Contract Administration - Entering Contracts in SAP

Transportation Planning Branch		Approved: July 1, 2008 **Revised: April 26, 2012** Version 1.2

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Purpose

The purpose of this procedure is to provide a consistent methodology for setting up contracts in SAP. This procedure includes steps for setting up contracts for Metropolitan Planning Organizations (MPO), Rural Planning Organizations (RPO) and other state and local agencies where NCDOT's Transportation Planning Branch (TPB) provides reimbursements through interagency agreements. Contracts for Consultants are negotiated and entered in SAP by the Professional Services Management Unit (PSMU).

Background

Contracts are administered by individual Branches within NCDOT. New or revised MPO and RPO work programs and contracts with private engineering firms for services are entered as Contract Management Purchase Orders (CMPO) in SAP.

Reimbursement agreements between TPB and other state and local agencies are also entered as contracts. These contracts provide a means for reimbursing the Agency based on valid invoices.

Responsibility

The NCDOT TPB serves as the Project Manager once a professional services contract has been negotiated and entered into SAP by the PSMU (Contract Administrator). TPB staff serves as the Contract Administrator and Project Manager for MPO, RPO and Interagency Agreement contracts. RPO Contracts are typically entered by the RPO Contract Administrator, who is typically the Eastern Planning Unit Head, or the Senior RPO/MPO Engineer in the Northeast Planning Group. The Contract Administrator for MPO and Interagency contracts is typically the Eastern Planning Unit Head or the Branch Manager. The Contract Administrator may also be the Transportation Staff Engineer. The Project Managers for the MPOs and RPOs is typically the TPB MPO or RPO Coordinator. The Project Manager for an interagency agreement is assigned on a project by project basis.

Policy, Regulatory, and Legal Requirements

[Chapter 136 of the North Carolina General Statutes, Roads and Highways](#) gives NCDOT the authority to establish its own internal procedures for solicitation of professional or specialized services.

Those procedures are established in the Department's [Contractual Services](#). According to these procedures, professional and specialized contracts are defined as project management, technical assistance, etc.

NCDOT's Administration of MPO Planning Funds is covered by [23 CFR 420.109](#) Section A - Administration of FHWA Planning and Research Funds. As a sub-grantee of NCDOT (PL 104 f Federal Aid funds), MPOs must abide by NCDOT's contracting procedures. This includes obtaining NCDOTs approval to enter into a contract, issuing a request for letters of interest (RFP, RFQ, etc.) and including NCDOT on any selection committee where the contract amount will exceed $30,000.

By General Statute (GS 136-213), RPOs are only allowed to expend Grant Funds on Professional Staff, and are not allowed to enter into contracts for services.

Scheduling and Time Constraints

Contracts must be entered and approved in SAP by the Contract Administrator prior to the MPO, RPO, Consultant or Agency being given the Notice to Proceed (NTP) with their work. The PSMU enters contracts for professional services.

The Contract Administrator is responsible for reviewing and approving the scope of work prior to the contract being entered in SAP and providing the Notice to Proceed.

Procedures

Procedure Inputs – For MPOs and RPOs annual planning funds, an annual Planning Work Program; for Engineering Services, an executed contract with scope of services; for work by other government agencies (COGs, Cities, MPOs, etc.), an executed interagency agreement.

Procedure Outputs – An approved contract (remains in fiscal system with original copy placed in TPB main file based on contract type. Refer to "[Administration of the MPO Work Program](#)" and procedure for "[Developing Professional Service Contracts](#)".

The Contract Administrator will follow the steps below to set up a new contract or revise an existing contract in SAP. The input to this procedure is an approved Scope of Work (e.g., MPO or RPO Work Program, Consultant Scope of Work, Agency Agreement) with detailed cost estimate. The Contract Administrator is responsible for reviewing and approving the scope of work prior to the contract being entered in SAP. **These procedures apply to MPO, RPO, Consultants and other state and local agencies unless stated otherwise.** The CA for all consultant contracts is the Professional Services Management Unit

Step	Action
1	*MPO, RPO, or Agency Submits Scope of Work to the CA for Approval.* The MPO, RPO, or Agency submits scope of work to the CA for approval. The scope of work is the new or revised work plan for an MPO or RPO, or a new or revised Interagency Agreement. For Consultant contracts, the PSMU handles all contract management tasks, including entering the contract in SAP and giving the NTP. For

