

LOS ANGELES COMMUNITY
COLLEGES
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SAP Go-Live Bulletin

PROCUREMENT #4 – CONTRACTS: USE OF THE DOCUMENT TYPE
PO/CO.

February 20, 2003²

TO: Presidents, Vice Presidents, College Financial Supervisors, Enterprise Managers, Bookstore Managers, Cafeteria Managers, Facilities Managers, Financial Aid Managers, Community Services Managers, Senior Staff, District Office Managers

FROM: Kenneth Takeda, Director
Business Services

SUBJECT: Using Document Type PO/CO for Contracts

The purpose of this communication is to outline the difference between the SAP Purchase Order/Contract (PO/CO) and the SAP Purchase Requisition/Request for Contract (PR/RFC). This bulletin also includes procedures for entering contracts into SAP as Document Type PO/CO.

NOTE: This Go Live Bulletin does not cover using the PO/CO document type for inputting INCOMING FUNDS (i.e. grants and SFPs). Please see Go Live Bulletin Procurement #3 – Specially Funded Programs for instruction on inputting funds.

Purchase Requisitions vs. Purchase Orders

Definition

In SAP, Purchase Requisition is abbreviated as PR. A Purchase Requisition is actually a document **category** that has **two** document **types**:

- PR, or purchase requisition (which is redundant but part of the system configuration)
- RFC, or request for contract

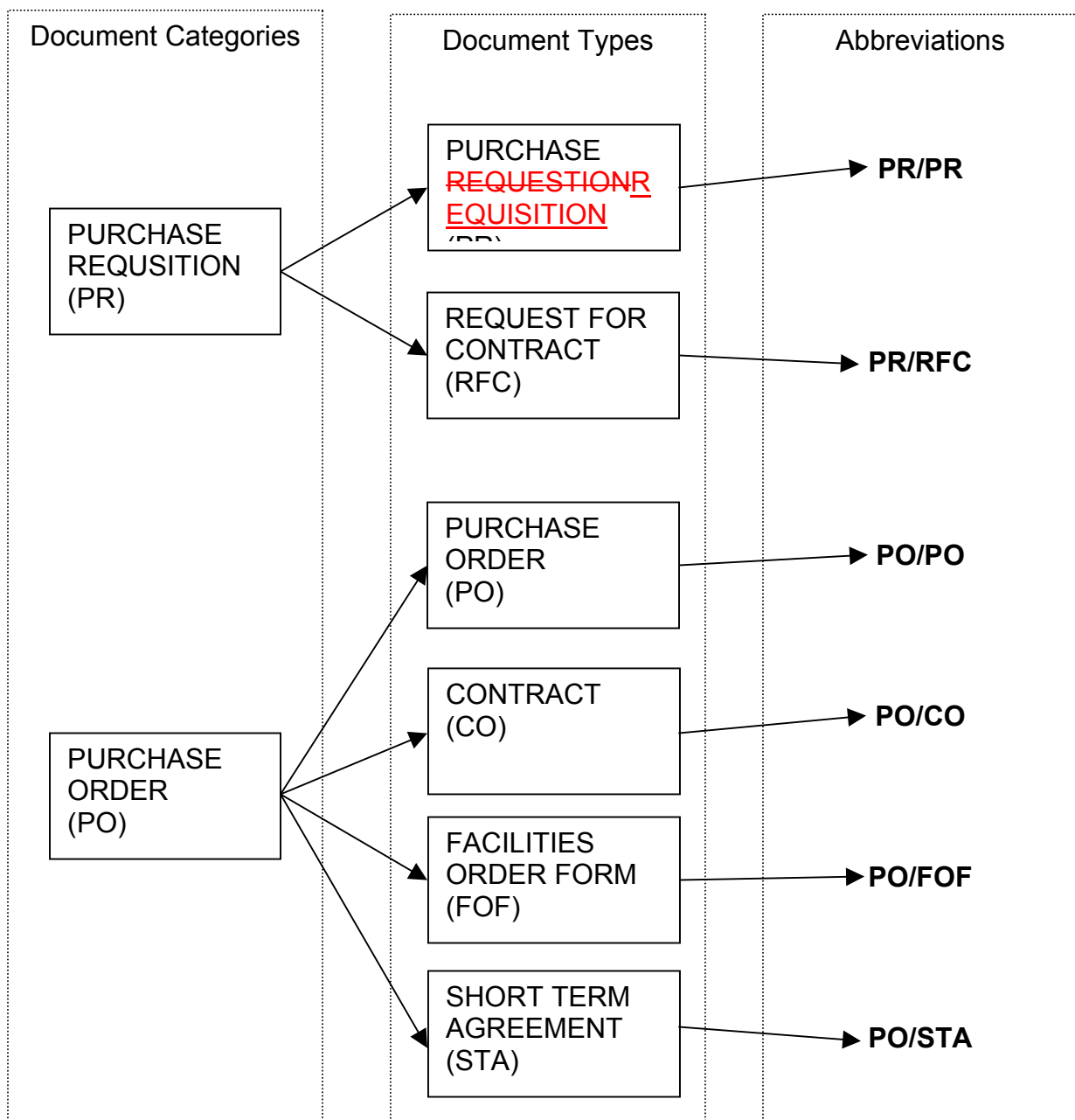
Therefore, in SAP, a **purchase requisition** is designated PR/PR, and a **request for contract** is designated PR/RFC.

