In Business for You

Workstream Description

Procurement

Nonprofit Model 21.3

2021-11-30

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About this document

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Context

Unit4 has developed the **Nonprofit Model** (NP Model), which is the approach to deliver out of the box capabilities embedded in the software based on best practices for Nonprofit organizations. It is supported by additional database configuration, documentation and an iterative delivery model.

Workstreams

The NP Model consists of several workstreams. For each of these workstreams, documentation is available that describes the supplied capabilities. The following workstreams are available:

- Finance (mandatory)
- Budgeting
- Asset administration
- Procurement
- Sales
- Human Resources
- Payroll
- Travel & Expenses
- Project Cycle Management
- Award Management
- System Administration
- Volunteer Management

The workstreams setup is predefined based on the process scoped for the solution. In the personalization phase, the information specific from the customer is configured. Unit4 ERPx is a highly flexible and agile solution that can easily be adapted to support different system setups and processes.

Intended audience

The intended audience of this documentation is the organization procurement department, who are familiar with all processes completed by the procurement department from data collection to reporting. Readers are not required to know all the details of the procurement processes. However, some knowledge of basic procurement concepts would be advantageous for reading this documentation.

Contents

Procurement

This documentation describes the Procurement process.

The solution consists of a standard set of inquiries and reports and predefined tailorable stationery outputs. These function according to a predefined configuration of processes, which are described here. The described structures and processes are based upon the software capabilities provided with Unit4 ERPx.

The full Procurement workstream is part of the Additions level of the NP model. There is a reference in the section name that identifies it as an Addition. This documentation is structured to reflect the flow of procurement processes, beginning with creating the suppliers and item catalog and ending with the supplier payment.

The invoicing process is briefly explained and is covered with the payment process in more detail in the Finance Workstream description.

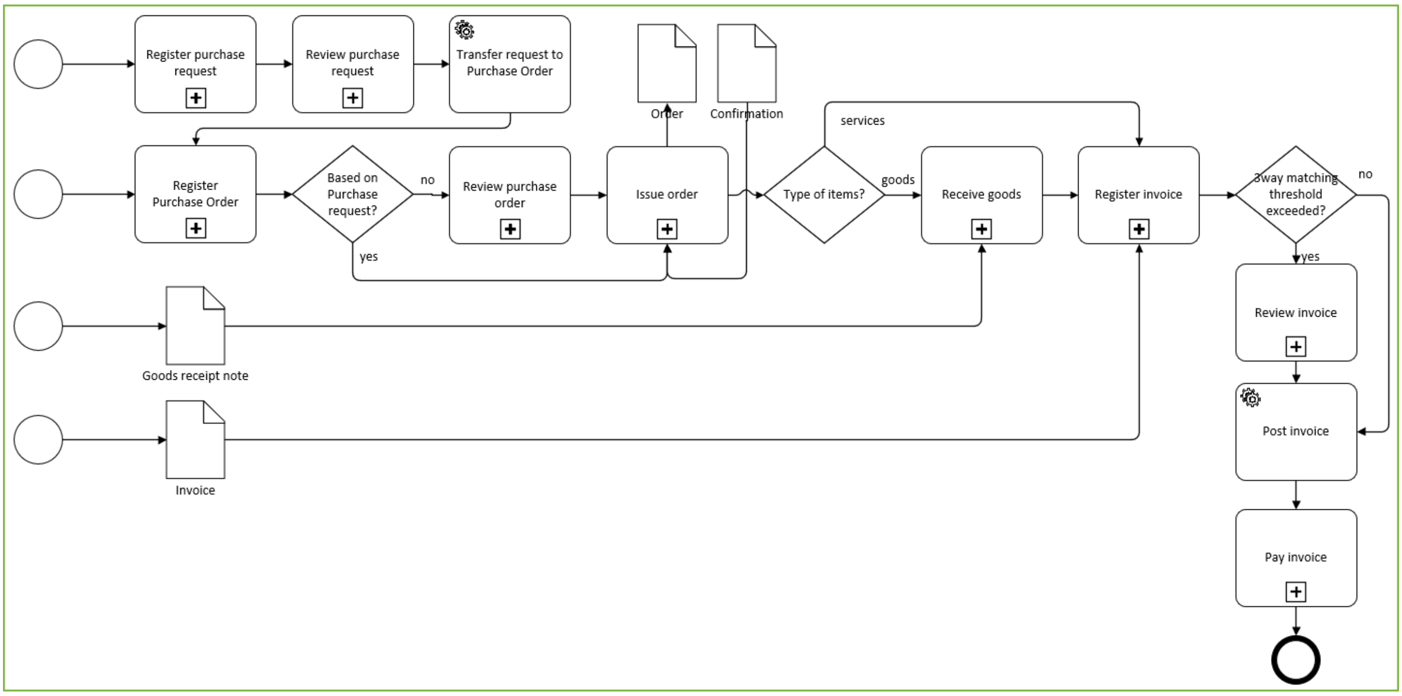


Figure 1 - Procurement process

Procurement reflects the process of purchasing goods and services for a department or project. Different processes can be used either for end-users (the Purchase Request process) or for Procurement department users (starting with the creation of a Purchase order) allowing to answer to urgent requests in an efficient way but still taking into consideration the Delegation of authority for purchase requests. Avoiding overspending is essential and the budget check function avoids this during submission of the purchase request or purchase order.

Several inquiries and reports are provided for follow-up of the orders, allowing the user to follow each stage of the order since the creation until the payment. 3-way matching is applied to control the matching of the invoice with the original PO and goods receipt(s). The full match allows for the administrative tasks to be reduced with the automatic approval of the invoice.

Suppliers

The supplier record stores all the relevant data from a specific supplier. It collects general contact information (names, addresses, phone numbers, email, website and contact persons), VAT and company registration numbers. It also contains detailed information that affects purchasing conditions. New suppliers are automatically numbered with a unique numeric range.

The solution performs a validation to prevent double entry of suppliers. This validation is executed on the VAT registration number, bank account number and IBAN number of a supplier (with bespoke validation dependent on the local client requirement). A warning is shown when identical values have been entered elsewhere.

Suppliers are aggregated into supplier groups to define the AP control accounts for the group. The realized and unrealized exchange gain and loss accounts for AP revaluation are captured on the supplier group level. The solution provides data access, set per supplier group, to prevent users in the AP department from creating employee suppliers since these are automatically generated in the Human Resource workstream when creating Resources.

A predefined set of supplier groups is provided:

Supplier Group	Definition
Domestic suppliers	Supplier group for the domestic suppliers
International suppliers	Supplier group for international suppliers
Employees and Contractors	Supplier group for resource suppliers
Intercompany Suppliers	Supplier group for intracompany suppliers a multi-company environment
Sub-awarding Suppliers	Supplier group for sub-awarded partners and agents

Supplier workspace

An out-of-the-box portfolio of suppliers and associated workspace is provided.

This portfolio contains the portfolio of all suppliers, except for employee suppliers, and is shared by users of the Finance and Procurement workstreams.

NOTE:
AP users and Procurement users have different levels of access to the Supplier portfolio.

The supplier portfolio displays an overview of all suppliers, including main details, open supplier balance and due supplier balance.

