



OA Approvals and WF
LOG-MM-019/020/021
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LaGov

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Today's Workshop Objectives

- Review Current Approval Process for Commodity Contracts
- Review Current Approval Process for Professional Service Contracts
- Capture Approval Decision Attributes For Purchasing Outline Agreements (New and Change)



Today's Workshop Objectives

- Review Glossary
- Overview of SAP Workflow Approval Functionality



As-Is Overview



As-Is State Contracts for Commodities -Approvals-

- Approvals at OSP for contracts:
 - Approvals are same for all types – competitive, brand name, LaMAS, agency term
 - Approvals are all manual; approved route slip (tracking form for contract renewals) becomes a permanent record in the file
 - State Purchasing Officer (buyer) makes recommendation
 - file routed to manager for approval, if applicable
 - file then routed then to Assistant Director, if applicable
 - file then routed to Director, if applicable



As-Is State Contracts for Commodities -Approvals-

**SPO (Buyer)
makes
recommendation
and forwards to
Manager, (if
applicable)**

**Manager reviews
and approves,
then forwards to
Asst. Dir., (if
applicable)**

**Asst. Dir.
Reviews and
approves, then
forwards to
Director (if
applicable)**

**File returned to
SPO for
completion
and/or
distribution**



As-Is State Contracts for Commodities -Approvals-

	Final Approver
Request to establish new contract	Manager
Solicitation prior to release	Manager's option
Award of contract that was bid	Manager \leq \$1 million; AD $>$ \$1 million
Final agreement for LaMAS contract	Manager \leq \$1 million; AD $>$ \$1 million
Extension beyond maximum allowed by contract	Director
Changes: price reductions (no chg.in product); distributor adds/deletes	Buyer (no further approval required)
Changes: item substitutions, deletions, additions	Manager
Disapproval of item substitution, deletion of existing contract	AD
Offer of renewal or extension	Manager \leq \$1 million; AD $>$ \$1 million



As-Is State Contracts for Commodities -Signatures-

After approval:

- New Contract - Buyer signs Notification of Award letter
- New Contract - Buyer prints original contract award & signs
- Renewal – Buyer signs Renewal Inquiry letter to vendor
- Renewal – Buyer signs Notification of Renewal letter
- Renewal – Buyer prints renewed contract & signs
- Revisions:
 - KCHG – Buyer prints cover sheet listing revisions & signs
 - Buyer prints a revised contract & signs.

The printed contract form and the KCHG form each contain two (2) signature blanks. Buyer signs, then must get Manager's signature (per internal delegation policy).



As-Is State Contracts for Commodities -Signatures-

Print-outs happen after approvals.

Official award/renewal letters can be signed by buyer, regardless of the contract value, yet print-out of contract also requires sending back to manager for signature

Can second signature on contract form be eliminated?
(would require change in OSP's internal delegation policy)

Exception: If an agency term contract results from RFP, it requires OSP Director's signature.



As-Is Contracts for Commodities DOTD

- Proposal contracts (Word documents)
- P.O. contracts (PIMS)

Approvals are all manual w/in purchasing department, similar to OSP's process.



As-Is Service Contracts and Approvals

- Approvals for contracts:
 - Approvals are different depending upon the type of service being procured:
 - Agency electronic approval
 - Agency manual approval
 - Office of Contractual Review approval



As-Is State Contracts for Services -Approvals-

**Contract Officer
(Buyer)
processes
contract or
amendment**

**Agency reviews
and approves or
disapproves
(electronic or
manual)
in-house if
applicable**

**Agency submits
contract or
amendment to
OCR if needed**

**OCR reviews
and approves or
disapproves
contract or
amendment**



OA Approvals: Create, Change, Delete

DOTD Professional Services



Retainer Contracts

- Retainer contracts are the only common form of OA used by DOTD for professional services and construction.
- Retainer contract approvals are very similar to other contract approvals in the requisition and RFQ processes.
- Purchase orders are released from the retainer contract as “Task Orders”



Definitions

- Retainer Contract – A contract that outlines the scope and payment for like kind services that will be delivered as multiple, separate elements of work, and scheduled on an as needed basis.
- Task Order - An order for services, including specific scope, time and payment information, placed against an established retainer contract. A task order may also be called a notice to proceed or a work order.



