Benefit Bank

Approver Training
Agenda

• Benefit Bank Mission, Vision and Purpose
• Role of an Approver
  – Benefit Timeline
  – Accessing Benefit Bank
• Steps to Review a Benefit
  – Reviewing Benefit Components
  – Demo
• When to Return or Reject
• Proxy Approvers
• Resources
Benefit Bank

**Vision**
To be acknowledged as a high performing, strategic partner essential to the financial health of the UC

**Mission**
To expand University opportunities by delivering savings and efficient procurement services

**Purpose**
To highlight and communicate the work achieved by UC procurement professionals consistently, accurately and verifiably
Role of An Approver

- Ensure identified Benefit is **consistent, verifiable, and accurate**
- Review and Approve Benefit in the Benefit Bank
- Provide guidance and feedback to submitters when a Benefit requires modification or correction
- Ensure all Benefits are being submitted for approval

*Approval is an essential step in ensuring we align with our vision and mission and we fulfill our purpose*
Benefit Entry Timeline

- Benefits must be submitted and approved by the 10th business day of the following month
  - March benefits must be submitted/approved by the 10th business day of April
- Benefits should be entered as close to the applicable agreement date as possible, or earlier if known
- Benefits must be entered in the fiscal year achieved or prorated appropriately
- Benefit data is reported monthly to PLC via Procurement Dashboard

Sample Timeline:
Accessing Benefit Bank

- Access can be requested for first-time users by emailing support@ucprocure.zendesk.com

- **URL:** [UC Procurement Services Benefit Bank](#)

- You will log in using your campus’s SSO
Reviewing a Benefit
Accessing My Approver Queue

• **My Approver Queue:**
  – **Pending Approval:** Benefits that require review/approval – *should be empty at the end of each benefit period*
  – **Returned:** Benefits that you have reviewed and returned to the submitter for edits
  – **Approved:** Benefits that you have approved
  – **Rejected:** Benefits that you have rejected, which cannot be edited/resubmitted
  – **All:** Benefits in all statuses

• **My Proxy Queue:** This queue is identical to the My Approver queue, but will contain benefits from submitters that you are a proxy approver for
Reviewing Benefit Components – Initial Review

• For your initial review, look over each field, read the benefit description and open/review each attachment

• Once you understand the benefit, how it was achieved and how it was calculated, then continue with a deep dive review

• Review the questions on the following slides

• If you answer No to any question, note the correct entry to provide submitter upon return so that it can be corrected
Review Benefit Components - 1

**Activity**
- **Transactional** – Is this a one-time/PO purchase?
- **Sourcing** – Is this multi-year, from a sourcing event, or have an estimated benefit amount?

**Project Name**
- Does this accurately capture the goods/services procured?

**UC Category**
- Is this as accurate as possible given the benefit’s supplier and good/service?

**Supplier**
- Is the supplier’s name or generic option selected accurate?
### Review Benefit Components - 2

<table>
<thead>
<tr>
<th>Component</th>
<th>Review Criteria</th>
</tr>
</thead>
</table>
| **Benefit Type**   | • Does this type accurately reflect the benefit description?  
                     • Is the type supported by our definitions?                                                                                                      |
| **Baseline Type**  | • Based on the correct Benefit Type, is the Baseline type in alignment?  
                     • For Cost Reduction, has the correct baseline been selected based on our historical spend?                                                   |
| **Baseline Amount**| • Based on the type, has the amount been calculated correctly based on the duration entered?                                                          |
| **Benefit Amount** | • Based on the type selected and our benefit formula, has the amount been calculated correctly based on the duration entered?                         |
### Benefit Type

<table>
<thead>
<tr>
<th>Benefit Type</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cost Reduction</td>
<td>The new total cost is lower than the baseline cost for goods and services</td>
</tr>
<tr>
<td>Cost Avoidance</td>
<td>A proposed additional or incremental cost in minimized or eliminated</td>
</tr>
<tr>
<td>Incentive</td>
<td>A payment is received based on a purchase</td>
</tr>
<tr>
<td>Revenue</td>
<td>Income is received or generated based on external sales</td>
</tr>
<tr>
<td>Efficiency</td>
<td>A new or enhanced technology and/or process(es) that results in increased productivity and/or additional value</td>
</tr>
</tbody>
</table>
## Baseline Type

<table>
<thead>
<tr>
<th>Benefit Type</th>
<th>Baseline Type</th>
<th>Baseline Definition</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cost Reduction</td>
<td>Previously Contracted</td>
<td>Cost is specified in a pre-existing agreement</td>
</tr>
<tr>
<td></td>
<td>Historical Costs</td>
<td>Record of purchase, but no active agreement</td>
</tr>
<tr>
<td></td>
<td>Imputed Historical Costs</td>
<td>Supplier quote, avg non-award bids, budget, index, etc.</td>
</tr>
<tr>
<td>Cost Avoidance</td>
<td>Cost Inclusive of Increase</td>
<td>Supplier’s request or other factor for price increase</td>
</tr>
<tr>
<td>Incentive</td>
<td>Incentive</td>
<td>Total applicable spend over the payment period</td>
</tr>
<tr>
<td>Revenue</td>
<td>Revenue</td>
<td>$0</td>
</tr>
<tr>
<td>Efficiency</td>
<td>Efficiency</td>
<td>The cost of the activity before the applicable change(s)</td>
</tr>
</tbody>
</table>
# How to Calculate Your Baseline Amount

