Ohio DAS

MEMORANDUM

TO: Purchasing Agents and Fiscal Officers of all Departments, Agencies, Boards
           and Commissions

FROM: Stephen A. Hunter, CPPO,
           Administrator, Office of Procurement Services

SUBJECT: OAKS New Procurement Procedures

DATE: June 26, 2007

With the July 1st, 2007 roll out of the first financial components of OAKS you will see several changes related to the procurement process. This memorandum will provide you with a summary of changes you can expect related to procurement to assist you in preparing to process purchases in OAKS.

ENCUMBRANCES

In CAS there are a variety of encumbering documents (ORDE, PPOE, CNTE, COME, ENCE and OISE). In OAKS all encumbrances are accomplished with a purchase order except for payment card purchases and debit vouchers. Every purchase order begins as a requisition entered in OAKS with the exception of agencies that interface encumbrances into OAKS.

ENC ENCUMBRANCES

In CAS, the encumbrance document typically referred to as an ENCE is used to encumber appropriations without identifying a specific vendor. It is appropriately used when agencies encumber appropriations for capital projects or for subsidies to a group when the agency cannot identify the vendor or specify the exact amount that will go to the members of the group.

In OAKS, there is no encumbering document that works like the ENCE. In order to accommodate the need to encumber without naming a vendor there will be a vendor number established in OAKS to be used on a regular encumbrance in circumstances when it is appropriate to encumber against a non-specific vendor. In OAKS, agencies will enter their own encumbrances, including those referencing the unique vendor number. Office of Budget and Management (OBM) will continue to track the use of this type of transaction by querying against the unique vendor number.

When the agency vouchers against the encumbrance, the voucher will be coded with the correct (known) vendor. OAKS will not reject the voucher because the encumbrance has a different vendor number.

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GRANT ENCUMBRANCES

Agencies will enter a requisition to encumber funds for grants, which will source to a purchase order. When entering requisitions for grants agencies will need to select a category code for the purchase. Since the USNSPC coding is not structured for this type of purchase the state as developed 99100000 as the category code for grant requisitions.

CONSTRUCTION ENCUMBRANCES

Today agencies who have or receive authority for local administration of construction projects contact OBM to have their bid number entered in CAS. The agency then references the bid number on their purchase order. In OAKS these encumbrances will be handled in the same manner with the exception that the agency will enter a requisition instead of a purchase order and the bid number will be identified as a contract number. DAS, State Architect's office will continue to enter contract information for construction projects that they competitively bid.

CONTRACT ENCUMBRANCES, DAS/OIT CONTRACTS

Many of the processes used today in CAS to purchase goods and services from DAS or OIT contracts will remain the same in OAKS. Below are some of the changes you need to be aware of when purchasing from DAS/OIT contracts in OAKS.

- **All DAS/OIT Contract purchases**
  - All contractors will have a unique contract number in OAKS, the numbering will be a base contract number with "–#" suffix assigned to each vendor awarded on the base contract.
  - MBE and EDGE will be identified with the contract when applicable and will populate the subsequent voucher accordingly.
- **State Term Contract (ITB) and Community Rehabilitation Program (CRP) purchases**
  - Encumbered on a requisition using the *Catalog* tab in OAKS.
  - All items will be tied to the awarded vendor along with a unit of measure and in many cases the awarded price.
  - Items will have a unique system generated Item ID discontinuing the use of the 11 digit NIGP code.
  - Contract number will populate the requisition automatically.
- **Multiple Award Contract (MAC) and State Term Schedules (STS) purchases**
  - Encumbered on a requisition using the *Special Request* tab in OAKS.
  - Items are not tied to the contract, therefore item information, unit of measure, pricing, etc. will need to be entered on the requisition by the user.
  - Contract number will not auto-populate the requisition, agency must enter the Contract number on the requisition.
- **Crosswalks**
  - During the conversion of vendors, items, contracts and FY07 purchase orders many of the assigned number are being reassigned system generated numbers. OAKS will provide crosswalks for each of the areas that have had numbers reassigned. The crosswalks will be available either on a CD (vendors and contracts) or from the OAKS website (items and POs); a link to the crosswalks will be provided on the State Procurement website.