Original Contract and Supplements

- DOTD professional service contracts may have multiple stages, each with multiple parts. Most contracts will only have two or three parts.
- Usually, only the compensation provisions for the first part will be set or initially negotiated in the original contract.
- The original contract will describe all anticipated Stages and Parts, and explain that Supplemental Agreement(s) will include compensation and contract time for subsequent work.



DOTD High Level OA Approval Process: Professional Service Retainer Contracts

RFQ Process /
Contract
Document
completed

Vendor
Signature

DOTD
Secretary's
Signature

Copies of
signed
Retainer
Contract are
distributed

Task Orders
are issued as
needed

Note: Contract review and approvals occur prior to award

Note: Contract funding may occur prior to award, or with each TO



Contract Amendments: Non-Negotiated Contracts

- Contract amendments for non-negotiated type contracts are also non-negotiated.
- The Consultant may submit a detailed scope of services description and a list of appropriate descriptive line items for work-hour estimations (work-hours and compensation are not included).



Contract Amendments: Non-Negotiated Contracts, Continued

- DOTD will review the proposal, reconcile any differences in the scope of services, estimate the required work effort, and calculate the compensation.
- The compensation calculation for supplemental agreements and Task Orders issued under a retainer contract is the same as for other contracts, except that the Consultant's salary and overhead rate information will be used.



Contract Amendments: Negotiated Contracts

- Contract amendments for negotiated type contracts are also negotiated.
- The amendment differs from the non-negotiated format in that the Consultant supplies a scope of services, work-hours, direct expenses, and compensation calculations.



Contract Amendments: Negotiated Contracts, Continued

- The compensation calculation for supplemental agreements and Task Orders issued under a retainer contract is the same as for other contracts.
- Contract amendments will be sent to FHWA for approval, if required.