<table>
<thead>
<tr>
<th>Cost Reduction</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Previously Contracted</strong>: Previously contracted cost</td>
</tr>
<tr>
<td><strong>Historical Costs</strong>: Historical cost (spend)</td>
</tr>
<tr>
<td><strong>Imputed Historical Costs</strong>: Quote, avg. response non-awardees, index, budget, benchmark, etc.</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Cost Avoidance</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Cost Inclusive of Increase</strong>: Previous cost plus fee/proposed increase</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Incentive</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Incentive</strong>: Applicable spend to earn incentive</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Revenue</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Revenue</strong>: $0</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Efficiency</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Efficiency</strong>: Quoted value of the value add or Cost prior to implementation of efficiency</td>
</tr>
</tbody>
</table>
How to Calculate Your Benefit

Cost Reduction, Cost Avoidance, Efficiency

Baseline Amount = Negotiated/New Cost = Change In Cost Or Benefit

If there is a volume component:

Change in Cost × Volume = Benefit

Benefit calculations cannot include tax, unless the benefit is for tax reduction
How to Calculate Your Benefit
Incentive, Revenue

• Incentive and Revenue benefits are entered at the time of payment receipt as transactional benefits

• Incentive benefits are entered by the location that receives the payment from the supplier directly
  – If SWP negotiates an incentive benefit, but the supplier sends the checks to the campus directly, the campus enters the benefit
Review Benefit Components - 3

**Reporting Type**
- **Actualized** – is the benefit a firmly known value? Is the benefit transactional?
- **Projected** – is the benefit an estimated value?

**Yield**
- Is the yield percentage 50% or higher? Review benefit/baseline type/amount to ensure calculations are correct.

**Duration**
- For sourcing benefits, does the duration accurately reflect the agreement duration in months?

**Impacted Locations**
- Have the correct location(s) been selected?
- Has the allocation to each campus been correctly assigned?
<table>
<thead>
<tr>
<th>Component</th>
<th>Review Questions</th>
</tr>
</thead>
<tbody>
<tr>
<td>Agreement Date</td>
<td>• Is this date supported by the documentation?</td>
</tr>
<tr>
<td></td>
<td>• Is this agreement date accurate and in the appropriate fiscal year?</td>
</tr>
<tr>
<td>Benefit Description</td>
<td>• Does the description accurately describe actions taken to generate benefit and how benefit/baseline were calculated?</td>
</tr>
<tr>
<td></td>
<td>• Is it detailed enough for an uninformed 3rd party to understand?</td>
</tr>
<tr>
<td>Organizational Units</td>
<td>• Is the unit(s) selected accurate based upon the benefit description?</td>
</tr>
<tr>
<td>Attachments</td>
<td>• Do the attachments provide enough support of the benefit calculations?</td>
</tr>
<tr>
<td></td>
<td>• Do the attachments support all assertions made in the benefit description?</td>
</tr>
</tbody>
</table>
Benefit Approver Actions

- **Approve Benefit**: If the benefit is 100% accurate, with a supporting description and complete attachments, and can withstand an internal and external audit, select Approve Benefit.

- **Return Benefit**: If the benefit requires changes/updates, select Return Benefit. This will move the benefit back to the submitter’s queue where they can update and resubmit to you.

- **Reassign Benefit**: If you cannot approve the benefit (leave or OOO during approval period), use Reassign Benefit to send to a different approver.

- **Reject Benefit**: If the benefit cannot be updated and should not be approved, select Reject Benefit, which renders the benefit void.
When to Return/Reject a Benefit

Return

- Components need to be and can be corrected
- Additional details and/or attachments needs to be added

VS

Reject

- Components cannot be corrected, i.e., incorrect Activity Type is selected
- The entry was made in error (duplication, etc.)
Questions?
Live Demo
Demo of Benefit Review and Approval

Helpful KBA:

- [How to Approve a Benefit](#)
Questions?
Proxy Approvers

What is a Proxy Approver?

• An approver designated as your proxy will be able to approve all benefits that route to you for approval

How it can be useful?

• This can be useful to ensure coverage in the event you are OOO during an approval period
• The proxy approval process is identical to the standard approval process
  – Benefits are located under the My Proxy Queue
• You can be a proxy approver for multiple people, but only one person can be assigned as your proxy approver.

A proxy approver request can be submitted to Zendesk
Need Further Assistance?

• Submit a ticket: support@ucprocure.zendesk.com
• Benefit Bank KBA resources