In SAP, Purchase Order is abbreviated as PO. A ~~Purchase~~-Purchase Order is actually a document **category** that has **four** document **types**:

- PO, or purchase order
- CO, or contract
- FOF, or facilities order form
- STA, or short-term agreement.

Therefore, in SAP, a **purchase order** is designated PO/PO, a **contract** is designated PO/CO, a **facilities order** is designated PO/FOF, and a **short-term agreement** is designated PO/STA

DIAGRAM



Process

When you create a **PR/RFC** in SAP for your campus, it must go through a set of SAP "release strategies" until it reaches the District Contracts Office (for City, Harbor and Southwest Colleges) or your College Procurement Specialist (for East, Mission, Pierce, Trade-Tech, West, and Valley Colleges). These people will then **convert** the PR/RFC into a PO/CO, and inform you of the new contract number generated by SAP.

When you create a **PO/CO** in SAP for your campus, you will immediately generate the contract number that can be used from year to year, not to exceed five years (there is five-year limit for contracts for services, according to California Education Code [\[Ed. Code\]](#)), without having to generate a new contract number (PO/CO number).

Usage

You may use a **PO/CO** only if:

1. The contract is for the 2002-2003 fiscal year,
2. The contract documents are already signed (i.e. as a prerequisite to the Colleges being granted state funds), and
3. A set of fully signed agreements exist but have **not** yet been given contract (PO/CO) numbers (which must be generated by SAP).

Note: Contract numbers cannot be generated until funds commitments (encumbrances of funds) are processed through SAP either via [a PO/CO](#) or [a PR/RFC](#).

Additional Encumbrances

For each **additional** encumbrance of funds for the current and future fiscal years, however, each College must generate a **PR/RFC**. The PR/RFC will go through the SAP release strategies to the College Procurement Specialist or Contracts Analyst, who will then "incorporate the PR/RFC by reference" into the original PO/CO and create the additional line item.

Consistent Contract Number

A PO/CO contract number that is generated in SAP cannot exceed a duration of [three years for contract purchasing of goods and supplies, or five years for services \(including maintenance of equipment\), in accordance with Ed. Code Section 81644; or a duration of ten years for lease or lease/purchase of equipment \(Ed. Code Section 81552\)](#). This policy will make it easier to refer to the same contract year after year. Also, by using the same PO/CO number for the same agreement year after year, the District isn't creating PO/CO numbers needlessly every time a funds commitment (encumbrance of funds) is required.