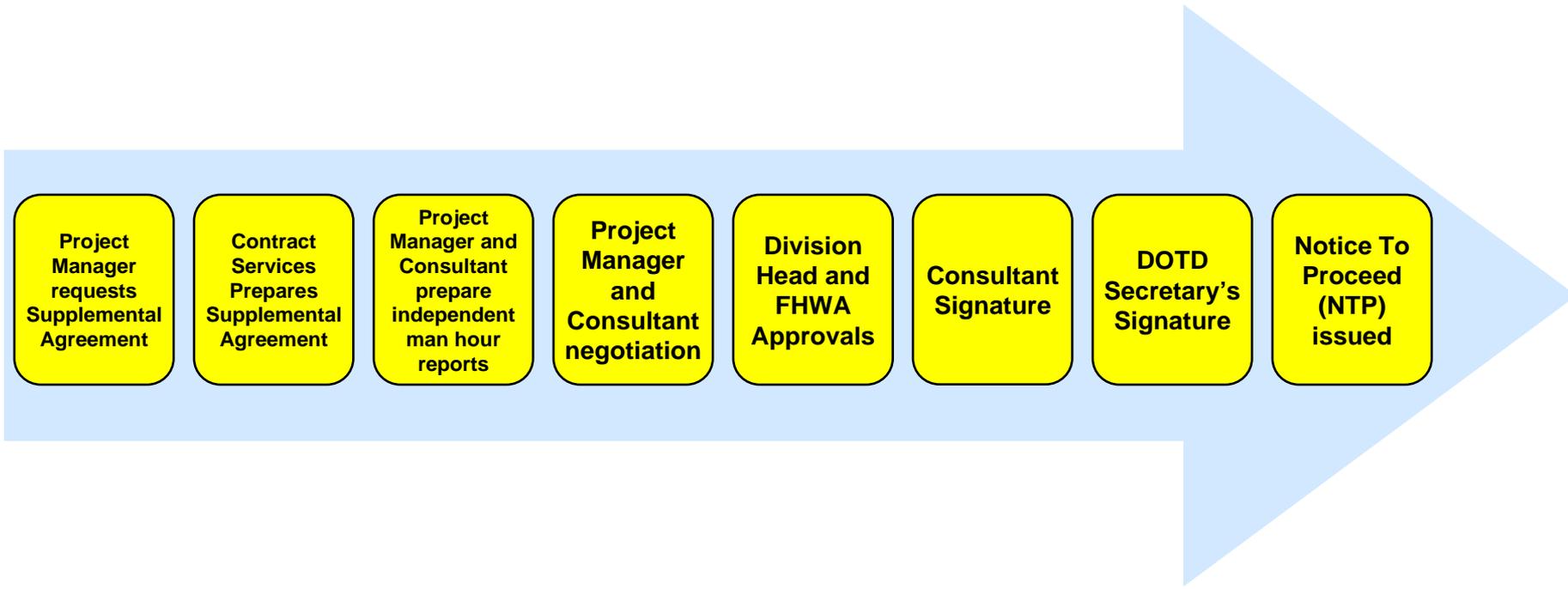
Contract Amendments

Supplemental Agreement –

- A supplemental agreement will be required when the additional work represents a change in the original scope of the contract, or when the estimated compensation for the additional work exceeds the cumulative value of all approved contract compensation to date.



DOTD High Level Professional Services Contract Amendment Approval Process: Supplemental Agreement





Contract Time Extensions and Closures

- All contract extensions must be requested, with proper justification, through the Project Manager prior to termination of each phase or part of the contract.
- A suspension of work should be requested from the DOTD Project Manager for the time period that no work is being performed on the project to stop the contract time, as stated in the contract, from running out. DOTD Project Managers, upon their approval, will forward this request to the Consultant Contract Services Unit.
- Upon the satisfactory completion of the project, the Project Manager will request closure of the contract from the Consultant Contract Services Unit. The Consultant Contract Services Unit will close the contract, notify the Project Control and the Construction Audit Units, and request a post audit from the Audit Section when necessary.



SAP Concepts



SAP Glossary

- **Attribute** – A property or value that describes and defines an object or an entity in detail (blonde hair, blue eyes, 5'2" tall, 120 lbs...are all attributes of a human)
- **Client** – A grouping or combination of legal, organizational, business and/or administrative units with a common purpose; a self-contained unit in an SAP system with separate master records and its own set of tables ("The State of Louisiana")
- **Company Code** – This level represents an independent accounting unit within a client. Each company code has its own balance sheet and its own profit and loss statement. Example : a subsidiary company, member of a corporate group ("The State")
- **ECC** – Enterprise Central Component (the core SAP system where financials and most logistics transactions are processed)
- **Matchcode** – A search technique which enables a user to locate a particular database record (such as an account number or material master record) by entering information contained in the record (Key word Search)
- **Reconciliation Account** – A G/L account to which transactions in the subsidiary ledgers (such as in the customer, vendor, or assets areas) are updated automatically
- **Dunning** – A reminder or warning letter used to remind vendors to deliver the material from the purchase orders.



SAP Glossary (continued)

- **Minority indicator** – A business that is owned and controlled by one or more socially and economically disadvantaged persons
- **Tolerance Group** – It is a percentage or a value that is the limit to which an event can deviate
- **Partner Functions** – A term, such as "sold-to party" or "payer", that describes a person or organization with whom you do business
- **Invoice verification** – A term that describes the entering and checking of incoming (vendor) invoices
- **Account Groups** – An object with attributes that determine the creation of master records
- **Flagging for deletion** – A label that identifies a data record to be deleted from the database
- **AVL (Approved Vendor List)** – Object in SAP for source determination which identifies vendors approved to supply specific commodities and services.
- **Purchasing Organization** – An organizational unit in Logistics, subdividing an enterprise according to the requirements of Purchasing



SAP Glossary (continued)

