

**Contract Vendor Compliance – Team Charter**

<b>Chartering Group</b>	<b>Team Sponsor(s)</b>	<b>Team Lead</b>	<b>Kickoff Date</b>	<b>Target End Date</b>
OMF Core Leadership Team	Thomas Lannom, Bryant Enge	Allen Buller	January 2012	TBD
<b>Mission Statement:</b>	<p><b>To improve the City’s efficiency, accuracy, ease of use and timeliness in completing vendor’s business license tax and EEOC requirements.</b> (City Ordinance #178906 requires that City vendors comply with local business income tax laws; ordinance #165383 requires compliance with Equal Employment Opportunity requirements as a condition for conducting business with the City of Portland)</p>			
<b>Problem Statement:</b>	<ol style="list-style-type: none"> <li>1) City vendors experience confusion about what the requirements are to do business with the City of Portland and are concerned about “hidden costs” associated with local business income taxes.</li> <li>2) Contract specialists and other city personnel may experience delays while vendor requirements are met.</li> <li>3) Revenue &amp; Tax Specialists often experience emergency requests in order to meet vendor’s Business License Tax and EEOC requirements while bureau personnel are working to complete the contractor’s contractual requirements.</li> <li>4) Many times, the vendor has completed the work/delivered the product without being required to meet EEOC and Business License Tax requirements but upon reaching a certain dollar threshold, they are expected to meet those requirements</li> <li>5) Often, the vendor has provided other work/delivered the product without meeting EEOC and Business License Income tax requirements. This creates an obligation to pay. Without “top down” support or a “hard stop in SAP, this behavior is likely to continue.</li> <li>6) EBS users experience lack of interface between SAP and BLIS. (There has been an EBS change order submitted to develop this interface which has yet to be scheduled.)</li> </ol> <p><b>The Big Idea:</b> Ideally, there should be a “Vendor Packet Portal” which would allow a vendor to go one place and complete everything needed to do business with the City of Portland. The four components would be: EEOC registration, Revenue Bureau registration, W9 filing, and banking information sufficient to process payments using EFT. A “City-access-only” search would allow City employees, including acquisition specialists, Procurement, Revenue, and Accounting to look up vendors to verify compliance and see which of the four components was causing non-compliance.</p>			
<b>Goals/Deliverables:</b>	<ol style="list-style-type: none"> <li>1) Review the process of identifying business tax compliance with City of Portland vendors.</li> </ol>			

	<ol style="list-style-type: none"> <li>2) Identify opportunities to improve accuracy, efficiency, and ease of use of verification systems by both the vendors and City staff.</li> <li>3) Review ongoing audit recommendations as they become available.</li> <li>4) Begin a weekly communication between the Revenue Bureau and Accounting to provide new vendors who have registered with the Revenue Bureau. Ideally, the same process would happen with respect to the EEOC process.</li> <li>5) Complete the work order that would allow more automation between BLIS and SAP.</li> </ol>
<b>Customer(s)</b>	Revenue Bureau, Procurement, Accounting, EBS, City Vendors, and other City personnel contracting with involved vendors for the purchase of products or services.
<b>Success Indicators</b>	<ol style="list-style-type: none"> <li>1) A streamlined process for City of Portland contract vendors to satisfy business license tax requirements.</li> <li>2) Prior knowledge and understanding of future tax liabilities if applicable.</li> <li>3) Compliance with ordinances 165383 and 178906 prior to contracting for goods or services.</li> </ol>
<b>Scope &amp; Constraints</b>	<p><b>Scope includes:</b> Completion of the change order on an interface between BLIS (Revenue Bureau data base) and SAP. Process whereby the Revenue Bureau communicates new registrations with Accounting. Communication of vendor requirements on PortlandOnLine.</p> <p><b>Scope excludes:</b> Many invoices received by the City's Bureaus do not have a previous established PO# due to their lack of Business License or EEOC compliance all of which is required to pay an invoice. By clearing identifying to vendors was the business requirements are and working to attain those requirements prior to receipt of the invoice would minimize the urgency of past-due notices. Removing this obstacle involves getting buy-in from all City employees prior to ordering products or at the beginning of the project/work order. Compliance should be integrated into the management of the project. A "top down" mandate is needed to guarantee that this happens. No export from (SAP) on non-compliant vendors</p> <p><b>Constraints and Boundary Conditions:</b></p> <ol style="list-style-type: none"> <li>1) Contract amendments or change orders may change the scope of the work, adding a tax liability that did not exist under the conditions of the original contract.</li> <li>2) 100% payment of invoices within 30 days is not always feasible. Incomplete or partial deliveries, warranty issues, replacement of damaged items, returned goods, and disputed invoices are some of the reasons why this is not always feasible.</li> <li>3) Holding invoices until contractual documents are in place will still occur without a "top down mandate" regarding Business registration and EEOC compliance.</li> </ol>