Additionally, as PR/RFCs are generated by the campuses for additional encumbrances of funds during the first year of the contract, and for the second through ~~fifth~~ **final** years of the contract, the College Procurement Specialist or Contracts Analyst will "incorporate the

PR/RFC by reference" into the PO/CO that was created the first year. In this way, successive encumbrances for the same agreement become **additional line items** under the **same** PO/CO.

Resources

For answers to Procurement—procurement-specific (purchasing and contracting) questions – please use the following Procurement—procurement contact support:

Jim Watson, (213) 891-2421

Fabee Buñag, (213) 891-2430

Ramona Divinagracia, (818) 947-2547

Kim Hoffmann, (213) 763-7050

Marilyn Huff, (213) 891-2103

Curtis Paltza, (213) 891-2301

This memo should be distributed to all College and District Office employees who have any responsibilities related to the above-mentioned procedures and/or documents.

KT:kc

cc: Chancellor
Peter Landsberger
Tony Tortorice
SAP Project Team Members
Controller's Staff

ATTACHMENT 1: ENTERING A PO/CO

Creating a Purchase Order for the Document Type CO (for a contract) is very similar to entering a Purchase Order for the Document Type PO (for goods). The primary difference between the two documents is purchase orders (PO/POs) are one-time transactions and have separate encumbrances. Contracts (PO/COs) are sets of transactions that often last for more than one year and need to have successive annual or periodic encumbrances of funds that show as consecutive line items under the same PO/CO number. PO/COs also contain specific contract language (terms and conditions) that is imported into the long text of the line items.

ME21 – Entering a PO

Initial Screen

- After entering the Vendor's SAP identification number, type **CO** in the Order Type field.

The screenshot displays the SAP ME21 'Create Purchase Order : Initial Screen'. The interface includes a menu bar with 'Purchase order', 'Edit', 'Header', and 'Item'. Below the menu bar is a toolbar with icons for back, save, refresh, and print. The main area is divided into several sections:

- Reference to PReq**: A section with a 'Reference to PReq' button.
- Vendor**: A field containing '1005554'.
- Order type**: A field containing 'CO'.
- Purchase order date**: A field containing '02/19/2003'.
- Organizational data**: A section containing a 'Purchasing group' field with the value 'D11'.
- Default data for items**: A section containing several fields: 'Item category' (empty), 'Acct assignment cat.' (value 'S'), 'Delivery date' (value '02/19/2003'), 'Plant' (value 'D'), and 'Material group' (value '2011').

At the bottom of the screen, there is a status bar showing 'PRD (1) (300)' and 'pa1 INS'.

- Use the appropriate Account Assignment Category (**C** for Cost Center or **S** for Specially Funded).
- Enter **date of encumbrance** in the Delivery Date field.

- Enter the appropriate Material group.

Header Data

- Enter the **start date of the contract** in the Validity start field. *Note: this field is for reporting purposes only and has no functional effect.*
- Enter the **end date of the contract** in the Validity end field. *Note: this field is for reporting purposes only and has no functional effect.*

Create Purchase Order : Header Data

Purchase order: [] Company code: 1 Purchasing group: D11
 Document type: C0 Purch. organization: 1
 Vendor: 1005554 CALIFORNIA STATE UNIVERSITY,

Administrative fields
 PO date: 02/26/2003
 Validity start: 01/06/2003 Validity end: 04/13/2003

Terms of delivery and payment
 Payment terms: NT30 Currency: USD
 Payment in: [] Days [] %
 Payment in: [] Days [] % Incoterms: FOB Destination: []
 Payment in: [] Days net

Reference data
 Your reference: [] Salesperson: MARY JANE WHITSON
 Our reference: 31-0018 Telephone: 562-346-2232

PRD (1) (300) pa1 INS

- Enter the pre-existing **Legacy-system** contract number in the “Our reference” field.