- **Supplier Self Service (SUS)** – The SAP web based application which enables vendors to self register with the state, view purchase orders, respond to purchase orders, enter confirmations, enter invoices and view the status of supplied services and/or commodities
- **Supplier Relationship Management (SRM)** – The SAP application which enables the procurement process via an web enabled user interface
- **Supplier Screening** – The list of suppliers that have registered to supply items awaiting analysis and approval. They are not seen in the procurement processes until they are approved by the buyer
- **Supplier** – The listing of suppliers that have been accepted as qualified sources of supply for goods and services in SAP SRM
- **Shopping cart** – The object in the SRM application leveraged for the requisition data. This document is what is created by the requisitioner in the application to create requests for procurement.
- **Buy on Behalf Of (BOBO)** – SAP term describing the entry of a shopping cart on behalf of another user. This is performed by the secretary in the SRM system.
- **Confirmations** – The goods receipt function in SRM
- **Workflow** – The SAP functionality for online distribution of electronic documents for approval/review.

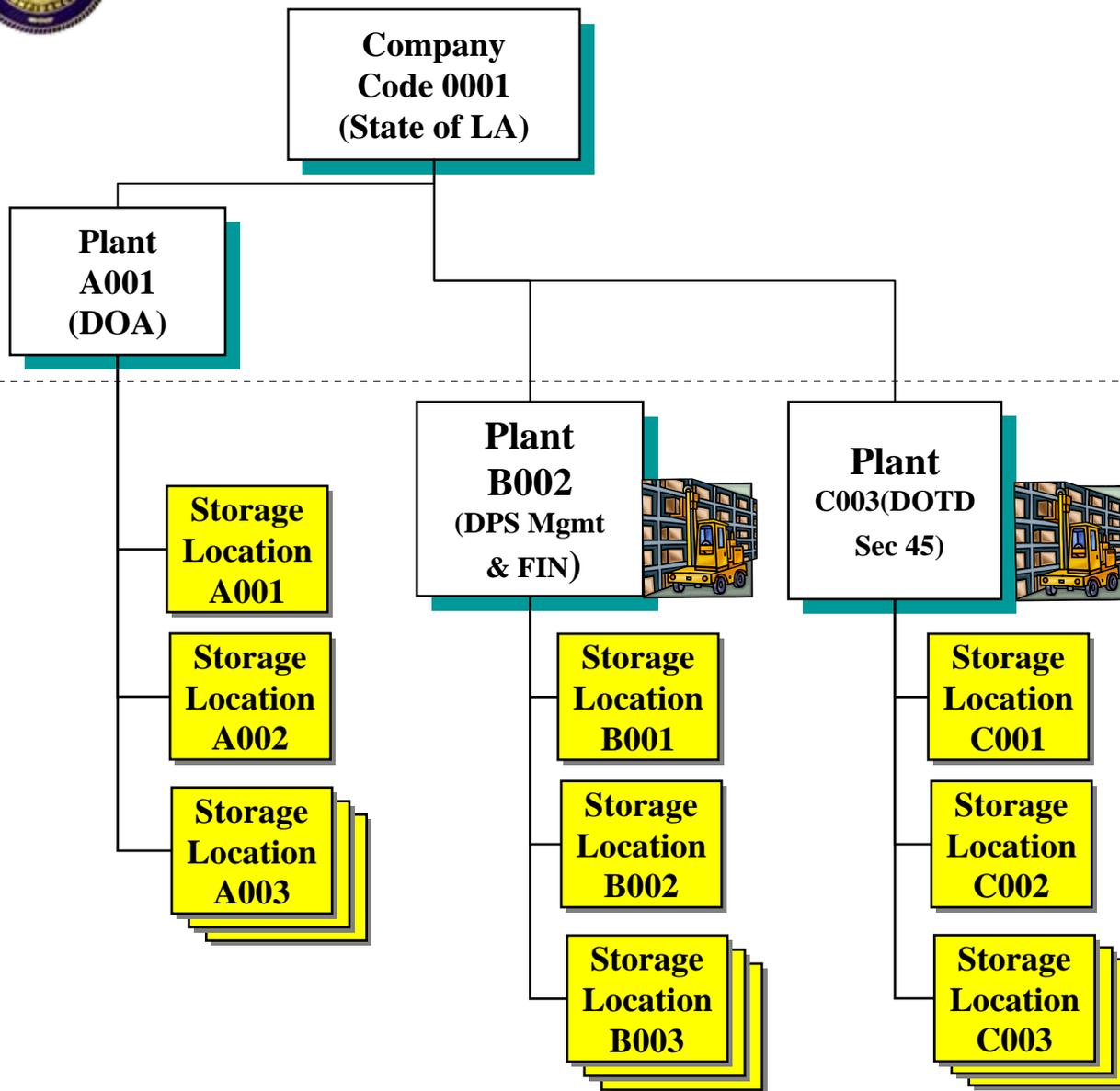


SAP Glossary (continued)

- **Spending Limit** – The total dollar amount of a request that an end user can create in the SRM system which would not require an approval/review.
- **Approval Limit** – The total dollar amount of a request that an end user approver has authorization to approve/review a request in SRM.
- **Substitution** – The ability in SRM to create a temporary substitute for an approver user with another system approver user. This is to facilitate the idea of an approver going on vacation.
- **Approver** – End user in the SRM system which is responsible for approving or rejecting procurement documents (i.e. shopping cart, confirmation, invoices etc.)
- **Requester** – End user in the SRM system which creates requests for procurement (shopping carts).
- **Skip Level Approval** – Approval process which requires that only the approver with the appropriate approval limit performs the approval of the purchasing document (i.e. the document would skip over the lower level approvers and only be submitted to the one approver with the appropriate approval limit of that specific purchasing document).
- **Parallel Approval** – The approval process where the document is sent to several approvers simultaneously and requires that only one of the approvers actually approves the document. When the document has been approved by one of the approvers, the document is then removed from all the other approver inboxes.



“Going In” Logistics Structure



Department Level

Agency Level

Guiding Principle: If a given organization maintains inventory AND it wants to track the financial costs of that inventory at a given level, then that organizational level = SAP Plant

Note: Physical inventory taking (conducting an inventory and cycle counting) takes place at the Storage Location level!