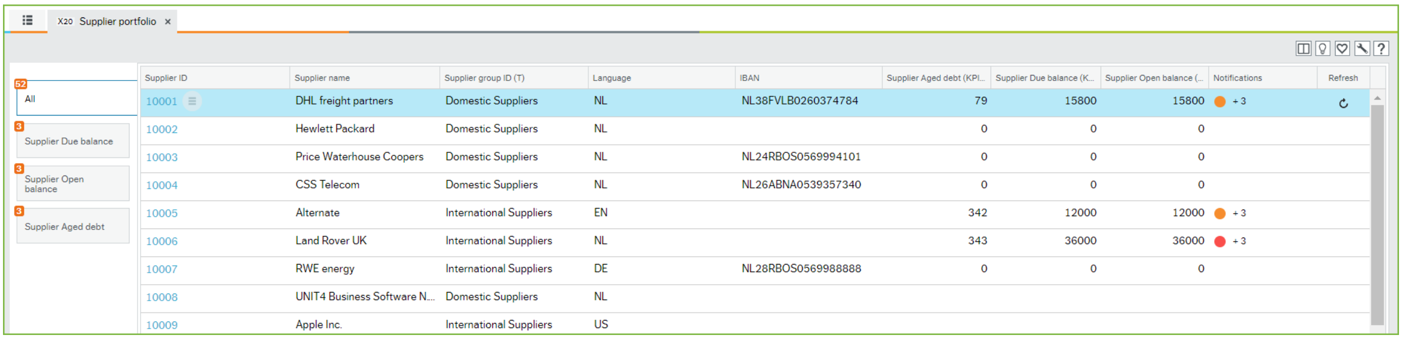
From the portfolio, by zooming into a specific supplier’s workspace, you access an overview of supplier details, payments, procurement and contract information. It includes the supplier details, workflow tasks and associated documents for the chosen supplier.

These metrics are provided:

- Supplier open balance
- Supplier due balance
- Supplier aged debt in days (based on the longest invoice due)
- Supplier PO amount and quantity
- Supplier purchase request amount and quantity
- Purchase orders graph per order number
- Purchase request graph per requisition
- Supplier aged debt graph
- Supplier open items graph
- Supplier registered invoices amount graph
- Purchase requests, orders and invoices associated to contracts with drill down capability
- Contract vs maverick spend percentage in pie chart with drill down capability
- An overview of running contracts per supplier

Links are available to the following activities:

- Supplier record with all donor details
- Purchase request entry
- Maintenance of open AP items
- Remittance maintenance
- Remittance proposal
- Remittance confirmation



Supplier ID	Supplier name	Supplier group ID (T)	Language	IBAN	Supplier Aged debt (KPI...	Supplier Due balance (K...	Supplier Open balance (...	Notifications	Refresh
10001	DHL freight partners	Domestic Suppliers	NL	NL38FVLB0260374784	79	15800	15800	+ 3	
10002	Hewlett Packard	Domestic Suppliers	NL		0	0	0		
10003	Price Waterhouse Coopers	Domestic Suppliers	NL	NL24RBOS0569994101	0	0	0		
10004	CSS Telecom	Domestic Suppliers	NL	NL26ABNA0539357340	0	0	0		
10005	Alternate	International Suppliers	EN		342	12000	12000	+ 3	
10006	Land Rover UK	International Suppliers	NL		343	36000	36000	+ 3	
10007	RWE energy	International Suppliers	DE	NL28RBOS0569988888	0	0	0		
10008	UNIT4 Business Software N...	Domestic Suppliers	NL						
10009	Apple Inc.	International Suppliers	US						

Figure 2 - Supplier portfolio

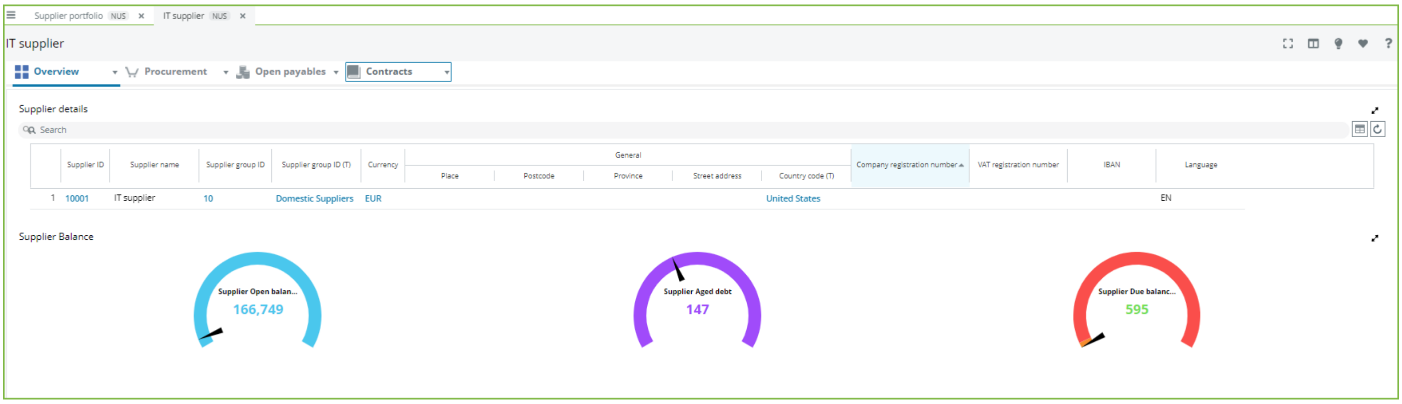


Figure 3 - Supplier portfolio, award metrics

Supplier creation

The solution supports the creation of suppliers directly in the supplier record for permitted users (typically the AP department). You can specify several different addresses for a single supplier, each of which has a specific benefit.

The following address types are available:

Address Type	Definition
General	Used to indicate an address that is the organization's physical location or office, or from where a service is delivered
Delivery	Used to indicate an address that is the physical location of an organization, where a service or product is delivered
Payment	Used to specify the address to which you send the payment specification
Bank	Used to indicate the bank address
Copy	Used to specify the address to which a copy of the documents must be sent