OHIO PENAL INDUSTRIES (OPI) ENCUMBRANCES

Agencies making purchases from OPI will first go to OPI on-line catalog at www.opi.state.oh.us and place their order. From the site agencies will receive the total cost of the purchase; for some purchases an agency will work directly with OPI to complete their order and get their cost. Agencies will then enter a requisition in OAKS selecting an OPI item from the OAKS catalog. OPI items in the OAKS catalog are designated as priority items and will have a priority indicator next to the item.

The OPI items in the OAKS catalog are basic descriptions of a commodity being purchased (i.e., office furniture) with a zero dollar price; agencies will enter the actual cost of their purchase in the price field. If an order or confirmation number was provided by OPI it is recommended that the number be entered in the justification field on the requisition or a statement that a separate order was submitted to OPI. The checkbox Send to Vendor should be marked; this will help prevent duplication of orders.

COMMUNITY REHABILITATION PROGRAM ENCUMBRANCES

Agencies purchasing from a vendor with the Community Rehabilitation Program (CRP), previously the State Use Program, will enter a requisition in OAKS to encumber funds for the goods or services. When entering the requisition the agency will select the CRP item from the OAKS catalog, the CRP items in the OAKS catalog are designated as priority items and will have a priority indicator next to the item.

PRINTING ENCUMBRANCES

With CAS an agency enters a PPOE to encumber funds for printing services. This encumbrance can cover expenses for quotes, bids or copy center work. After determining sourcing for the service DAS, State Printing will either enter a purchase order referencing the PPOE and enter the subsequent voucher or just enter a voucher referencing the agency's PPOE.

When OAKS goes live in July any request for printing services will be accomplished by an agency submitting DAS State Printing's Printing Request Order (PRO) form, which replaced the Printing Project Order (PPO). State Printing will review the request and if they determine the method for providing the services is through a bid, or one of their existing contracts, State Printing will enter a requisition on behalf of the agency using the agency's accounting distribution identified on the PRO.

The requisition will route to the applicable agency's approvers based on the Requestor identified on the PRO. After the agency's Level 4 Approver approves the requisition it will route back to State Printing for final approval. State Printing will continue to voucher for these purchase orders as they do today. Since the requisition will route to the agency for their approval agencies need to make sure they have a requestor established within Task 513 with the correct workflow approval for printing requests.

For more information on purchasing printing services in OAKS, and to obtain the new PRO form, visit DAS State Printing's website at http://gsdprint.das.ohio.gov/OAKSinfo.htm.

REAL ESTATE LEASE ENCUMBRANCES

The ORC establishes real estate lease thresholds at $75,000 and sets a $50,000 per vendor threshold for other goods and services. In CAS when an agency encumbers a real estate lease in excess of $50,000 they contact OBM to process an override; OAKS cannot utilize overrides. Due to the variance in thresholds when encumbering real estate leases in OAKS a real estate contract number will need to be entered in the requisition. The real estate contract number will allow the encumbrance to pass the $50,000 goods and service threshold. This will be required of all agencies even if an agency is exempt from the ORC requirements.

Due to security of the contract pages DAS will enter all real estate contract information into OAKS. Agencies will submit a completed Lease Information Fact Sheet to DAS, Real Estate Services to provide real estate contract information. Real Estate Services will enter the contract information into OAKS and return information back to the agency with the contract number for entry into the requisition. The Lease Information Fact Sheet can be obtained from Real Estate Services website at http://www.das.ohio.gov/gsd/PropFac/RealEstate/commercial_leasing.html. Questions may be addressed to Brenda Weber, Real Estate Services, Brenda.weber@das.state.oh.us.

WAIVERS

There are circumstances when an agency may need to purchase like/similar items that are available on a DAS State Purchasing or Community Rehabilitation Program (CRP) contract or from Ohio Penal Industries (OPI) from another vendor. In these situations agencies must obtain a waiver from DAS or OPI. In OAKS the waiver will be obtained with an approval from DAS or OPI through workflow of the requisition.

Agencies will enter the reason for the waiver in the Justification Comment box on the Create Requisition page. The agency will then add the appropriate Ad Hoc Approver to the purchasing workflow in OAKS. The requisition will be reviewed and may be approved, denied or pushed back. If the requisition is denied a reason for the denial will be entered in the comments field.

