Unit: All Units		**Category:**	Procurement
Sub-category: Purchase Order Process			
Date Created: October 24, 2023		**Last Updated:** October 24, 2023	
Created By: Financial Operations		**Updated By:** Financial Operations	

Overview: Procurement Order Processing requires due diligence from:
- Units: Major responsibilities include adherence to the minimum required controls for the PO Process. Development, implementation, documentation, and monitoring for controls are instituted at the unit-level and may be tailored to meet specific operating needs.
- Procurement Service: Provides guidance to units and ensures policies and procedures with procuring goods and services over $25,000 are utilized. Shared Service Center (SSC) : Functional oversight of the processing of IWD (I Want Doc) in adherence with respective policies and SSC procedures.

Criticality: High	**Frequency**: Other	**Turnaround**: Other

Processing Time: Varies by task

Start Date: As triggered	**How Triggered:** When unit identifies the need to purchase goods or services with a Purchase Order	**Due Date**: As purchases occur.

Process Owner(s) / Key Parties / Contacts / Responsibilities:

Unit:
- Identifies need to purchase goods or services.
- Unit ensures the expense is allowable per Business Expenses | University Policy (cornell.edu).
- If the goods/services are not available in e-SHOP or eligible for an individual procurement card, Units submit their requests for purchases of goods and services to the SSC via an IWD and then the SSC initiates the order in KFS.
- Responsible unit member with transaction authority approves IWD prior to going to SSC.
- Use the Procurement Decision Steps to determine the next steps you must take. The university bid limit is $25,000. For purchases over $25,000, contact the Shared Service Center or Procurement for guidance.
- Do not sign any vendor or service provider's contract, without an authorized procurement agent's signature as per University Policy 4.2, Transaction Authority and Payment Approval. If using sponsored funds, ensure that the intended purchase is an allowable cost within the specific program.
- Refer to Buying Manual and related policies for any Special Purchasing Agreements New York Purchase Orders are processed through the SUNY procurement system. The unit submits the request via an IWD. Please review the topics under New York State Procurement for further details on orders utilizing New York State Appropriated Funds.

Procurement Services:

- Responsible for reviewing and issuing purchase orders to vendor.
- Reviews supporting documentation for orders over $25,000 or commodities that require review by a procurement agent (i.e. Information Technology)
- Conducts quote analysis, confirm shipping address, terms and conditions, shipping method, payment terms and milestone negotiations, Governing law, INCO shipping terms, price validation, etc.
- Reviews, negotiates, and signs contracts on behalf of the university. Works with Counsel's Office, Risk Management and Insurance, Environmental Health and Safety, and CIT to manage risk.
- Requests quotations or proposals from suppliers at expenditure levels above $25,000 or when specific fund types are used (i.e., New York State appropriations). Goods purchasing practice dictates that requests for proposals and quotations to responsible suppliers effectively develop competition and guard against favoritism, improvidence, and fraud.
- Assist the unit in developing specifications, identifying potential sources (vendors), and will issue all requests for bidding. New York state (NYS) appropriated funds are subject to public bidding.
- Tabulate the bids and present the information to the unit and the unit will select the winning bidder.

Shared Service Center (SSC)

- Reviews IWD and supporting documentation for policy compliance, determines payment method, and reviews billing account and object code.
- Reviews for policy compliance (business purpose, account/object code), determines payment method (per Buying Manual section 200), confirms supporting documentation and notes to vendor and initiates the financial transaction (disbursement voucher, requisition, procurement card) and ensures transactions are appropriately routed to Procurement.
- If eligible for payment via procurement card, then the center will use its higher-level card to make the purchase and payment.
- If a Purchase Order (a legally binding contract with specific terms and conditions between the university and vendor) is necessary, then the SSC creates a requisition in the Kuali Financial System (KFS).

Key Documents / Sources of Information:

- CU Learn Training- e-Shop PUR112
- Preferred and Contract Suppliers List: Preferred and Contract Suppliers and Pricing Agreements | Cornell University Division of Financial Affairs
- Procurement Decision Steps: Procurement Decision Steps
- Procurement Buyer's Decisions: For Buyers | Cornell University Division of Financial Affairs
- University Policy 3.14, Business Expenses: University Policy 3.14, Business Expenses

- University Policy 3.25, Procurement of Goods and Services: Procurement of Goods and Services (cornell.edu)
- Transaction Authority and Payment Approval: University Policy 4.2, Transaction Authority and Payment Approval
- University Policy 4.14, Conflicts of Interest and Commitment (Excluding Financial Conflict of Interest Related to Research): vol4_14.pdf (cornell.edu)
- University Policy 4.2, Transaction Authority and Payment Approval: University Policy 4.2, Transaction Authority and Payment Approval
- E-Shop Guide

System Access Needed:
- KFS
- e-SHOP
- Procurement Gateway

Common Problems or Issues Encountered:
- After the fact Purchase Orders- Purchases being made prior to the issuance of the appropriate purchase order and subsequent approval process.

Key Risks
Risk that a purchase order is created resulting in the payment for goods or services that are deemed unallowable under a sponsored program or deviates from University policy.

Risk that segregation of duties between purchase order initiator and fiscal officer approval do not occur.

Risk that purchases will be made without the proper purchase order being initiated and subsequent approval processes followed. (After the Fact POs).