		MPO Contracts, the contracts (Work Programs) are entered in the MPO Planning Grants Teamsite for approval (See Procedure – Administration of MPO Work Programs). Once a contract is approved in SAP, TPBs PM is responsible for managing the contract, including reviewing and approving all invoices and deliverables.
2		*CA Approves Scope of Work.* The scope of work for all MPO, RPO and Interagency Agreement contracts is reviewed and recommended for approval by the TPB Project Manager and is given to the Contract Administrator (CA) for processing. The CA will review the contract with the Branch Manager who must approve all contracts.
3		*CA Enters Scope of Work as Contract in SAP.* The CA uses the scope of work to create or revise a contract in SAP. Transaction ME 21N (CMPO-Create Contract Management Purchase Order) is used to create a new contract and ME 22N (CMPO-Change Contract Management Purchase Order) is used to change an existing contract. For Consultant contracts, the CA is the PSMU. **Note for MPO and RPO contracts (**Doesn't apply to others): New contracts are set up for each year's work program. These contracts remain open until the final invoice for the fiscal year is received and payment is made by NCDOT. Once Fiscal pays the final invoice, the contract is automatically closed in SAP. In MPOs, any remaining funds are released and become available for funding future planning activities. In RPOs, any remaining funds revert back to NCDOT. For consultant and other agency contracts, new contracts are based on an identified need. These contracts remain open until the work is complete and a final invoice is received and payment is made by NCDOT. Once Fiscal pays the final invoice, the contract is automatically closed in SAP.
4		*Contract Enters Workflow and Is Approved.* MPO, RPO and Interagency agreement contracts enter workflow and are approved by the TPB Branch Manager, External Audit and Commercial Accounts. Consultant Contracts are entered by the PSMU, enter workflow and are approved by the PSMU, External Audit and Commercial Accounts.
5		*Contract Administrator Notifies TPB Project Manager of Approval.* The CA notifies the TPB PM via email that the contract has been approved by the NCDOT Fiscal Section. Included in the email is the contract number and work breakdown structures (WBS) that must be included on all invoices.
6		*TPB Project Manager Provides Notice to Proceed to Contractor.* For MPO, RPO and Interagency contracts, the TPB PM notifies the Contractor that the Contract has been approved and they may now begin work. (See sample letters: Notice to Proceed letter for MPO Work Program; Notice to Proceed letter for MPO Work Program; Notice to Proceed letter for RPO Work Program). For MPOs, NTP is provided by uploaded the Work Program approval memo to the MPO Planning Grants Teamsite. For Consultant contracts, the PSMU issues the NTP and provides a copy to the TPB PM. For additional information, refer to the following procedures: Developing Professional Service Contracts; Interagency Agreements – Creating; Administration of MPO Work Program; Administration of RPO Work Program

Warnings and Precautions

- Contacts must be entered and approved in SAP prior to the MPO, RPO, Consultant or Agency being given the NTP with their work.
- The Contractor can not begin work until given the NTP from the Contract Administrator (Either from TPB or the PSMU).
- For MPOs, RPOs and other Agencies, the contract type is B5-Municipals.
- For Consultant Services, the contract type is A-3.

Resources and Tools

- SAP Logon Pad Installed on PC (for access to SAP)
- Sample Notice to Proceed Letter for MPO Work Program
- Sample Notice to Proceed Letter for RPO Work Program

Contacts

For suggestions to change this procedure contact: Elena Talanker (919) 707-0911
For questions about performing this procedure contact: Mike Bruff (919) 707-0901

Glossary

For a complete listing of terms, definitions and acronyms, go to the Master Glossary.
Contractor – MPO, RPO, Engineering Consultant, or Other Governmental Agency.
Contract Administrator (CA) – Staff within TPB or the Professional Services Management Unit that has the authority (role) of entering or changing contracts in SAP.
Project Manager (PM) – Staff within TPB that is responsible for managing contractors on a project by project basis. This also includes the approval of the contractors work and recommending payment to the Contract Administrator and Fiscal.
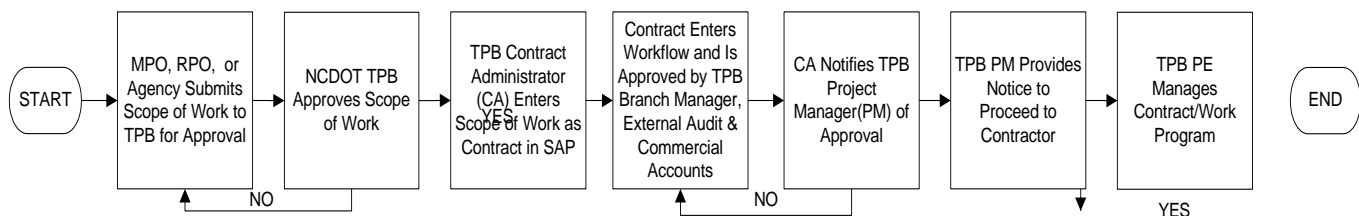**Scope of Work** – MPO or RPO work program, Consultant Scope of Work with detailed estimate, Interagency Agreement.

User Access

Restricted NCDOT, FHWA, MPO, RPO, Consultants, etc.

Flowchart

Entering Contracts in SAP (MPO, RPO, Agreements)

Record of Revision

Version	Section Affected	Description	*Effective Date*
1.1	All	Procedure has been revised to reflect the removal of professional service contract management activities from TPB.	6/16/2010
1.2	All	Minor edits to reflect use of MPO Planning Grants Teamsite.	4/26/2012