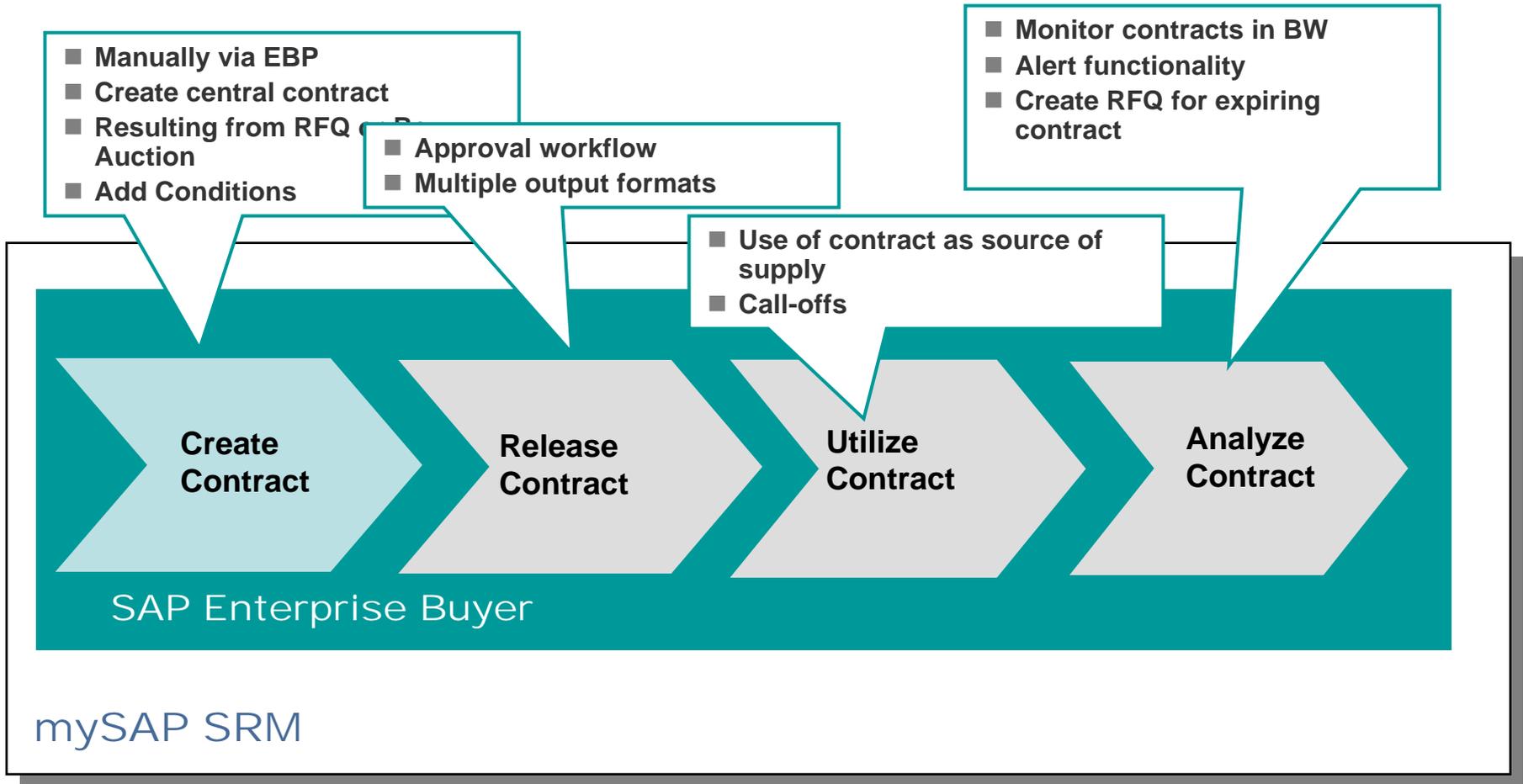
OA Approval Process

- **General Definition:**

The process by which users in the SAP solution can review, change, approve and reject new contracts and changes to existing contracts. The SRM contracts (outline agreements) are automatically forwarded to the appropriate users in the system to facilitate the online approval/review.



Outline Agreement Process Overview





OA Approval Process

- The outline agreement is the SRM document name of the contracts for a good or service
- Some contracts must be approved before further processing can take place
- Criteria set during configuration determine which contracts must be approved
- The factors taken into consideration can include:
 - Value of the contract
 - Material or material group of the contract line item
 - Creator of the contract



OA Approval Process

- Approval agents can be defined with a predefined approval limit (the user can approve documents up to a certain total dollar amount)
- SRM will send the approval notification via email to the approvers
- Approvers will be required to logon to the SRM system to perform the approval step
- Buyer can add an approver or reviewer (Ad-Hoc Approval)



OA Approval Phase

- Outlines the process of approving the contracts in the SRM system
- Triggered at time of release of the contract by the buyer
- Can be done at the header only via SAP Standard Workflow
- Substitutes for Approvers can be assigned on an Ad-hoc basis
- Additional approvers can be assigned by the buyer or the approver



OA Approval Process

- SAP visualizes the approval chain on the item details screen (Approval Preview)
- The OA can be held for further processing
- When the buyer saves (releases) the Outline Agreement, the Approval Workflow is started immediately
- The contract is not released for use until the workflow approval is completed



Change OA Approval Phase

- Outlines the process of approving the changed contract to be released in the SRM system
- Triggered at time posting changes to the contract document by the buyer
- Can be done at the header only via SAP standard workflow
- Substitutes for Approvers can be assigned in an Ad-hoc basis
- Additional Approvers can be added to the approval chain by the buyer and/or the approver



Ad-hoc functionality

Ad-hoc change of approver by requester

EBP Workflow Customizing

Assign Agents

General Task

or

EBP Manager in Standalone Mode

David Director

Molly Manager

Add Reviewer

Add Approver

Replace

Approval Preview

Approval Preview

Add Reviewer Add Approver



To be approved by
Martin Manager210



To be approved by
David Director

Replace Approver

Enter the last name or a search term ("name")

