



# MEETING MINUTES

## State of Louisiana ERP Project

*Blueprint Workshop/Purchasing Organizations; Purchasing Groups- Contracts*

Session: LOG-MM-001-Part-2

08/06/2008 @ 8:30 to 4:30

Location: DOTD East Wing – ERP War Room

### LaGov/Logistic Team Attendees

Belinda Rogers	Cathy Cutrer
Brad Denham	Llewellyn DeFoe
Sudhir Deshmukh	Sharon Hebert
Jack Ladhur	Kenya Lipscomb
Adam LaTour	Cherrilyn Nedd
Mandar Trivedi	Sharon Schexnayder
Ryan Sides	Theresa Seal
Ginger Roberts	Mark Wright

### Agency Attendees:

No.	Name	Agency	Invited?	Attended?	Comments
1.	Anderson, Shannon	DPS	Y	Y	
2.	Buckner, Yvette	LDWF	Y	Y	
3.	Hanson, Sylvia	DOC	N	Y	At request of Suzanne Sharp
4.	Lea, Denise	DOA/OSP	Y	Y	
5.	Liford, J.D.	DOA/OTM	Y	Y	
6.	Marrero, Denise	DOA/OFPC	Y	Y	
7.	Morrison, Bill	DOA/OFPC	Y	N	
8.	Napoli, Paul	DOTD	Y	Y	
9.	Newsom, Susan	LDWF	Y	Y	
10.	Raiford, Julia	DNR	N	Y	On behalf of Karen Lewis
11.	Sanders, Randy	DOTD	Y	Y	
12.	Sharp, Suzanne	DOC	Y	Y	
13.	Smith, Susan	DOA./OCR	Y	Y	
14.	Stewart, Chris	LED	Y	Y	
15.	Stribling, Martina	OYD	Y	Y	
16.	Thomas, Shermain	DSS	Y	N	
17.	Wallace, Patti	DOE	Y	Y	
18.	Ward, Wanda	LDAF	Y	N	
19.	Watson, Eve	DHH	Y	Y	
20.	Williams, Sandra	DOA/OTM	N	Y	At request of J.D. Liford

<i>Agenda Item and Notes</i>	<i>Owner(s)</i>	<i>Action Items &amp; Assignments</i>	<i>Comments / Follow-up</i>
1. <b>Logistics, Ground Rules, &amp; Introductions</b>	<ul style="list-style-type: none"> <li>• Kenya Lipscomb</li> </ul>	<ul style="list-style-type: none"> <li>• None</li> </ul>	
2. <b>Workshop Objectives</b>	<ul style="list-style-type: none"> <li>• Kenya Lipscomb</li> </ul>	<ul style="list-style-type: none"> <li>• None</li> </ul>	
3. <b>Project Overview/Timeline</b>	<ul style="list-style-type: none"> <li>• Kenya Lipscomb</li> </ul>	<ul style="list-style-type: none"> <li>• None</li> </ul>	
4. <b>Business Process Review</b> <ul style="list-style-type: none"> <li>• SAP Logistics Structure</li> <li>• Purchasing Organizations (definition)</li> <li>• Purchasing Groups (definition)</li> <li>• SAP Concepts</li> </ul>	<ul style="list-style-type: none"> <li>• Sudhir Deshmukh</li> <li>• Brad Denham</li> </ul>	<ul style="list-style-type: none"> <li>• None</li> </ul>	Hard copies were provided of SAP Glossary , and Powerpoint slides.
5. <b>Action Items</b>	<ul style="list-style-type: none"> <li>•</li> </ul>	<ul style="list-style-type: none"> <li>• OCR: Get flow diagrams. Need concise documentation of processes into a single document that provides approval levels; contractual review steps and bids approvals (steps/movements, bid requirements, opportunities for process improvements.</li> <li>• OFPC Leasing workflow; division of work among Lease Agents, which may affect routing and workflow. Manual approvals w/in agency—need to get the process and how items are sent to OCR.</li> <li>• OFPC Co-ops Need info on how they work with capital outlay/contracts</li> <li>• Assignment of purchasing groups – by agency vs. by commodity</li> <li>• Further research of how PA and SC utilized purchasing orgs. and purchasing groups. Kenya and Brad will contact</li> </ul>	

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other state. How are others structured in terms of centralized, decentralized procurement in relation to POrg. and PGrp.?

