Oracle Financials R12 - Guide to the Position Hierarchy

Introduction

The position hierarchy is the framework in R12 used to manage the approval of purchase requisitions. In order to direct the flow of requisitions through to the member(s) of staff who need to approve them, R12 needs a structure to follow; this is the purpose of the position hierarchy.

Once the purchase has been approved by the appropriate approver in the position hierarchy, the system will automatically generate a purchase order (and send it to the supplier where we have a contact email).

How the position hierarchy works

The position hierarchy works by providing R12 with pre-defined routes along which it can send requisitions for approval. There is single hierarchy for the whole University with departments at the base, each with their own discrete branch. A requisition raised in a department will flow up through that department’s branch of the hierarchy. Requisitions over £100k are directed to the Divisional Financial Controller, and above the DFCs, the highest-value requisitions are directed through a narrowing hierarchy with the largest requisitions going to Giles Kerr, Director of Finance, who sits on his own at the top.

There are hundreds of routes set up in the hierarchy in the R12 system, and the route taken by a particular requisition depends on two factors: the person who raises it and whether or not the item is being purchased from a project. R12 uses the same hierarchy in all cases but chooses a slightly different path through it if a project is involved.

Departmental hierarchy

For departments, the hierarchy consists of 10 levels (as set out in the Financial Regulations, departments have delegated authority to approve expenditure to £100,000). The approval limits for each level are fixed as follows:

<table>
<thead>
<tr>
<th>Level</th>
<th>Limit</th>
</tr>
</thead>
<tbody>
<tr>
<td>Level 10</td>
<td>£100,000</td>
</tr>
<tr>
<td>Level 09</td>
<td>£75,000</td>
</tr>
<tr>
<td>Level 08</td>
<td>£50,000</td>
</tr>
<tr>
<td>Level 07</td>
<td>£25,000</td>
</tr>
<tr>
<td>Level 06</td>
<td>£10,000</td>
</tr>
<tr>
<td>Level 05</td>
<td>£5,000</td>
</tr>
<tr>
<td>Level 04</td>
<td>£1,000</td>
</tr>
<tr>
<td>Level 03 (Requisition)</td>
<td>£0</td>
</tr>
<tr>
<td>Level 02 (Reviewer)</td>
<td>£0</td>
</tr>
<tr>
<td>Level 01 (Shopper)</td>
<td>£0</td>
</tr>
</tbody>
</table>

Generally, there is one position per level from level 5 to level 10 but more than one person in a department may occupy each position. At levels one to four, it is still possible to place more than one person in each position but there may also be multiple positions at each level, depending on the requirements of the department. A standard department hierarchy is shown below.
Example of a department position hierarchy

Level 11 - DFC

Level 10 - 100,000.00

Level 9 - 75,000.00

Level 8 - 50,000.00

Level 7 - 25,000 Limit

Level 6 - 10,000 Limit

Level 5 - 5,000 Limit

Level 4 - 1,000 Limit

Level 3 - Requisitioner

Level 2 - Reviewer

Level 1 - Shopper

ZT Level 11 DFC
ZT Level 10 Vacant
ZT Level 09 User 1
ZT Level 08 User 1
ZT Level 07 Vacant
ZT Level 06 User 3 & User 4
ZT Level 05 Vacant
ZT Level 04 A User 5
ZT Level 04 B Vacant
ZT Level 04 C Vacant
ZT Level 04 D Vacant
ZT Requisitioner A Vacant
ZT Requisitioner B Vacant
ZT Requisitioner C Vacant
ZT Requisitioner D Vacant
ZT Reviewer A Vacant
ZT Reviewer B Vacant
ZT Reviewer C Vacant
ZT Reviewer D Vacant
ZT Shopper A * 41
ZT Shopper B Vacant
ZT Shopper C User 6
ZT Shopper D User 7

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Please note that there are multiple approval paths at the base of this hierarchy. This option is available at levels one to four where there is a requirement to keep requisitions raised by different individuals or groups separate, for example requisitions raised by different research groups. It is not a requirement to have separate paths at these levels but the option is available.

In the above example:

- User 5 will not see requisitions raised by either User 6 or User 7 because their requisitions flow up a separate path and do not go to User 5’s position.
- User 3 and User 4 will both see all requisitions over £1,000 as they share the same position at Level 6. It might be that they work in different parts of the department, in which case they would each need to be careful not to approve a requisition raised for the other’s area.

**Cost centre and project requisitions**

For cost centre requisitions, a user’s requisition will flow up the hierarchy when submitted until it reaches a user with the correct approval limit for the cost centre. This route is defined by the position hierarchy and it cannot be amended.

For project requisitions, when submitted, the first step on the hierarchy is determined by the project task set up. If the project task has a requisition approver position the requisition will jump to the users in this position. If the requisition approver position is empty the requisition will go to the task manager as an individual (normally the PI). So, in the above hierarchy, if User 7 codes a requisition to a project where one of the 41 shoppers is the task manager, only that individual will receive the notification despite the fact that he shares his positions in the hierarchy with 40 other people. If the same PI decides he does not want to approve requisitions coded to his project tasks and nominates ZT Level 06 to do the approvals for him, both User 3 and User 4 will receive the notification of an item to approve because the requisition is going to the position rather than the person.