Approver Find Replace

Choose from the Following List

Search Result: 4 User

Name
Mary Manager
Molly MANAGER
Martin Manager210
Martin MANAGERPUR

Details for User

Name	MARTIN MANAGERPUR
Department	PH2 PUR
Building/Room	13 11
Telephone	681-682 12
E-mail	MARTIN.MANAGERPUR@PH2.COM

List depending on Agents Assignment



Ad-Hoc Functionality

- In the approval preview, employees can specify an additional approver.
- Similarly, managers responsible for approval can specify all subsequent approvers at runtime when executing an approval work item.
- The Approval Preview Screen can be called from the shopping cart, confirmation, invoice, purchase order, contract, bid invitation and bid.



Approval Limits

- SRM Approval Workflow can Have Several Levels
- The Workflow can also Skip Levels and be Submitted only to the Appropriate Approver Based on Approval Limit
- Approval limits identify and facilitate the order and hierarchy of the approval chain in the SRM system



Spending/Approval Limit Example

	<u>Spending Limit</u>	<u>Approval Limit</u>	<u>SLApprover</u>
Buyer3	1000\$	0\$	Manager2
Manager2	5000\$	1500\$	Manager3
Manager3	10000\$	3000\$	Manager4
Manager4	20000\$	20000\$	Manager5

APPROVAL hierarchy = Manager2, Manager3, Manager4,

- 1) OA total value of Buyer3 = 500\$ → no approval needed
- 2) OA total value of Buyer3 = 1200\$ → Approver = Manager2
- 3) OA total value of Buyer3 = 4000\$ → Approver = Manager4



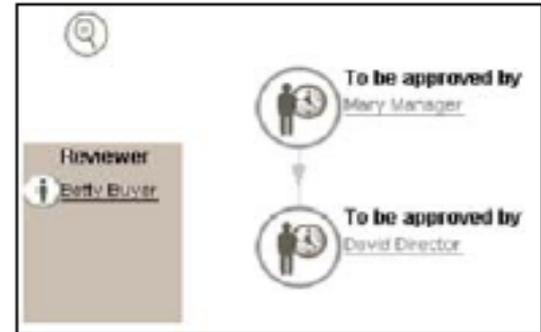
Spending/Approval Limit Example

- This workflow is a one-step approval: if the approval limit for Manager2 is exceeded, the work item is automatically sent to the approver of Manager2 (= Manager3)...
- The approver is determined on the basis of the value for an attribute SLAPPROVER (spending limit approver), not on the basis of the next manager in the organizational plan.

Reviewer

Reviewer Concept

- Observe approval process for shopping cart
- Reviewer work item does not disappear until the approval workflow is completed.



Approval Messages

Here you can approve or reject shopping carts, confirmations of goods receipts etc.
Click on the 'Edit' icon to display details

Substitute

Approval: 4 Entries

Description	Received on	Action
Perform review for shopping cart Eduardo Gonzalez Employee with the value 10.000,00 USD	01.08.2002	
Perform review for shopping cart Eduardo Gonzalez Employee with the value 10.000,00 USD	01.08.2002	
Perform review for shopping cart Eduardo Gonzalez Employee with the value 10.000,00 USD	01.08.2002	
Perform review for shopping cart Eduardo Gonzalez Employee with the value 10.000,00 USD	01.08.2002	



Reviewer

Betty Buyer



Approver

Mary Manager



Approver

David Director

Reviewer Authorities

- Display shopping cart items
- No authority to approve or reject shopping carts



Reviewer Concept

- An email is sent to the reviewers email account
- Providing the functionality to observe an approval process.
- A reviewer observes the whole approval process (many approvers).
- The Reviewer work item does not disappear until the approval workflow is complete.
- The Reviewer does not have the authority to approve or reject shopping carts.