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**6. Organizational Impacts**

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- Workflow by Purchasing Group – by agency and/or commodity
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**7. FRICE-W**

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- OCR Blue Sheet
  - Workflow by Purchasing Group-by agency and/or commodity
  - Bidding at agency level and OSP/OFPC/DOTD/OCR
  - Ability to move one PGrp. to another PGrp. belonging to a different POrg. Workflow needs to segregate items based on different logic (comm..., agency) at different levels of approval.
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**8. Parking Lot**

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- Movement of requisition to OSP because of DPA; P. Group/Org. does not change (Different tools to take care of this). What are PA & SC doing? Who takes care of P.O./Contract issues?
  - Read Statutes
  - OFPC – Co-op contract procedures
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**Discussion**

Adam LaTour facilitated the discussion of the organizational structure of the various agencies represented in order to try to determine the assignment of purchasing organizations and purchasing groups. Each of these agencies discussed its organization regarding the processing of personal, professional, and consulting service contracts. See diagrams below.

**OCR**

According to Susan Smith, Director of OCR, her office oversees and administers all contracts handled by the executive branch agencies for personal, professional, and consulting services. Her office also sets policies by which these contracts are handled, and provides the final approval for these contracts.

OCR buys “people” or “services”, rather than things. Professional Services are mainly for people (Doctors, Lawyers) and software as well as performance based contracts.

OCR does not actually procure the services. OCR provides the final approval of contracts which have been negotiated by the agencies, sometimes after an RFP process, or sometimes without the necessity of an RFP, depending on the type and/or dollar amount of the service.

If an RFP process is necessary (over \$50K for consulting services and over \$250K for social services), the agency prepares the RFP, usually using a standard boilerplate provided by OCR. RFP’s may be reviewed by OCR before the agency sends it out to potential proposers. If sent to OCR, RFP’s go directly to either the director or assistant director for review. The RFP, selection, and award are done at the agency level.

Contracts are negotiated at the agency level, but have to be approved by OCR before they can be dispatched / paid, whether or not they are the result of an RFP process, depending on the dollar amount, commodity code, and/or agency. OCR has four (4) Contract Administrators (CA) who receive contracts from the agencies, which have already been executed (signed by both the agency and vendor). Each CA is responsible for certain agencies, although these agency assignments may change. They review to ensure compliance with laws and requirements, and to ensure that any supporting documents are included. The status in the system shows that the agency has sent the document. A notation is made in the system to acknowledge physical receipt of the contract. OCR reviews the hard copy of the contract and makes recommendations with

required changes and initial any changes needed to the applicable agency. Contract updates cannot be made on the physical copy of the contract, since it is a legal document. Contracts terms and conditions are reviewed by OCR – however the contracts are essentially signed and sealed prior to coming to OCR. If OCR denies the contract, there is a special process, 1524, to pay the contractor for services already rendered. This process maybe limited due to staff restriction.

OCR uses a “blue sheet” routing transmittal to track the status of a contract, who has reviewed, etc.

OCR Director gives certain delegations to approve contracts at agency level (in house). Some delegations include small purchases (\$20,000 and under), Special Delegation (any amount) and some Cooperative Endeavors.

Contracts are routed to OCR by commodity code (class/sub-class), document type, dollar amount, and potentially agency.

Consulting contracts over a certain dollar amount require review by PST (Procurement Support Team). There is currently no way to track this process.

OCR handle some performance based energy efficient contracts (e.g., agency wants to replace chiller, boiler). Consultants are usually involved, and it is handled mostly through OFPC.

Susan Smith indicated that her office would like to shorten this whole process, improve bid process, procedures, approval levels, etc., if possible. Her office approves approximately 6000 to 6500 contracts per year, worth approximately \$3.5 billion.

The performance evaluation of the contract is completed at the end of the contract. This is a statutory requirement. A performance evaluation (vendor evaluation) report is sent from the agency to OCR. The agency should not utilize further services of the vendor until OCR has received the evaluation.

### **Facility Planning**

Paper Requisitions are created and then sent via accounting to FPC. Some contracts are approved at FPC. Others are approved at OCR.

For leasing, RFPs are created by leasing. Requests for leasing are created by departments and then sent to leasing which bids out anything over 5000 square feet.

May be able to use attributes to tag vendors for MBE codes. However, some of these vendors are not tagged in the system as MBE vendors. An indicator for this type of vendor will need to be defined in the vendor master.

OFPC receives documents from the state agencies. The leasing agent creates the bids. The Leasing administrator assigns the award (i.e. they are not the originator of the document – they will only work the documents.) The bid document then goes back to the agency and the vendor for signature.

The Leasing Agents will not initiate any documents. They will only conduct additional processing (therefore will not need to be a purchasing group).