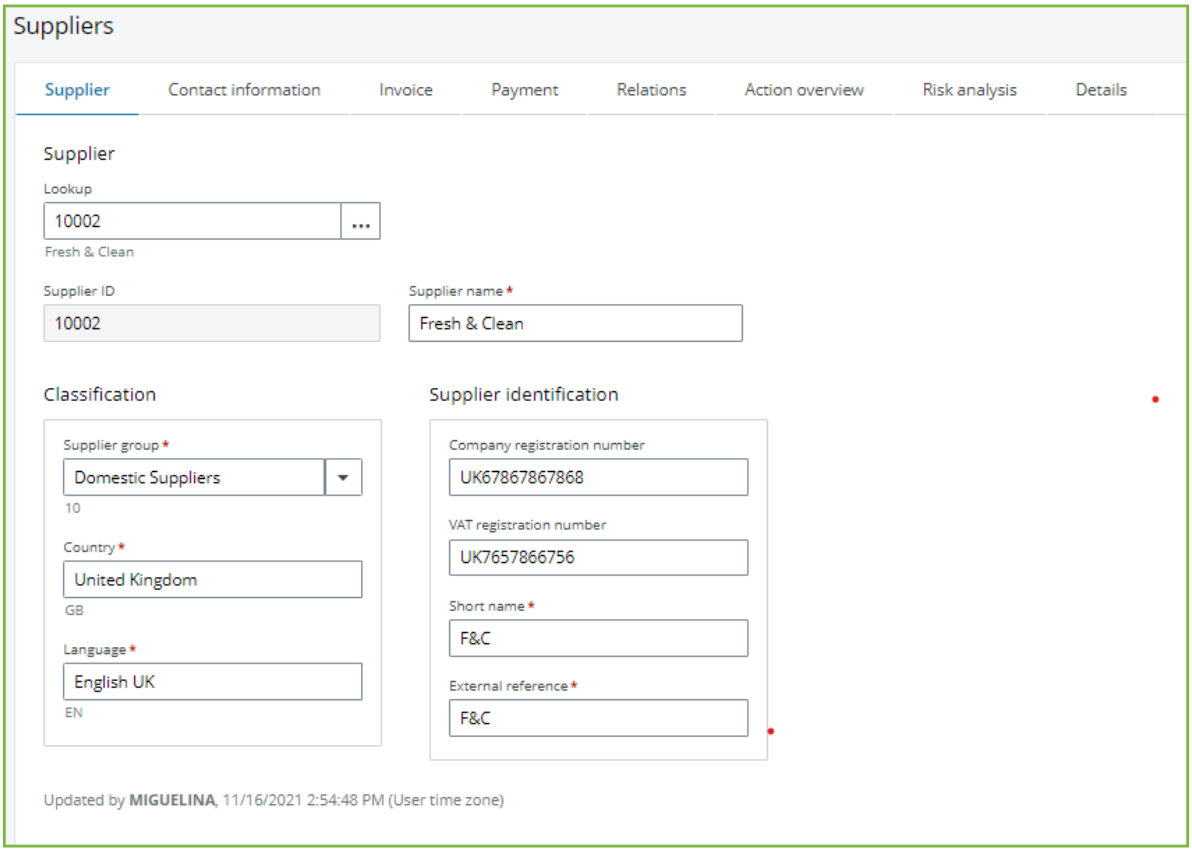


Figure 4 - Supplier master file

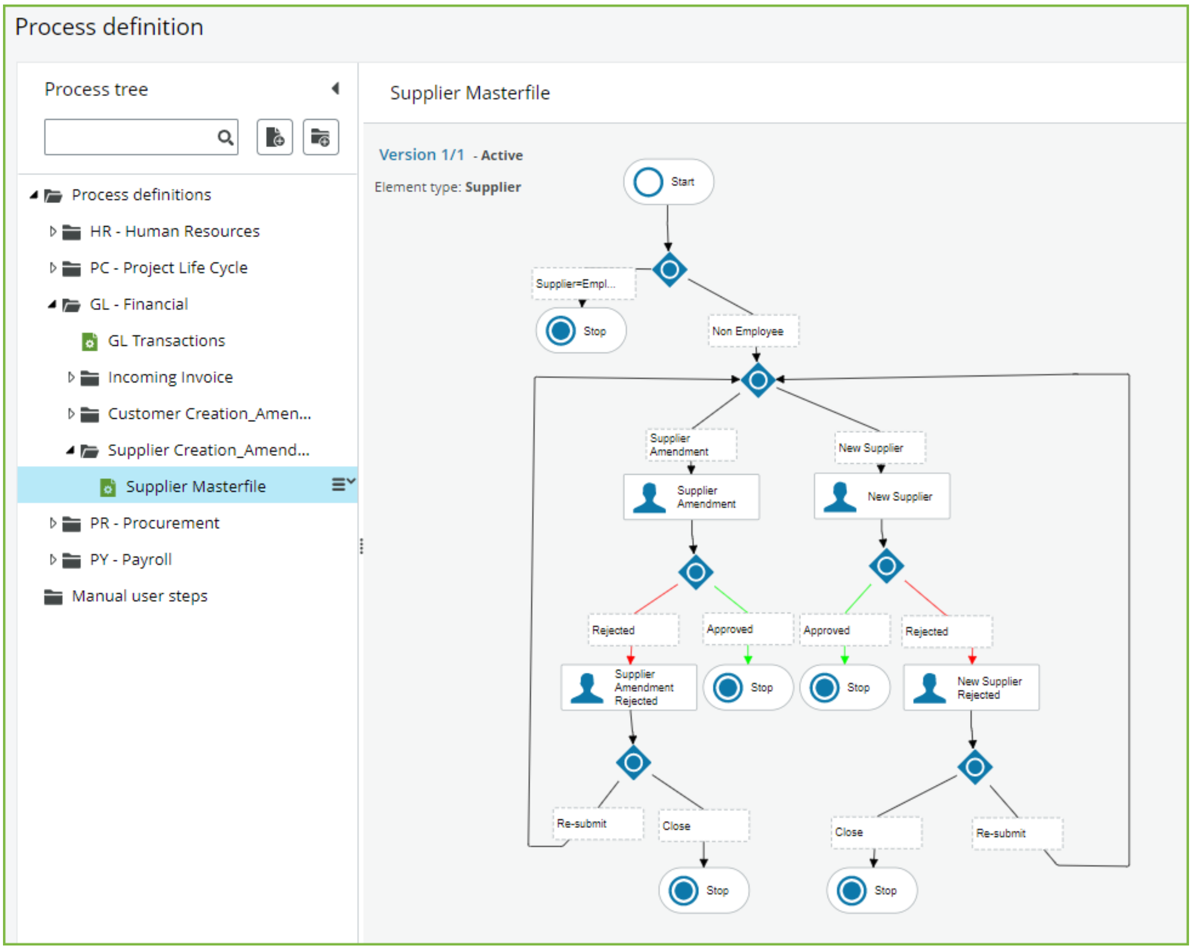


Figure 5 - New Supplier approval

When a supplier must be paid to a different bank account using a payment recipient or factoring agent, the solution lets you create payment recipients linked to the supplier. In the payment process, the payment recipient bank account is used instead of the original supplier bank account.

Every supplier is linked to one of the following available payment terms.

Payment Terms
Net Cash
Net 15 days with a 10% discount, if paid in 10 days
Net 15 days
Net 30 days
Net 60 days
Net 90 days
Net 180 days

Payment Terms
Due 20th of the following month
End of the following month

Every supplier is linked to one of the following payment methods.

NOTE:
The payment method can be overwritten at invoice level.

Payment Methods
BACS
Cheque

Supplier amendment

The supplier amendment process is used to correct and maintain supplier records which are already available in the system.

Amended Supplier records are sent in workflow for approval, before changes are applied (e.g. a change of bank account number of a supplier must be approved in order to avoid fraud). After the Supplier Master file amendment is requested by the digital form, it is approved using the Financial department’s workflow approval. The approver sees the old and amended values triggered for workflow in their approval screen to compare the values.

Supplier Assessment

To maintain an accurate record of a Suppliers’ quality, a Supplier assessment form is provided. It allows assessment of the suppliers per purchase order and rating their performance based on a number of categories.