The Ad Hoc Approvers for waivers should be inserted after the first Approver in the agency's purchasing workflow. The following are the Ad Hoc Approvers for the appropriate waiver:

- State Purchasing = **GRP_ST_PUR**
- CRP = **GRP_CRP**
- OPI = **GRP_OPI**

For questions regarding DAS and CRP waivers contact Tammy Marcum at tammy.marcum@das.state.oh.us or (614) 466-4763. For questions regarding OPI waivers call (800) 237-3454.

CONTROLLING BOARD WAIVERS

- OAKS will have a Controlling Board (CB) threshold validation which is an automated process that checks if purchase orders exceed the Controlling Board Thresholds for purchases per vendor per fiscal year. If an agency has a purchase order that fails the threshold check but constitutes an override because a purchase is exempt, the requesting agency must contact OBM, State Accounting and present the specific legal authority necessary for the agency to process the transaction. If State

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Accounting approves, they will enter a pseudo CB number. The naming convention for pseudo CB waivers will be OAKXXX8NN. XXX=Agency code, 8=fiscal year, nnn=sequential number for the agency. OBM will assign and enter the pseudo CB waiver in OAKS and then contact the agency.

- In most cases when an agency seeks controlling board approval to waive competitive bidding a Release & Permit must have been received from DAS. In OAKS when a user enters their controlling board approval number that required a DAS Release & Permit the user must also enter the DAS Release & Permit number given by DAS for that purchase. Failure to enter the DAS Release & Permit number will result in the requisition not passing the DAS direct purchase authority dollar limits.

DAS AND OIT RELEASE & PERMITS

Non-blanket release & permits will continue to be requested from DAS and OIT as they have been in the past. Agencies will submit their DAS request for release & permit using the following web site, http://apps.das.ohio.gov/releaseandpermit/Releaseform.aspx. OIT requests will continue to be submitted into the Release and Permit application at https://itrp.ohio.gov/default.aspx.

After DAS has reviewed the request an email will be sent to the agency advising of the determination of the request and if approved the release & permit number will be included. Once approved DAS will enter the release & permit information in OAKS; agencies will enter the release & permit number on their requisition in the DAS RP Number field.

OIT will review requests for OIT release & permit and notify of determination in the same manner as they have in the past. Agencies will enter the release & permit number on their requisition in the OIT RP Number field.

Blanket release & permits will also be entered in OAKS by DAS and OIT; agencies will enter the blanket release & permit number on the requisition in the appropriate DAS or OIT RP Number field. Agencies that are OIT and DAS exempt will no longer require an override, OAKS has been configured with the appropriate exemptions.

ONE-TIME BIDS

When an agency has a need that is not available from any state resources or any DAS contracts, and the value of the need exceeds $33,500 for supplies or $67,000 for services the agency will seek competitive bidding from DAS. If the need is a single purchase request (one-time bid) then the agency will enter a requisition in OAKS as a Special Request, select State Purchasing as the vendor, and enter *statepurchasing* as the Contract ID (the Contract ID will allow the requisition to bypass the DAS direct purchase authority). After the final agency approver has approved the requisition it will route to the Office of Procurement Services as the Central Purchasing Bid Approver.

Once the bidding process has been completed State Purchasing will enter the awarded vendor, the new Contract ID, the awarded price, delivery date, make any necessary description changes, and approve the requisition. State Purchasing will monitor the sourcing of the requisition and will contact the requesting agency if the requisition does not source to a purchase order due to accounting errors. After the purchase order is dispatched the agency will not receive a copy of the purchase order from State Purchasing; the agency may monitor the requisition and view the purchase order in OAKS.

CENTRAL APPROVERS

Many types of purchases require approval by the central approving agencies DAS, OBM and OPI. In OAKS most central approvals are system generated based on account code or vendor and are routed to the central approving agency through the PO workflow. Other central approvals such as OPI are determined by the purchaser and the central approver must be added to the PO workflow by the requisitioner or one of the agency approvers; this is an Ad Hoc approver (see Waivers above).

After the central approving agency reviews and approves the requisition it is sourced to a purchase order. If a central approver denies the requisition OAKS will send an email to the requestor not the requisitioner. The requisition is not canceled by the denial; if appropriate the agency must cancel the requisition.

Interfacing agencies will submit any required documentation to the central approving agency as they do today referencing their purchase order number on the documentation. The central approvers will run a query in OAKS to determine if purchase orders from interfacing agencies are waiting their approval. The central approver will match up the documentation with the purchase order to complete their review. The central approver will notify the interfacing agency that the request requires additional information or is denied.