**Putting people in the right position**

A person’s position in the hierarchy will depend primarily on their role within the department but it is important not to think of it as an organisation hierarchy. For example, the Head of Department could be positioned in Level 10 if they are keen to be involved in approving large purchases or alternatively, they might delegate this to their Administrator and either not appear in the hierarchy at all or sit at level 2 to enable them to approve purchases against their research projects.

The important points to consider when selecting the appropriate position are as follows:

- Should the individual concerned have an approval limit and if they should, how high should it be? Be aware that allocating authority to approve a purchase order (i.e. commit expenditure) forms part of your delegation of authority. Delegations should be made in writing with the limits and the responsibilities made clear.
- Ensure that you have adequate segregation of duties built into your position hierarchy. It is recommended that all requisitions are approved by someone other than the person raising the requisition.
- If an individual should have no approval limit but does have a role in making sure requisitions are coded correctly and that the tax engine is run, Level 3 (Requisitioner) would be appropriate. A person filling this role might be a finance officer raising general departmental requisitions which then get approved by a finance manager or the Administrator. The
functionality at levels one and two is deliberately restricted to make those roles accessible to people who do not wish to undertake detailed finance training.

- Should the individual concerned be a buyer? If they should, they will need to have the buyer role added in addition to their responsibility in the position hierarchy. The number of buyers in the department should be restricted to those that need the access.
- If an individual has no finance role but wants to shop, level 1 would be appropriate.
- If an individual has a team for whom they would like to approve requisitions, choose level 2 and put their team in the level 1 position directly below their level 2 spot. A typical set-up for a research team might be:
  o Research Officer(s) – level 1 shopper (zero approval limit).
  o PI – level 2 reviewer (zero approval limit), approves the purchase on his project.
  o Administrator or Finance Manager – level 4 upwards. Responsible for checking the purchase is appropriate and in line with purchasing procedures, and that an appropriate supplier has been used. Approves on behalf of the department.
- It is not necessary to put someone in every position as R12 will simply send the requisition past a vacant position and on to the next occupied one.
- More than one user can occupy a position but please note that if people do share, they will all receive notifications of the requisitions R12 needs that position to approve.

Approval only: Anyone who has a role in approving requisitions in a department must have a position in the hierarchy. “Approval Only” access can be requested at any level (this removes the need to attend training).

If you buy radioactive products, your Radio Protection Officer needs to have a position in the hierarchy so they can receive an FYI notification when a radioactive item is purchased. If you buy pathogens or toxic items from schedule 5 of the Terrorism Act, an FYI notification will go to the position at the top of the departmental hierarchy to alert them when this type of purchase has been made.

Other roles

The role of buyer was new for R12. Your department should have at least one member of staff, preferably two for vacation cover, with buyer access. Please note that buyer access should be limited to those that need it, typically within the department’s finance team. In addition to their normal purchasing role, the buyer is able to:

- Manually convert urgent requisitions into purchase orders rather than waiting for the automatic process to run.
- Request the set-up of new suppliers.

You may wish to use the UO Purchase Order Enquiry responsibility. This enables them to:

- View all details of a purchase order, for example: category code, description, quantity, price and supplier.
- Print single or multiple POs at once, using the ‘view’ option.
- View shipments, distributions, action history and receipts, using the ‘inquire’ option. This also allows you to download the PO as a pdf.
- Find out who created and last updated the PO, using the ‘help’ option to provide record history.
The mechanics

When a requisition coded against a departmental cost centre is raised and submitted for approval, R12 looks at the position of the person who raised it and using the hierarchy, builds an approval route for that requisition. The route is constructed as far as the first person who has a sufficiently high approval limit to approve the requisition and you will see this on screen. The requisition CANNOT be diverted from this approval route. It is possible to add an approver either for information only or with a requirement that they approve the requisition before it can become a purchase order but this adds to rather than supersedes the original approval path. The requisition will stop at each occupied position in the hierarchy and wait to be approved. It is not possible to approve a requisition ahead of your turn.

Approvers should set up vacation rules when they are absent. If a position only has one occupant and that person is away and has not set any vacation rules, please contact the Financials Helpdesk to move the requisition to the next position and set up vacation rules for the original approver. Where more than one person occupies a position, the requisition is approved by the first person who clicks the button.

Once a requisition is approved, R12 will automatically turn it into a purchase order using a process which runs three times a day (at 11am, 3pm and 5pm). If a purchase order needs to be raised faster than that, it is possible to do so manually in the Buyer Work Centre.

What do I do if?

1. **Too many people are receiving an approval notification**

   Split users into different paths. Notification for Requisition approvers (on project task), radioactive and schedule 5 notification go to every user in the defined position. You can have as many positions as required at shopper to Level 4.

2. **A user needs to act for others regularly**

   A user can share a worklist with another user. This enables users to log in and switch to another user to process notifications.

3. **You want to change where a requisition is routed for approval**

   A user can manage approvals before submitting a requisition to add in additional approvers but they cannot delete a system generated approval.

4. **A user works part-time in two or more departments**

   A user can only have one position in the hierarchy. You should add the user to the department hierarchy where they raise the most requisitions. When working for the other department, the user will have to add in the departmental approvers, however they cannot remove approvers from the home department.