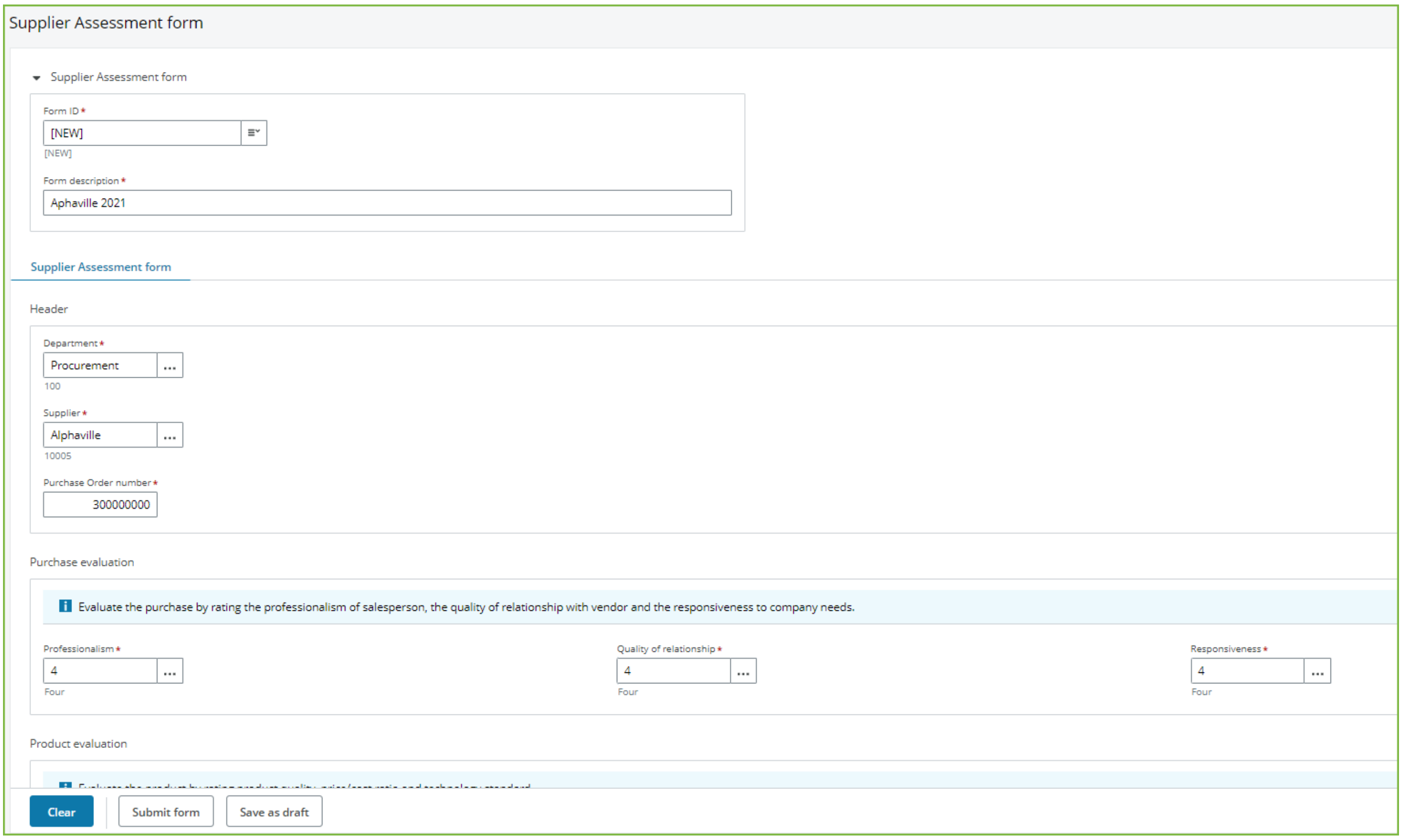


Figure 6 - Supplier assessment form

Supplier Risk Analysis

A supplier risk analysis section is provided on the supplier record to evaluate the risk assigned to purchasing products/services from a certain supplier.

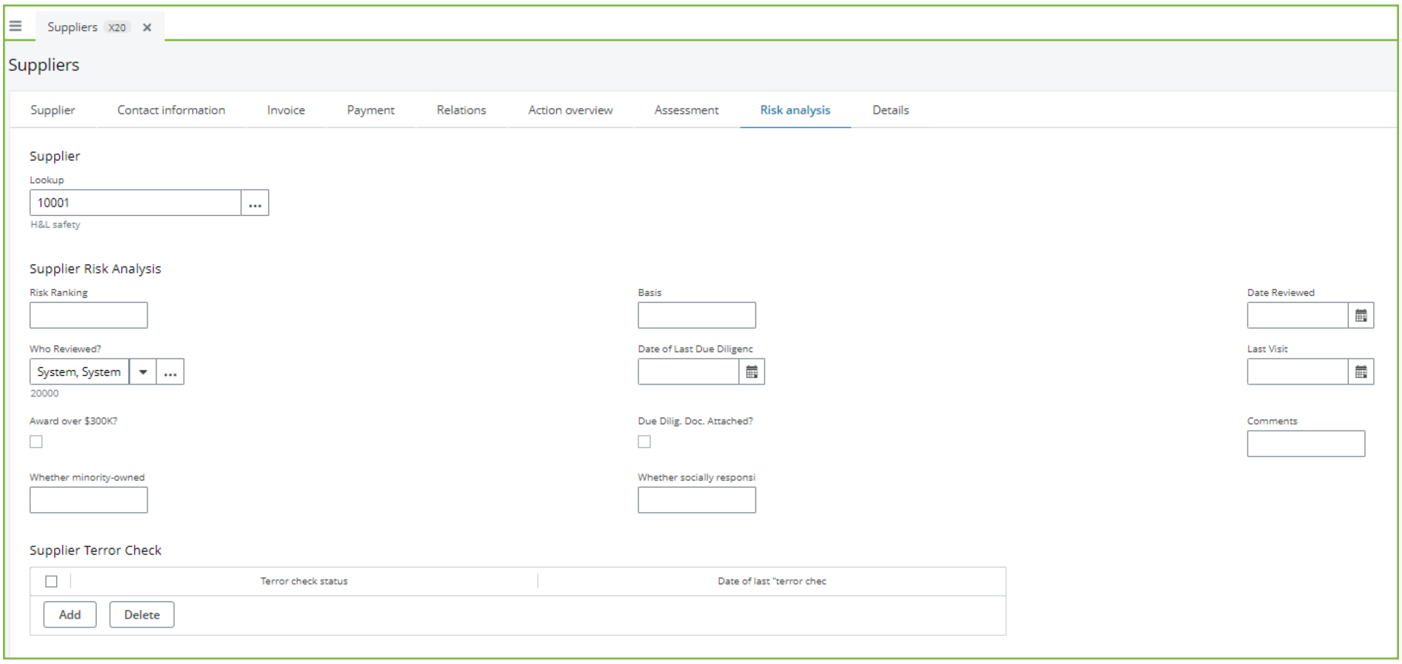


Figure 7 - Supplier master file with risk analysis tab

Item Catalog (Addition)

The item catalog contains all products that are available in the procurement process. This catalog is provided as an internal catalog within the solution based on several product groups. Extended capabilities are supported to define a punch out to an external supplier or marketplace for the use of an external product catalog. This is supported by the solution but not provided in this model NfP. The product catalog contains both products and services to be procured.

Products are aggregated into product groups for reporting, but more importantly, to define the expense accounts used in the procurement process. One generic product per product group has been provided to ensure a basic configuration available out-of-the-box, with the option to amend this and expand the item catalog with additional products during the implementation of the solution. The solution provides the following product groups:

Product group	Definition	Product group	Definition
10	Staff Contract & Temporary	34	Lubricants
11	Utilities	35	Spare Parts
12	Hire of Equipment	36	Nutrition Specialized
13	Office supplies	37	Oil
14	Telephone	38	Pulses
15	Software	39	Branded Items

Product group	Definition
16	Hardware
17	Marketing & communication services
18	Legal services
19	Generic products
20	Agricultural Equipment
21	Livestock
22	Seeds
23	Veterinary Drugs
24	Sub-awarding
25	General Food
26	Grains
27	VSAT
28	Building Material
29	Construction Service
30	Fixings
31	Tools
32	Child Kit
33	Fuel

Product group	Definition
40	Clothes
41	General Kits
42	Household Items
43	Non-Food Items (NFI)
44	Toy
45	Drugs
46	Health Kits
47	Laboratory and diagnostics
48	Vaccine
49	Equipment
50	Hygiene Products
51	Sanitation
52	WASH Consumables
53	Water Distribution
54	Water Lifting/pumping
55	Water Storage
56	Water Treatment and Testing
57	Office Furniture

Products

Non-stocked products can be created in the product record. The product record provides you with all details about the products in the catalog. It contains the standard product information, and by linking it to the associated product group will ensure that the right financial entries are made during the procurement process. This financial information is important since it allows for budget checking and generation of commitments based on the correct expenditure accounts in the procurement process.