The various central approvals are:

- COPIER APPROVALS
  When agencies create a requisition in OAKS for a copier purchase or lease they will attach the request for approval, http://procure.ohio.gov/pdf/approval.htm, and all supporting documents to the requisition. The requisition will route to State Purchasing through PO workflow after all agency approvers have completed their approvals. State Purchasing will review the request for compliance with contract and complete a cost per copy analysis. If State Purchasing approves the requisition it will then route to State Printing to review for compliance with copier purchasing rules. After approval by State Printing the requisition will source to a purchase order.

  Due to system requirements requisitions for copier purchases/leases from exempt agencies will also route through State Purchasing and State Printing to process through PO workflow.

- FLEET APPROVALS
  Requisitions for purchases of vehicles requiring DAS Fleet Management approval will route to the central fleet approver after all agency approvers have completed their approval. The agency will attach the Fleet Justification form, http://www.das.ohio.gov/gsd/Fleet/doc/VEHICLE%20PURCHASE%20JUSTIFICATION.doc, to the requisition in OAKS. If the purchase or lease is from a DAS contract, the central fleet approver will review the requisition and any supporting documentation the agency has attached.

  If the purchase or lease is from a non-contract vendor the requisition will route to the central fleet approver for review after all agency approvers have completed their approval. Once approved by the central fleet approver the requisition and any supporting documentation is routed to the Office of Procurement Services for competitive bidding. Upon award the Office of Procurement Services will update and approve the requisition. See One-time Bid above for more details on the bid process.

- PERSONAL SERVICE CONTRACT APPROVALS
  When agencies create a requisition in OAKS for a personal service purchase the agency will attach all supporting documentation required for approval to the requisition. The requisition will route to Office of Budget & Management (OBM) through the PO workflow after all agency approvers have completed their approvals. OBM will review the requisition and if determined the purchase is appropriate OBM will approve the requisition, it will then source to a purchase order.

DEBIT VOUCHERS FOR CONTRACT PURCHASES

A debit voucher is a disbursement that does not require or reference an encumbrance. In CAS a debit voucher may be used to pay for items purchased from Multiple Award Contracts and State Term Contracts if the purchase is less than $2,500 and for items from State Term Schedules if the purchase is less than $1000. In OAKS a debit voucher may be utilized to pay for items purchased from Multiple Award Contracts, State Term Contracts or State Term Schedules when the purchase is $500 or less.

UNSPSC (UNITED NATIONS STANDARD PRODUCTS AND SERVICES CODE)

With the implementation of OAKS the State of Ohio will use the UNSPSC coding structure for classification of goods and services being purchased. Previously the state used the NIGP (National Institute of Governmental Purchasing) coding structure for this purpose.

The UNSPSC is a hierarchical classification with multiple levels. These levels allow drilling down or rolling up to analyze expenditures. Each level in the hierarchy has its own unique number.

XX <u>Segment</u>
The logical aggregation of families for analytical purposes

XX <u>Family</u>
A commonly recognized group of inter-related commodity categories

XX <u>Class</u>
A group of commodities sharing common characteristics

XX <u>Commodity</u>
A group of substitutable products or services

An example of a commodity using the above coding hierarchy is:

44000000 Office Equipment and Accessories and Supplies
44120000 Office Supplies
44121500 Mailing Supplies
44121501 Mailer Tubes

In OAKS the UNSPSC structure is used for the Category field. The state has elected to use the coding structure at the 6 digit level (Mailing Supplies in above example) followed by 00. When the Fixed Asset module goes live in OAKS, in 2008, some codes will be expanded to the 8 digit level. When an agency enters a requisition using the special request tab they will select the most appropriate 6 digit category number. If entering a requisition for an item in the OAKS catalog the category code has already been identified.

When selecting the category In OAKS users will be able to search the numbers by a description to find the appropriate 6 digit number, but due to field constraints the full descriptions have been minimized. Agency may find it easier to determine the UNSPSC code by using the search tool available on the UNSPSC web site. Be aware the UNSPSC site has coding up to 10 digits, the state is only using 6 digits; be cautious in selecting the correct code using their search tool.

A link to the UNSPSC site will be added to the Procurement web site, http://procure.ohio.gov/proc/index.asp, allowing easy access to the UNSPSC search tool.