All processes are manual. OFPC would like it to be otherwise.

### **DOE – 2000 contracts per Yr**

DOE – OMF (Office of Management Finance) completes some PO processing for RSD – i.e. OMF makes changes to PO created - therefore we need Purchasing Groups at the OMF level

SSD – Special School District department consists of LSVI (Louisiana School for Vision Impaired), LSD (Louisiana School for Deaf), SEC ( ), SSDI (Special School District 1). Each of these has a DPA.

Multiple Purchasing Group will be used for DOE (RSD – Recovery School District). Requisitions will be assigned to Purchasing Groups by commodity code.

PGrps can be assigned differently with in POrg ( ie commodity / or amounts)

PGrps for state purchasing may have to be done via a query / filter – i.e. State Purchasing may query on commodity and amount i.e. office furniture over 25K.

Suggestions were made to strive towards normalizing this process – however statutes may restrict this recommendation. Therefore we may need custom development to handle this. For example, in order to change purchasing groups that have been assigned to purchase orders may require some custom development.

OMF creates contracts for Professional Services for all of DOE.

All agencies but RSD pass contracts/purchase docs to OSP and OCR if over their authority  
Construction contracts are handled by OMF.

RSD and OMF have inventory warehouses

### **OTM**

Example: OTM creates the requisition for telephone equipments and then State purchasing bids this out. This is a detailed contract. This contract is leveraged by the entire state. The bids are reviewed by OTM. OTM makes a bid recommendation to State Purchasing who then awards the contract.

OTM creates a scope of requirements with limited details for items which are like T1 lines, relays and switches  
State wide contracts will have Office of State Purchasing PGrp. Internal contracts to OTM (office Supplies / T1 lines) will have OTM PGrp.

### **DOC**

Most of the requisitions are manual - 250 contracts per year

Leasing will flow the same way to facility planning as other agencies. The documents will flow to OCR for approval after they exceed the purchasing delegation. 1 PGrp and 1 P Org needed here as only one buyer exists at this agency.

### **DNR**

OMF handles all Professional Services contract for all agencies. Contracts go to OCR only when they are greater than delegation of authority dollar limit of the agency

### **LED**

This department has one buyer who handles all contracts for all agencies of this department. Contracts go to OCR when required by type or dollar amount.

### **SAP Terms / Definitions**

Defined company code (currently 2 company codes – are considering readdressing this and having a single company code).

Purchasing group – Where Procurement activity takes place (Purchasing & Contracts).

Buyer Groups / Buyers (contract administrators). Buyer is essentially a person who does the communications with the vendors, the person who changes POs. PGrps are assigned at the material master.

Plants – have financials impact, the organization performs, where inventory is held, i.e. have stock rooms and maintain and evaluate inventory.

Delivery locations can be defined as storage locations (have exact street address tied to them).

Purchasing Organization at the company level – N/A in the state's organizational structure

Purchasing at Plant level – Used when we have local vendors or want to restrict contacts to one agency / department.

Reference Purchasing Organization – a strategic purchasing organization which provides a flexible approach that may be applicable for state level contacts. Supports multiple plants and multiple company code. Must be assigned to one or more plant. Pricing information can be maintained at this level. When a contract needs to be shared across agencies then we will have to create these under a reference purchase org.

Purchase Order – Allows us to have receipts and create payments. We may need to use document types to distinguish the types of PO (i.e. whether they are for commodities or for services).

Material Master Record - will contain all the items that SoLA will purchase on a regular basis or keep stocked. These are restricted by plant. The material masters' items (number) are then referenced on a contract / PO  
PGrp and PORG will enable the users when creating a requisition to automatically search for contracts available for that organization and that material.

The PGrp work queue can be still be worked by other buyers depending on configuration of the work queue, i.e. parameters could be how long its sat in a particular buyers queue for example.

**Special Points of Interest:**

Invitation approvals go through OCR (Bid invitations). RFP – are reviewed by director and assistant director.

OCR uses a Routing Internal Transmittal which is a document that is used to track who reviewed (blue sheet) the contract.

Facility Planning – MBE - An indicator for this type of vendor will need to be defined in the vendor master.

All reviews are currently manual with little tracking electronically – OCR requests that this be made possible

High Level - Need to confirm who can change the PO, due to delivery schedule, price resource – who can make the change?

Will it be State Purchasing or will it be the organization who initiated the change request? This will affect POrg.

DOE - we will use commodity code to route the req – i.e. because services get routed to OMF.