By default, every product group is provided with a single product for the ease of entry having the same description as the item group. This description can be overwritten at purchase request / order entry and allows to keep the maintenance of the item catalog to a minimum, but still having the link to separate expense accounts being automated. This approach can vary at localization level, should there be a requirement for a more detailed product catalog.

Several classification labels are provided to structure products for reporting purposes and to show the requester in the procurement process additional information about the product requested (e.g. the Procurement Classification (UK). It also allows for product marking to be entered in order to show in the product catalog whether this product is certified (e.g. Fairtrade, CE marking). These labels are useful for using to search on the catalog as well, allowing the users to filter based on the classification labels related with the product to purchase and to compare products to choose the adequate one. The following table contains the classifications on Product level included in the solution:

Classifications provided	
Product Markings	To define the certificate of Fairtrade, CE certificate, or any other marking against a product
UNSPSC Commodity	UNSPSC commodity values
UNSPSC Family	UNSPSC family values
UNSPSC Segment	UNSPSC segment values
UNSPSC Class	UNSPSC classes
Cold chain	Defining whether this product should be distributed using cold chain
Livestock	Defining whether this product contains livestock
Hazardous material	Defining the type of hazardous material (e.g. explosive, corrosive)
CPC Classification	Central Product Classification from the UN
Kraljic class	Type of product, according to Kraljic (e.g. leverage product, strategic products

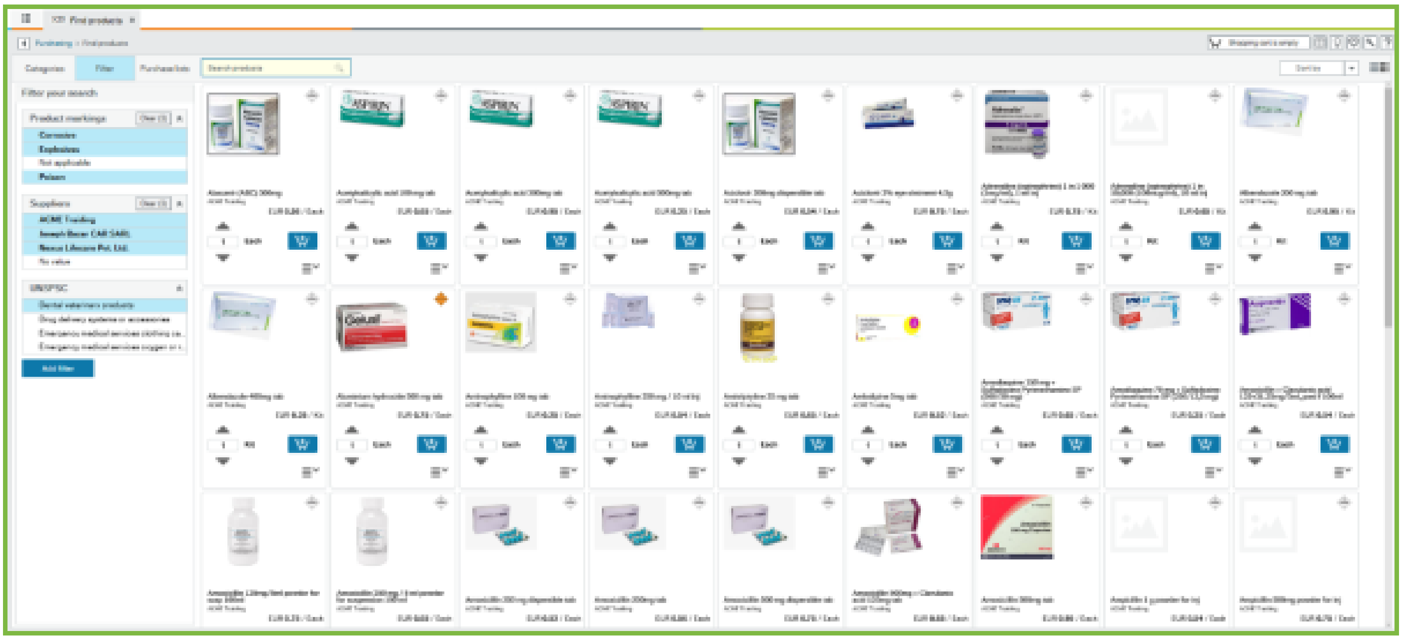


Figure 8 - Example Item catalog

Pictures of items can be added optionally. The product record provides the attaching of relevant documents on product level (e.g. technical specifications).

Contract management (Addition)

Contract management allows the user to manage (purchase) contracts in the procurement process. It can also give insight into contract consumption; this is achieved by directly matching incoming invoices with the relevant contract. Matching invoices with the relevant contract is beneficial for utility, telecom and rent contracts, where there are periodic invoices received against the agreed contract.

Contract workspace

An out-of-the-box portfolio of contracts and associated workspace is provided. The portfolio contains all contracts and is accessible by procurement users. The portfolio displays an overview of all contracts, including main details. It allows drill down into a specific contract and additionally, zooming into the supplier workspace of the associated supplier. The portfolio shows the consumption of the contract (e.g. actual spend allocated to the contract) as well as the number of days until expiry.

From the portfolio, by zooming into a specific contract's workspace, you access an overview of the contract details and transactional information. It includes the contract details, workflow tasks, and associated documents for the chosen contracts.

The contract dashboard provides reporting information and functional capabilities such as:

- total purchase request amounts associated to contracts
- total purchase order amounts associated to contracts
- total incoming invoice amount associated to contracts both purchase and contract invoices
- purchase requests associated to contracts with drill down to request details
- purchase orders associated to contracts with drill down to PO details
- incoming invoices associated to contracts with drill down to invoice details

Links are available to the following activities:

- Contract record
- Supplier record
- Product catalog
- All Contracts summary
- All Contracts tasks
- Purchase Requesting (PR)