Item Overview

- Enter a **brief description** of what is being contracted in the Short text field. *Note: information typed in this field **will not** appear on any printed copies of the SAP produced contract.*

Create Purchase Order : Item Overview

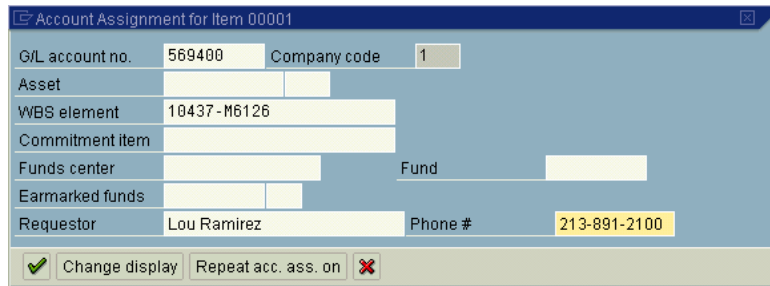
Purchase order: [] Order type: C0 PO date: 02/19/2003
 Vendor: 1005554 CALIFORNIA STATE UNIVERSITY, Currency: USD

Item	A/D	Material	Short text	PO quantity	Deliv. date	Net price	Matl group	Plant
1	S		4CNet Svcs, July- Dec, 02: Video	1 EA	02/19/2003	12300.00	2011	D
2	S				02/19/2003		2011	D
3	S				02/19/2003		2011	D
4	S				02/19/2003		2011	D
5	S				02/19/2003		2011	D
6	S				02/19/2003		2011	D
7	S				02/19/2003		2011	D

- Enter a quantity in the PO quantity field.
- Enter the **cost of the contract per quantity** in the Net price field.

Account Assignment

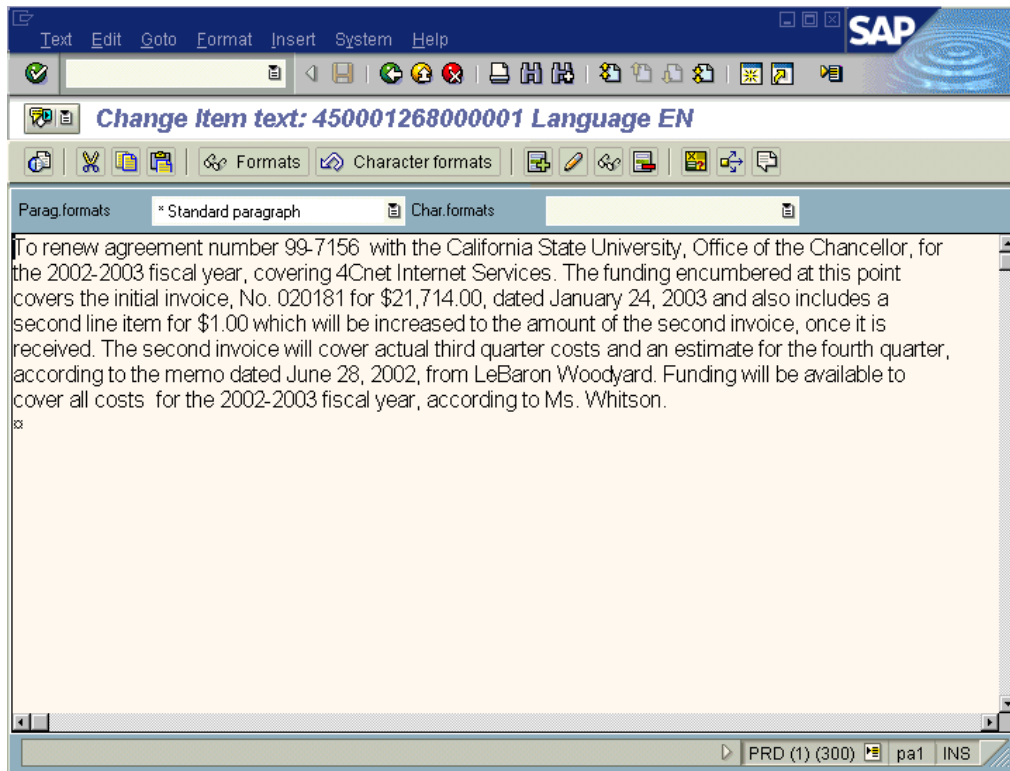
- Enter the contract's account information.