Change Document During Approval

Employee

- *change cart*
- *delete cart*

Manager

- *change cart during approval*
- *approve cart*
- *partially reject cart*
- *reject cart*

Authorization
level



Changing
total value

Workflow action:

- *continue*
- *restart (new approval)*
- *delete*
- *no action*



Changing the Document in Approval

- You can define whether or not a document can be changed during the approval process.
- You can influence the effect on the approval workflow by defining authorization levels for the user.
- SRM standard options are:
 1. Document changed; The approval continues
 2. Document changed; The approval starts from the beginning, if new workflow found in starting conditions
 3. Document changed; The approval starts from the beginning
 4. Document cannot be changed



How Do You Approve?

- An email is sent to the approvers email account
- A link is provided on the email to the SRM login screen
- User logs into the SRM login screen
- User opens the inbox option on the transaction menu
- Approval “workitem” appears in user’s inbox



How Do You Approve?

- Each work item can be executed to view more details, approve or reject
- May also:
 - reserve (take ownership if workitem has been sent to a group of users)
 - add attachments
 - resubmit (postpone action to a later date / time)
 - Forward



Review of SAP Concepts



OA Approval Process

- Workflow requires a certain amount of Development
- Workflow is very flexible and is an online process
- Workflow can have more than one approver
- Workflow approvals can be only at the Header
- Workflow Approvals can be Multi Level or Skip Level



OA Approval Process

- Approver Hierarchies are created via Approval Limits
- Best to Limit the Number of Levels to 4 in SRM
- Best to Normalize the Spend Limits across the State
- Best to Normalize the Approval Limits across the State



SRM Workflow Approval Screenshots



Inbox Overview

Smart message

Inbox: 182 Entries

Type	Description	Rec. on	Type	Size	Author	Attachment	Status	Approve	Reject
	Approve new user MILES (Mike Habel)	21.11.2000					In process		
	Shipping basket from Prof. Dr. pippi kotti power with value 623.029,12 DEM	20.11.2000					In process	<input checked="" type="checkbox"/>	<input type="checkbox"/>
	Shipping basket from Prof. Dr. pippi kotti power with value 623.029,06 DEM	20.11.2000					In process	<input checked="" type="checkbox"/>	<input type="checkbox"/>
	Erkaufswagen von Prof. Dr. pippi kotti power mit Wert 12.000,00 DEM annehmen	20.11.2000					Ready	<input checked="" type="checkbox"/>	<input type="checkbox"/>
	Erkaufswagen von Prof. Dr. pippi kotti power mit Wert 50.000,00 DEM annehmen	17.11.2000					Ready	<input checked="" type="checkbox"/>	<input type="checkbox"/>
	Erkaufswagen von Prof. Dr. pippi kotti power mit Wert 50.000,00 DEM annehmen	17.11.2000					Ready	<input checked="" type="checkbox"/>	<input type="checkbox"/>
	Shipping basket from Prof. Dr. pippi kotti power w...	18.11.2000	RAW	1K	Microsoft System				

[Attachments](#) [Forward](#) [Reply](#) [Reply/All](#) [Details](#)

Dear manager,
Please approve this shipping basket with total value 623.029,06 DEM
Thanks,
Prof. Dr. pippi kotti power

Forwarded by:
Priority: 5 Medium
Status: In process

Created on: 20.11.2000 16:53:44
Processed: 21.11.2000 08:01:25
Attachments: None



Header -> Approval Preview

SRM - Enterprise Buyer - Microsoft Internet Explorer

File Edit View Favorites Tools Help

Back Forward Stop Refresh Home Search Favorites Media Print

mySAP SRM Home Help Settings Support Logout

Change Global Outline Agreement

Release Hold Check Change Display Copy File Download Send E-Mail Refresh [Back to Initial Screen](#)

Delete Output Preview

Name of Global Outline Agreement Number 560000056 (Change Version)

Header Data Item Data

[Basic Data](#) | [Documents](#) | [Conditions](#) | [Output Logs](#) | [Status](#) | [Approval Preview](#) | [Analyses](#) | [History](#) | [Versions](#)

No Approval Required

Display as Graphic
 Display as Table



Questions?