Figure 9 - Contract workspace

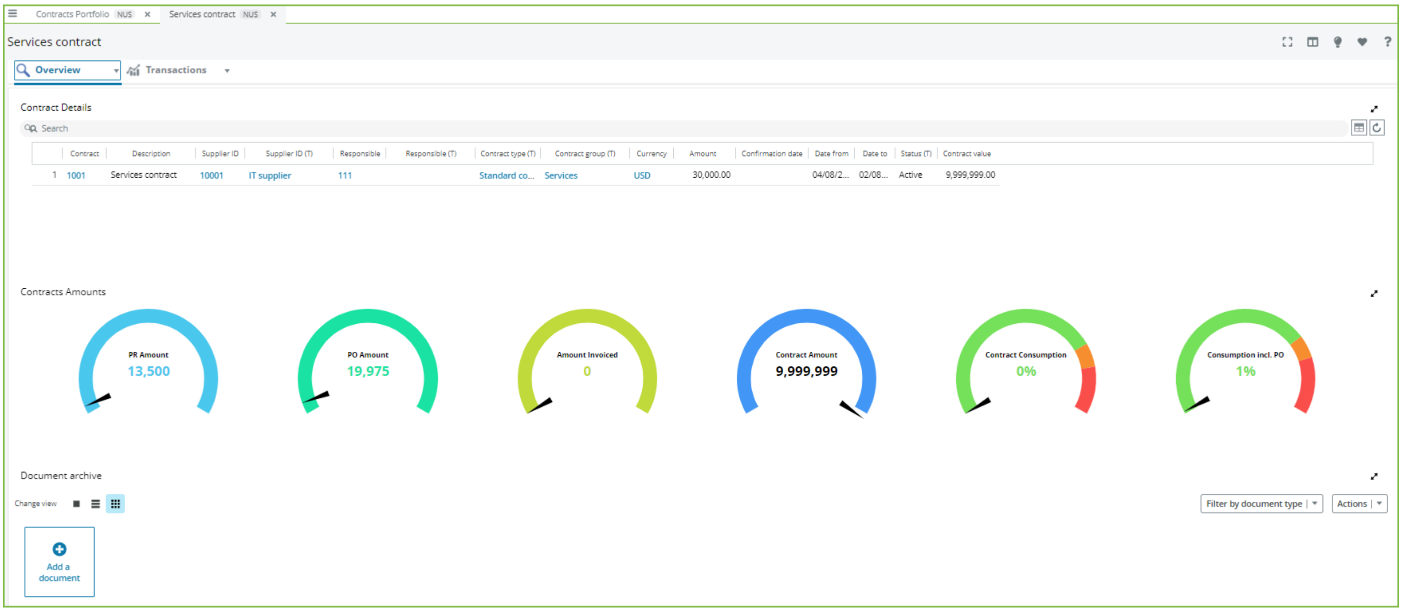


Figure 10 - Contract portfolio, metrics

Contract creation and maintenance

The contract record stores all the relevant data from a specific contract. It collects general contract information and dates, and detailed information about the products and services part of the contract agreement. Contracts are grouped in different contract groups and can have different types.

Contract group	Definition
10	Utilities
20	Stationery
30	IT
40	Employee
50	Travel
60	Services
70	Fuel
80	Contracts general
90	Sub-award

Contract types	Definition
10	Standard contract
20	Negotiated contract
30	Tender
40	Call-off contract

The solution supports the creation of new contracts directly in the contract record. Users can create contracts for all supplier groups except for resource suppliers using data access.

The contract record contains all relevant fields to register a new contract including contract start and end dates, associated products and services that are part of the contract. A new contract gets a unique number assigned automatically.

Within the details tab of the contract, the user can define all products and services applicable in this contract using the item catalog. Agreed contract prices and quantities are defined here.

A notification is created to send an email to the user responsible, 30 days before the expiry date (end date) of an existing contract to take appropriate action.

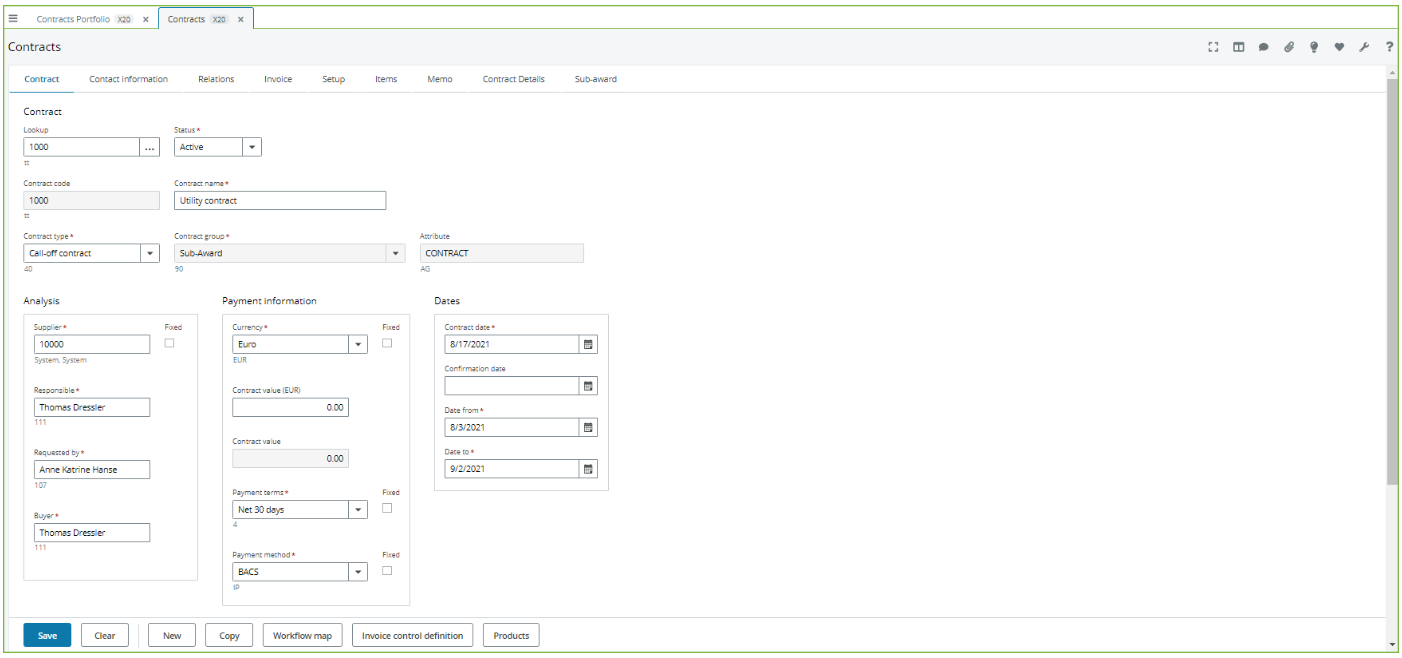


Figure 11 - Contract master file

Attach documents to contracts

To store important documents related to contracts in the document archive for later retrieval, a set of document types has been defined and provided:

Document Type	Definition
Contract agreement	Used for attaching contract documents and other types of agreements to the contract.
Terms & conditions	Attach documents with terms and conditions for the contract
Specification	Specifications used during the sourcing process (e.g. tender documentation, technical specifications, evaluation documents)

Contract review

The contract amendment process is used to maintain contract records already available in the system. Amended contract records are sent in the workflow for approval before changes are reflected in the system.

A notification can be created to send an email to the user responsible, 30 days before the review date of an existing contract to take appropriate action.

> **NOTE:**
> Not all amendments trigger the approval process.

The contract responsible has to review and approve the changes. The following fields trigger a new review process:

Field	
Supplier	Description
Contract group	Overrun amount
Contract value	Contract responsible
Currency	Status
Contract type	Product
Date from	Unit
Date to	Unit price