Long Text


To go to the Long Text screen, select/highlight a line item and click . When the Item Texts screen appear, click  Long text.

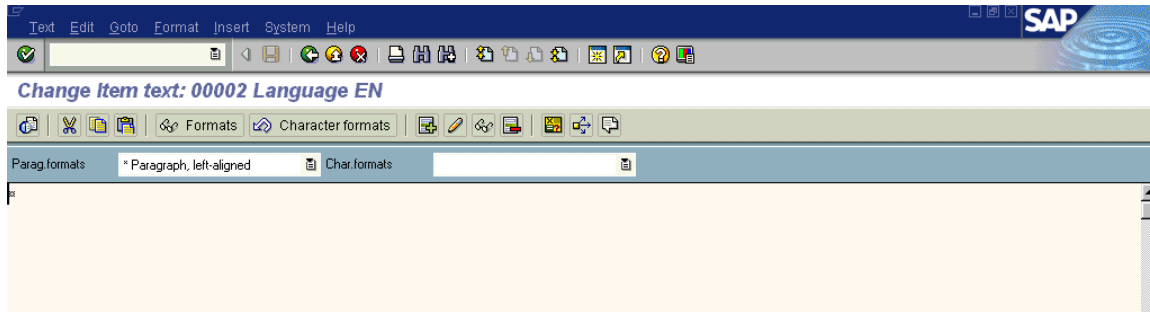
- Type in the details for the contract. Note: Information entered here **will appear will appear** on any SAP generated copies of the document.



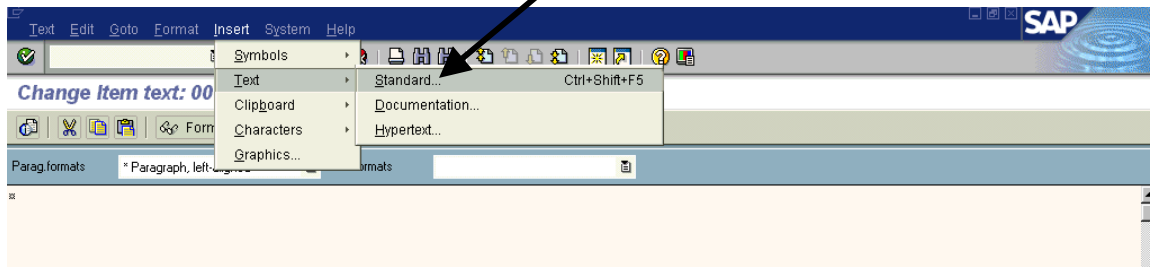
Boilerplate Contract Language

To import boilerplate contracts:

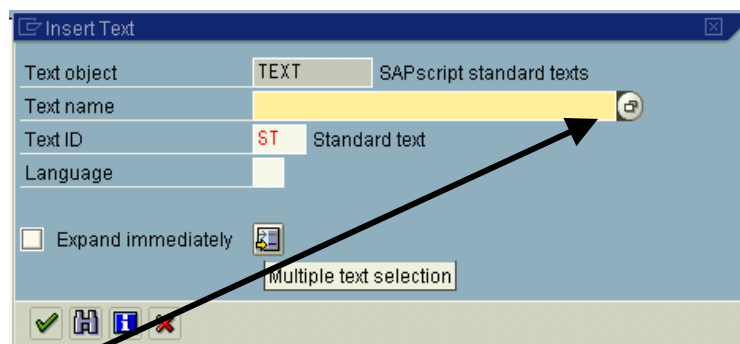
1. At the **Create: Purchase Requisition Texts: Item XXXXX** screen, click on the **(Long Text)**  **Long text** button.
2. The **Change Item Text** screen appears.