<b>Decision Ratifiers:</b>	Terri Williams (Revenue), Christine Moody (Procurement), Jane Kingston.
<b>Decision Communication:</b>	Recommendations will be communicated to the decision ratifiers and then presented to the Executive Team(s).
<b>Levels of Authority/Decision Process</b>	Recommendations will be made to the decision ratifiers and/or the sponsors for final approval
<b>Other Team Processes:</b>	Meets or confers via email to accomplish stated mission, goals, and deliverables.
<b>Team Members</b>	Allen Buller, Revenue Barb Gibson, Procurement Anne Hawley, EBS John Maloney, Accounting
<b>Sunset:</b>	The initial emphasis is on the technical piece which involves a two-phase interface process: an SAP-to-BLIS interface and then an SAP-to-EBID process. A hard-stop in SAP for vendors is an estimated two years away when the process returns a 98% valid rate. Success ultimately will be defined by a high-level commitment to implementing and communicating a new way to do business which includes a "Vendor Packet Portal" which allows a vendor a "one stop shopping" approach to accomplish: 1)W9 completion, 2) Revenue Bureau vendor registration, 3) EEOC registration, & 4) financial banking information making EFT possible.

## Milestones

### Schedule of Events

**January 5, 2012** Template and initial draft of Contract Vendor Compliance Team Charter sent out for review/comments to Barb Gibson, Anne Hawley, & John Maloney. Initial meeting set for 1/11/2012.

**January 11, 2012** Initial meeting, Sunset Room, Columbia Bldg. 1pm

Allen, Barb, Anne and John met and

January 11-16, 2012 Email Business: Established

**January 17, 2012.** Sunset Room, Columbia Building

**January 18, 2012** Allen received link to account to research and add TINs to provide to Central Accounting (John Maloney)

**February 27, 2012** Anne Hawley meeting on the BLIS-SAP interface

**March 9, 2012** Agenda: presentation of BLIS-to-SAP interface specs with business owners and get signoff. Review of summary of vendor process as it interfaces with critical players: "acquisition specialists" throughout the City, Procurement, Revenue, Central Accounting, and the vendors. Present: Anne Hawley, John Maloney, Barb Gibson, Wes Smith, and Allen Buller.

**Decisions:** Anne will deliver an active vendor list to John. John will review and create SAP ZVList of vendors w/o registration numbers. Allen will communicate with Joe, Frank, Wes, and Anne with

respect to arranging further interface meetings, as required. Allen will meet with John to add more pieces to the business process—including a process for getting routine account number updates to John for entry in SAP. The E code was dismissed as unnecessary as Procurement still needs an account number so there is no advantage to creating this code for exempt vendors. Permanent exempts will already return a “Yes” in terms of compliance.

**March 21, 2012** Allen and John met in the Accounting office: Portland BLDG, 12fl, 3:30-4:30p John Maloney stepped Allen through the process of BLIS account number entry in SAP and the vendor information fields in SAP. Some of the current data: 1/3 of the vendors in SAP do not have an identifying BLIS account number. John will deliver a vendor list (ZVR1 report) to Allen who will identify BLIS account numbers which will be returned in EXCEL list form to John (or some other employee) for entry into SAP. Allen committed to work on identifying vendors missing their BLIS account number and to sending an updated new vendor list each month.

### **Deliverables**

Ann Hawley (EBS) is working with Joe Williams on the change order on the BLIS to SAP interface

Allen Buller is working with John Maloney on getting BLIS account numbers in SAP. On 1/19/2012, Allen Sent 125 records to John Maloney for updating of SAP.

John delivered a vendor list containing 8510 records to Allen on 3/21/2012.

Allen sent a file containing 414 BLIS records to Central Accounting on 3/23/2012.

Allen sent a file containing 347 BLIS records to Central Accounting on 3/29/2012. Allen proposed that this function move from Central Accounting to the Revenue Bureau. This would seem to be more efficient.

Draft of simplified Vendor Registration Form to be used by Revenue Bureau, to gather information from Vendors sufficient to satisfy RB business needs.

Allen worked with Jen McFarland and a revised Vendor Registration Form has been completed.