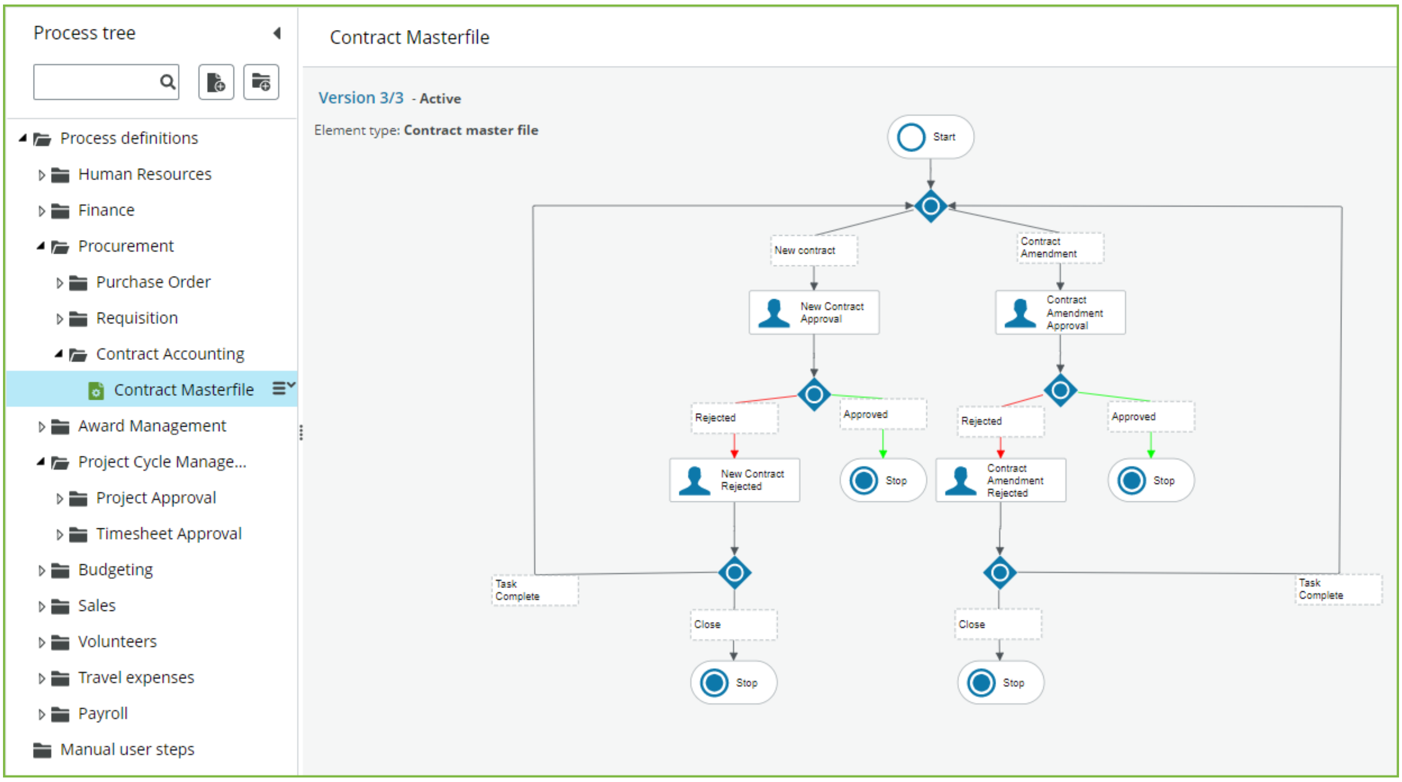


Figure 12 - Process definition - Contract master file

Contract management reports are available to report on contract details and contract spend (purchase request and purchase orders).

Contract details

Transparency reporting around contracts is fundamental to Nonprofit organizations. Additional information required for transparency reporting can be captured for a contract via the Contract details tab.

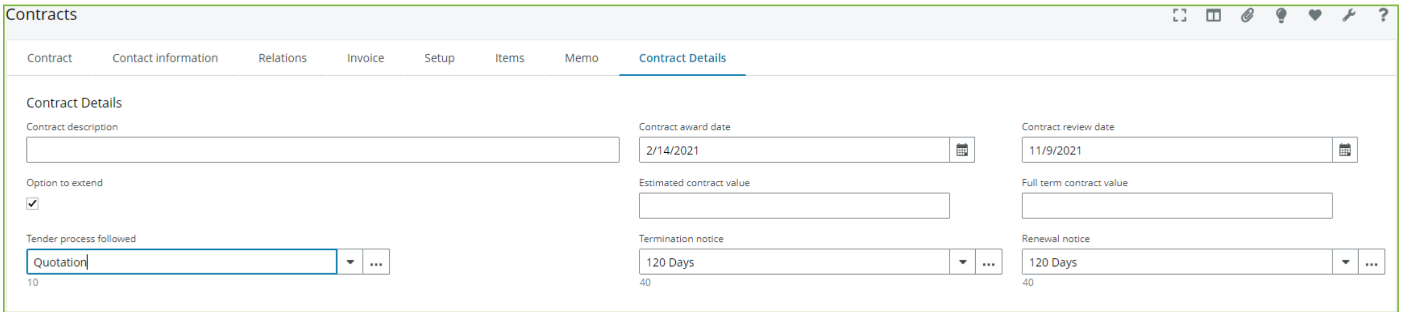


Figure 13 - Contract details tab :

The following details can be entered for a contract using the Transparency Report tab:

- Brief contract description
- Contract award date

- Contract review date
- Contract value (estimated annual spend)
- Contract value (full term)
- 'Option to extend' flag on contract
- Tender process followed (Quotation / Tender / Framework / Direct Award)
- Termination notice (e.g. 30 days)
- Renewal notice (e.g. 30 days)

Purchase Request (Addition)

The purchase request process deals with requesting goods and services, approval process and ensuring the purchase is within the current budget available. To register a request, the user enters a purchase request, as most organizations have restrictions around purchasing, the request will go through an approval process.

When there are contracts with preferred suppliers for the purchasing of specific goods or services those contracts will be referred in the request itself, this will allow enforcing internal policies of the organization.

To facilitate the user purchase request entry, a catalog of services and goods is enquired with different categories and filters acting as an internal online shop. When the user has chosen all the required products, the shopping cart content is transferred to a purchase request and sent for approval and budget checking after submission.

Purchase Request entry

Purchase requests are raised by non-procurement users registering a Purchase Request. In this web shop-like environment, the user can retrieve an item from the internal catalog or punch out to an external catalog.

Purchase Request entry – web shop

The user adds products and services from the catalog to their shopping basket and when complete, imports them automatically into the purchase request, including preferred suppliers, quantities and prices.

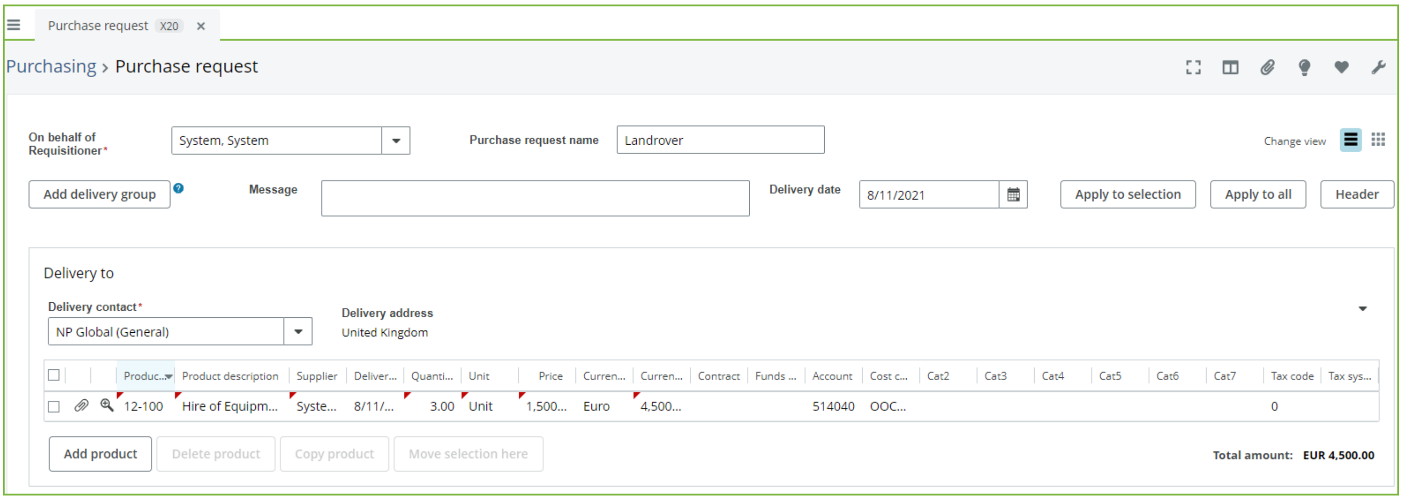


Figure 14 - Purchase Request

Each product will have a cost that will be allocated, as each product is linked to a product group connected to a cost account, the correspondent product group will drive the cost account in which the cost is reflected.