3. Select **Insert > Text > Standard** from the menu bar.

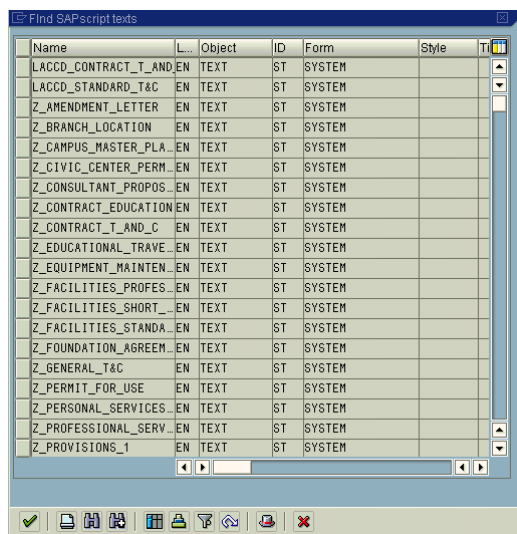


4. The **Insert Text** box appears.




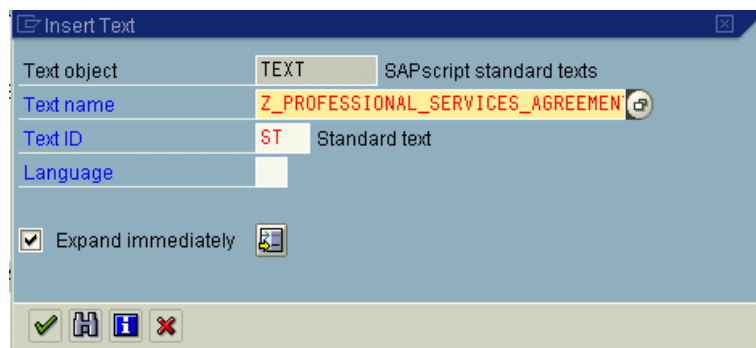
4. Click on the  Matchcode icon in the **Text name** field. The Search box will appear.

- Click on the  (**Execute**) button. A list of possible templates appears.



Name	L...	Object	ID	Form	Style	T...
LACCD_CONTRACT_T_AND	EN	TEXT	ST	SYSTEM		
LACCD_STANDARD_T&C	EN	TEXT	ST	SYSTEM		
Z_AMENDMENT_LETTER	EN	TEXT	ST	SYSTEM		
Z_BRANCH_LOCATION	EN	TEXT	ST	SYSTEM		
Z_CAMPUS_MASTER_PLA	EN	TEXT	ST	SYSTEM		
Z_CIVIC_CENTER_PERM	EN	TEXT	ST	SYSTEM		
Z_CONSULTANT_PROPOS	EN	TEXT	ST	SYSTEM		
Z_CONTRACT_EDUCATION	EN	TEXT	ST	SYSTEM		
Z_CONTRACT_T_AND_C	EN	TEXT	ST	SYSTEM		
Z_EDUCATIONAL_TRAVE	EN	TEXT	ST	SYSTEM		
Z_EQUIPMENT_MAINTEN	EN	TEXT	ST	SYSTEM		
Z_FACILITIES_PROFES	EN	TEXT	ST	SYSTEM		
Z_FACILITIES_SHORT	EN	TEXT	ST	SYSTEM		
Z_FACILITIES_STANDA	EN	TEXT	ST	SYSTEM		
Z_FOUNDATION_AGREEM	EN	TEXT	ST	SYSTEM		
Z_GENERAL_T&C	EN	TEXT	ST	SYSTEM		
Z_PERMIT_FOR_USE	EN	TEXT	ST	SYSTEM		
Z_PERSONAL_SERVICES	EN	TEXT	ST	SYSTEM		
Z_PROFESSIONAL_SERV	EN	TEXT	ST	SYSTEM		
Z_PROVISIONS_1	EN	TEXT	ST	SYSTEM		

- Highlight the template you wish to use.
- Click on the  (**Enter**) button.
- Once you return to the **Insert Text** box, click on the box next to the phrase “**Expand immediately**”. This will enable you to view the contract template in its entirety. If this box is not checked, the system will still import the contract language but will do so in a condensed format.




