Tolerance currently in place for OFPC is the set dollar amount for the particular project can not be exceeded.

Use of Evaluated Receipt Settlement (ERS) is dependent up full agreement from vendor.

Payment Program – parameters are set

The current payment methods were discussed and it was determined that “NP” for Non-Payable needs to be added. In reference to multiple payments to one vendor, up to ten invoices can be paid with one check. The payment program does not clear “blocked” (manual or price variance) invoices. Payments will be processed centrally. The payment program can determine if a payment is due, past due, and pending payment in the future. In addition, the payment program can make payments early that would be considered late due to closures and/or Holidays.

Vendor Payment Processing

There is no need to limit “non-payable” payment method to specific vendors.

Non-Payable invoices should be included in the traditional overnight batch process.

In the case of processing errors during the overnight batch process the person contacted for traditional payments should be contacted for DOTD. This is not an issue for OFPC.

*Credit: Vendor (Payables Acct.) ***payment output****

Payment Program
Debit: Vendor
Credit: Exp. (Clearing Acct)

Cleared Check
Debit: Cash-In-Transit
Credit: Cash
DOTD – AREC

Customer Invoice
Debit: Customer (AR)
Credit: Dummy Account

DOTD

Invoice (Net – Less Retainage)
Debit: Expense/Project A
Credit: Vendor (Payables Acct.)

Customer Payment
Debit: Cash Sub Account
Credit: Customer

OFPC

Invoice
Debit: Expense (Clearing Acct.)

Payment Program
Debit: Vendor (Payable Acct.)
Credit: Cash-in-Transit

Debit: Dummy General Ledger
Credit: Revenue G/L

Reporting

- **OFPC**
 - *Invoices submitted to Trustee (paper form)*
 - *Standard reporting in SAP*
 - *by Vendor*
 - *by Project (WBS element)*
- **DOTD**
 - *Reporting done in “ESTI” for Capital Outlay*
 - *Expenditure Report*
 - *what has been expensed*
 - *what has been paid*

Parking Lot

- **Is there a need to recognize the Vendor liability on SAP’s Balance Sheet for the Non-Payable Invoices?**
- **General Ledger: Do we need a separate Reconciliation Account for the Non-Payable Invoices? Richard Harbor /DOTD, will confirm the use of function (580) or group number.**
- **BI-Project Management: Are there plans to convert the existing Data Marts in Business Objects into SAP?**

Actions Items

- **WLF – Complete AS-IS questions**
- **Treasury – Permit limited access to Manual Pay Transactions.**
- **Follow-up with WLF-Purchasing on Non-Payable Contracts**
- **SMEs will forward any policies and/or procedures in reference to Invoice Verification Tolerance Settings.**
- **Project Systems – Schedule Numbering schema as it relates to Work Breakdown Structure (WBS)**
- **Schedule in-house meeting with Larry Hofstad – “ESTI” system**
- **Obtain Request for Reimbursement form from Facility Planning.**

Organization Impact

- **Training and Hardware Impact as it relates to the possibility of Manual Pay Transactions**
- **Training for Project Managers (Facility Planning) on Invoicing – Entering the invoices once they are received in office**

Integration Points

- **Project Systems**
 - **Touch basis in relation to Non-Payable Invoice tracking as it relates to Projects.**
 - **Need for edits that control spending by phases.**
 - **Ability to identify a Non-Payable invoicing scenario.**
 - **Discuss Non-State Entity Projects – Was this discussed in previous sessions?**
- **Funds Management**
 - **Discuss possibility of creating substitute rule for Reconciliation General Ledger Account.**
- **Materials Management**
 - **Needed field on Purchase Orders that indicates a Non-Payable Invoice.**

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- **Potential interface for DOTD “ESTI” into SAP – Parked Invoices**
- **Conversion of Open Balances on Contracts for Facility Planning and DOTD**
- **Use of Start Fresh approach for Open Invoices for DOTD**
- **Conversion of open encumbrances for DOTD**
- **Request for Reimbursement form for Facility Planning.**

Key Decisions:

- DOTD's "ESTI" software/system will remain.
- There is no current need for separate Vendor Account Groups.
- There is a need for Custom Payment Methods.
- Invoices will be "parked" initially with manual Workflow. (Specifics to be determined)
- There is no current need for Installment Payment Terms.
- Invoice Verification settings must match Contract amount.
- Accounts Payable invoicing will be done centrally.