The cost allocation of each product requested is defined at request entry, using the correct dimensions for allocation, either by resource, cost center, workorder, project or other analysis as required. This allocation will allow for reporting on expenditure but also creating a commitment when the request is submitted.

During registration of the purchase request, the delivery address will default to the company defined value, which can be overwritten to other delivery address already defined, either at resource level or company level. The delivery date will also be available in each product line. For each product the description can be amended to accommodate any additional information that the supplier might need to be sent.

When a purchase request is entered, it is automatically linked to the requestor to allow for user specific purchase enquiries. To justify a request for a certain product and/or service, for example, the solution provides several document types to be added to the request. These documents can be stored in the request header or request line. To make it easier, if the user has the request already drafted it can be saved as a draft and only submitted later after reviewing. Additionally, if the approver needs to have extra information not provided on the product, text can be added using additional fields, for example, for airline tickets when the user has additional fields where the airport, dates and destiny information can be captured.

Purchase Request review

When requests are submitted, they are sent for approval via workflow. This approval process allows for both a check of the purchase request and as well the budget check by the approver.

The approval process of the registered product requests will be different depending on the type of product requested (generic product, technical product, e.g. IT). When a generic product request is raised, it is sent to Procurement to complete the sourcing process with the potential suppliers and check the item catalog on a similar product/service.

The offered approval process for all project-related requests is forwarded to the project manager for approval. Above a definable threshold, the cost center manager also needs to approve. Non-project related requests are approved by the cost center manager. Requests above a definable threshold require additional approval by the department responsible and division responsible. IT-products request require an additional review and approval from the IT department.

When approved, the purchase request is automatically transferred to a purchase order and the requestor will be notified about the purchase request approval. The approval limits are set as examples but can be amended during the implementation of the solution based on your organization's Delegation of Authority matrix (DoA).

For the control of the requests, the solution provides a status follow-up from draft to received and if the requisitioner can check the current status of the purchase request approval process.

Budget checking

The budget check allows a check on available budget, which provides a financial overview of the expenditure as it happens. The budget check can be applied to different dimensions, either account, cost center, project, and/or award. This allows a correct check between the future expenditure budget allocation and the available operational, project, and award budget. The budget check occurs at the purchase request submission, and at the approval stage of the purchase request. In the case of budget overspend, a warning is shown in the screen.

For further information on this topic, please refer to Commitment Accounting in the Finance Description.

Purchase Orders (Addition)

Purchase orders are either automatically created from registered Purchase Requests by end users, or directly registered by the users in the Procurement department. Approval of the purchase orders is only triggered when a purchase order is created directly and not initiated from a Purchase Request.

Purchase order registration

The solution automatically transfers approved purchase requests into purchase orders. It allows for consolidating multiple requests for the same supplier to reduce order costs. Purchase orders can also be manually entered by users in the Procurement department instead of going through the request process.

The solution supports different order types:

- **Standard Purchase Order** to be printed, ordered and receipted manually
- **Direct Goods Receipt Purchase Order** for services that are immediately receipted
- **Purchase Order With Direct Printout** to allow for automatic printing and ordering of the generated orders

The purchase order can be linked to an existing contract to use the agreed contract prices for the chosen products and services.

If there is a need to raise a direct purchase order without goods receipt the user can use the direct goods receipt purchase order type. If the purchase order needs to be printed directly after approval, the purchase order with direct printout can be used as configured. This order type allows as well to send the purchase order directly by email to the supplier. The standard order type will need to be goods received and the printout will need to be ordered.

For invoice control, the purchase order contains the percentages allowed for overrun during the 2 or 3-way matching of the invoices. Each purchase order generates a hard commitment automatically after creation, which will reduce the soft commitment of the purchase request and, if the value matches, closes the soft commitment. To send all relevant information to a supplier, the solution provides different document types for attaching documents to the order header and individual lines of a purchase order on document archive. PO print is sent by email automatically or by using a printed stationery output.

Purchase review

A purchase order approval process is provided for created Purchase Orders that don’t have an initiating Purchase Request. The implemented approval process is forwarding the PO to the project manager. Orders above a defined threshold require an additional approval by the cost center manager. The approval limits can be defined during the implementation based on the organization's Delegation of Authority matrix (DoA).

Budget check

The budget check allows for a specific purchase order to check if there is enough budget. The budget check is applied on different dimensions to account, cost center, project and/or award. This will allow a correct match between the future expenditure budget allocation and the available budget and gives a warning when the budget is exceeded.

Purchase print out

A purchase order printout is provided as a stationery template. When the purchase order approval is completed, the purchase order is printed out and sent to the supplier using an automatic email with attachments, or by sending it physically. The purchase order printout is automatically attached to the purchase order record within the document archive to allow for accessing the document after it has been sent directly from the purchase record. Once the purchase order print-out process has run successfully the order status will be updated to “ordered”. If necessary, a purchase order printout copy can be produced.

Purchase order notifications

The solution includes a set of notifications to offer a better control of purchase order follow-up. When a purchase order is sent to the supplier a notification is triggered to inform the requestor that the PO has been sent to the supplier. The solution also provides a notification that informs the Purchase Order responsible and the Purchase Order accountable when:

- the delivery date for an item on a purchase order is overdue, and that item has not been fully received.
- the follow-up date for a Purchase Order is more than 15 days past it's due date, and the purchase order has not been fully invoiced.

Goods Receipt/Return (Addition)

For the receipt of goods, the solution includes the goods receipting and return functions.This allows for better reporting on the match since the order, the receipt and the invoice all use the standard inquiries, which allows the user to follow up on the purchase order status.

Goods receipt

After the purchase order products have been received, a goods receipt entry is made. A receipt number is generated after saving the transaction. A non-received quantity might be canceled for further receipting. For services that might not need receipting, the order type chosen ensures that this step is skipped.

The number of each receipt tells the user what purchase order it refers to; it is also possible to do multiple receipts on the same order to indicate that an order is split into multiple deliveries. The goods receipt will create an accrual commitment.

Goods return

A Goods return option is available to return goods that were previously procured and received either by retrieving the purchase order or goods receipt note.A set of codes is available to define the reason for return and for reporting purposes.

Reason code	Description
R2	Damaged goods
R4	Return unused
R5	Return used
R6	User error

Incoming Invoice

The incoming invoice process is the last stage of the procurement process that financially registers the actual expenditure on the procured items.

Invoice matching

The solution provides the ability to match the invoices with the purchase orders using invoice registration. By entering the order number on the invoice document, the lines are automatically retrieved, and the GL analysis captured in the purchase order is added, reducing the need to enter the cost allocation on the invoice.

A 2 or 3-way matching is performed against the thresholds defined in the order matching against both ordered quantity and amount and/or received quantity.

The invoice document is added to the transaction in any format after being loaded in the solution and attached to the document archive. It is displayed during registration and during workflow approval.

Incoming invoice review

In case of a match within the thresholds, the invoice is automatically approved in workflow while the purchase request / order has been approved before. Exceeding the thresholds will activate a workflow approval to review the deviation. The workflow also triggers a goods receipt task in case a missing goods receipt note was identified. When the invoice is posted, the hard commitment of the purchase order is closed.

When the approval of the invoice is completed, it is automatically posted to the General Ledger and AP Sub-Ledger, which can be checked by the user using the standard enquiries. It is ready for the Remittance process to get paid to the supplier.

For further information on this topic, please refer to Incoming Invoices in the Finance Workstream description.

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UNIT4

In business for people