Text object: TEXT SAPscript standard texts

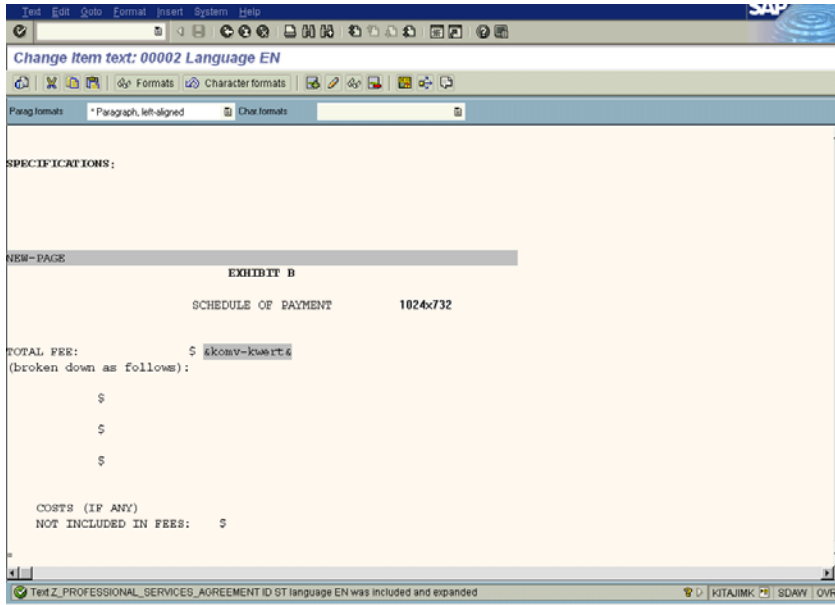
Text name: Z_PROFESSIONAL_SERVICES_AGREEMEN

Text ID: ST Standard text

Language:


Expand immediately

- Click on the  (**Enter**) button.
- The template that the user chooses will be copied onto the **Change Item text: XXXXX Language EN** screen (as shown below).

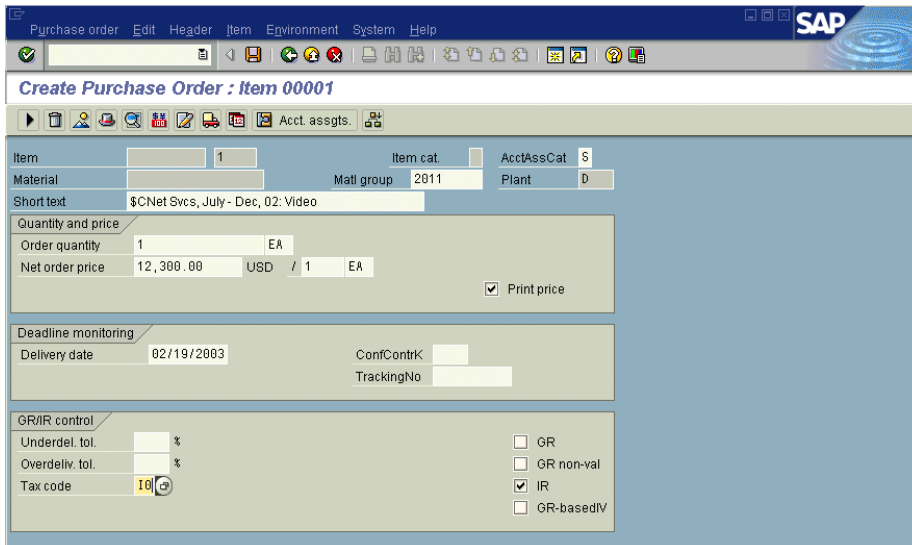


11. Click on the green arrow key (**Back**) until you reach the **Create Purchase Requisition: Item Overview** screen.

Item Details

To go to the Item Details screen, select/highlight a line item and click .

- Uncheck the **GR** indicator to turn off the “Good Receipt Required” option on the PO (unless acknowledgement of the service is required).



- Change the **Tax code** indicator to I0 to set the line item to “Tax Exempt.”
- Save the document.
- Record the SAP assigned document number (the contract number).