

Minimize re-work of Purchase Requisition (PR) in Ariba eProcurement System due to Administrative Error

INTRODUCTION & BACKGROND

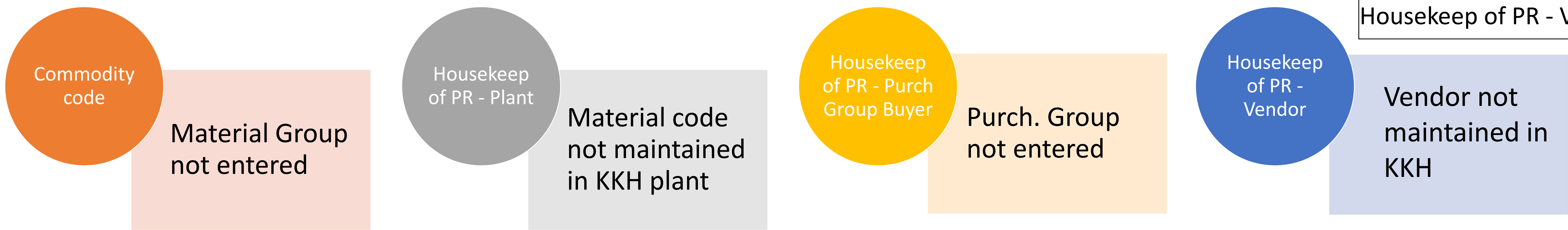
Materials Management Department (MMD) buyer is responsible for daily vetting and approving of all Purchase Requisition (PR) raised by the users. During the vetting of PR, there are a number of fields which MMD has to check before approving the PR. Once PR is approved, Purchase Order (PO) will be generated. However, some PRs were not successfully generated into PO upon approval due to financial or administrative errors. The team focus on reducing administrative errors which could be controlled by MMD and aims to improve the following situation which caused inefficiency and ineffectiveness in the daily procurement activities.

S/N	Consequence of Administrative Error in PR
1.	MMD Buyer has to spend additional time to correct the error when PO failed to generate (Each PR require an average of 10-15minutes to rectify (subject to the type of error).
2.	For urgent purchase, it will delay hospital needs if PO is not generated promptly (Each PR require an average of 1-2 working day for the system to re-push for PO generation).
3.	MMD will be affected negatively as users will complain when their requests are delayed.
4.	MMD Buyer feel stressful when PO is not generated promptly (especially when purchase is urgent and received user's complaint).

METHODOLOGY

1) MMD received daily "List of PR pending PO" report from the system provider (IBM). MMD make use of this report to identify the different errors.

2) MMD did an in-depth study and analyses on the different type of errors. The team decided to focus on those administrative errors which can be controlled by MMD Buyer. Following 4 major administrative errors commonly make by MMD Buyer.



Type of Errors
Financial
Overall Budget exceeded
Finance-Grant program and class were not derived
Administrative error
Commodity Code
Housekeep of PR - Plant
Housekeep of PR - Purch Group Buyer setup
Housekeep of PR - Vendor

3) The team further discussed to understand why these administrative errors are common and generally aligned the following are the main causes :-

- a) Carelessness
- b) Forgetfulness
- c) Too many fields in the PR that need verification



4) The team agreed that the 3 issues can be easily rectify with a checklist to remind the MMD buyer when vetting the PR. Below is a sample of the checklist.

Checklist – Vetting PR

Summary Page	
PO Creation Date	Remove input from this field. - Except Evergreen PR
Purchase Type	To check requester's selection - Please double check on the approval flow against the correct purchase type; - If Buyer is changing on-behalf of requester, please insert the relevant approvers accordingly. (Eg: Sourcing to Award approvers)
Is 2-Way Match Type	No (Defaulted in system)
Technical Assistance Required:	To check if any technical assistance required
Delivery Date	Future Date
Comments	Uncheck "Visible to Supplier" in requester's comment & Buyer to Add comment using standard template
Line Item	
Full Description	Only the first 40 characters will be captured in the SAP short text field (For additional information that requires to be captured in SAP, please input in the Line item text field which will not reflect in Ariba PO)
Commodity Code	DO NOT Select "All Commodity"
Commissioning	To select if commissioning required
Line Item – Accounting	
Account Assignment	Check against Finance's comment
Source of Fund	Check against Finance's comment
GL Account	Check against Finance's comment
Asset Number	Buyer to request and input Asset number
IO	Check against Finance's comment



CONCLUSION

After implementing the checklist in September 2018, MMD analyses there were 60.5% less PR that failed to generate into PO due to administrative error. The team also observed the improvement leads to the following positive outcome.

S/N	Positive Outcome
1.	MMD buyer have more time to focus on core procurement activities.
2.	Lesser urgent PR failed to generate into PO which reduce the needs for buyer to expedite delivery with vendor after PO generated.
3.	Lesser complaints from user which lead to a better relationship with user and happier working environment.
4.	MMD buyer is feeling less stress which lead to a healthier work life.