Conflict of Interest (COI), when staff is working closely with vendors, there are some inherent risks. There is a risk that staff does not self-disclose risk. There is a risk that once the risk is disclosed that a unit does not follow up with staff to investigate the COI further. |

Key Controls
Refer to Appendix: Procure to Pay Minimum Required Control Matrix

Unit Ensures that the intended purchase is an allowable business expense for which University funds may be expended. See University Policy 3.14, Business Expenses. |

Procurement – Purchase Order

Ensure proper segregation of duties with review of roles when transition in staffing occurs and corresponding KFS workflow access.

Unit trains staff on proper procedures for purchasing in accordance with the <u>Buying Manual</u> and related policies.

Unit trains staff on COI and self-disclosure; unit manages and investigates COI in accordance with University Policy 4.14, Conflicts of Interest and Commitment (Excluding Financial Conflict of Interest Related to Research): <u>vol4_14.pdf (cornell.edu)</u>

Process Inefficiencies To Be Addressed:
- Adequate and continuous training of current and new employees for Procurement policies and procedures.
- Accountability to adherence to purchasing policies and procedures.

Process Documented in Chronological Order:

- Unit identifies a purchase that needs to be made. - Unit verifies that the business purchase is allowable <u>Policy 3.14 University Business Expenses.</u>
- Determine if purchase is under/over $25,000.
  - For purchases under $25,000 the unit will select the vendor (See Vendor Management Process Narrative). When a preferred vendor is not used, the unit is encouraged to solicit competitive quotes. In addition, unit will consult the <u>Purchases and Special Procedures</u> section of the Buying Manual to ensure that the unit is aware of all requirements related to the goods and services being ordered. Go to Step 3.
  - For purchases over $25,000 determine if a formal bid is needed or is exempt. <u>See buying manual Section 402, Bid Solicitation and Exemptions or Bid solicitation on the Procurement website .</u> Where competition may not be feasible due to the single source/sole source nature of a commodity or a particular specification, a written justification is required and reasonableness of price must be established. Use the single/sole source justification form wizard for all purchases over $25,000 for all fund types. Additional procedures are required for NY State-appropriated funds. For more information on exceptions to the university's bid requirement, Procurement Services. Use the form available on the <u>Bid Solicitation web page</u>. Contact Procurement Services for additional guidance.
- Unit determines type of purchase order needed and uses the Procurement Gateway for e-SHOP or IWD, based on purchase amount or the funds being used. <u>If utilizing New York State</u>

Appropriations processing takes place using the SUNY Procurement system, submit an IWD. See Procurement Quick Guide for Colleges and Administrative Units.

- Review the list of preferred suppliers on the Procurement Services website. If a preferred supplier agreement exists for the good or service that you want to purchase, then use the preferred supplier.
- If the supplier you select is available in e-SHOP, then begin your order in e-SHOP as it simplifies the data entry and ensures you receive the discounted pricing.
  - All orders under $2,500 place by a user with Buyer permission (e-SHOP user role in KFS) go directly to the supplier with no prior approval. The Fiscal Officer will approve the payment of invoice.
  - All orders over $2,500 will route to the Fiscal Officer in the SSC. Orders over $25,000 also route to Procurement for compliance with bidding requirements.
- If the supplier is not available in e-SHOP, then you must determine whether the purchase is eligible for payment via pcard. Please check the list of prohibited pcard transactions . If not eligible for purchase via pcard or the cost is greater than your pcard limit go to Step 8.
- Unit verifies there is not a conflict of interest. Refer to Policy 4.14
- Unit enters and submits appropriate documentation to SSC through IWD. Unit includes complete information for purchase (business purposes, requestor, description of good or services, vendor information). Unit level approval for IWD from responsible person with proper transaction authority prior to transmission to SSC.
  - The SSC processes the Requisition (REQ) in. SSC ensures the approver is different from requisition initiator with proper segregation of duties.
  - Orders over $25,000 are automatically routed to Procurement Services for review, bid evaluation, contract review, and approval.
- Once the vendor fills a purchase order, the vendor will submit an invoice to Accounts Payable within the SSC procure-to-pay team. Accounts Payable will create the purchase order payment request (PREQ) e-doc within KFS.
- The fiscal officer/delegate within the SSC procure-to-pay team will confirm the department received the goods or services before approving an invoice for payment, if the invoice is greater than $5,000. If less than $5,000, the fiscal officer or delegate will approve the payment, and a payment will be issued to the vendor (see Invoice Processing).
- Unit reviews purchases made on accounts and budget vs. actuals monthly.

Metrics:

Units monitors the following:
- KFS Account Balances, ensures purchases are applied on the correct account.
- Appropriate use of purchase orders and bid solicitations if necessary.
- Reconciliation of purchases on a monthly basis.
- Transaction approval for purchases prior to processing of IWD at SSC
- Unit's fiscal officer or delegate (SSC procure-to-pay) will approve the payment.

Shared Service center monitors
- Bidding Requirements

- Sufficient documentation for purchase is submitted.
- Conflict of Interest
- Segregation of Duties

Procurement monitors the following metrics:
- Bid process.
- Reviewing and issuing purchase orders over $25,000.

Glossary of key terms/acronyms:
- IWD – I Want Document. This web-based request form guides you through four steps to place an order. You fill in as much of the information as you can and click submit. If the initiator doesn't have transaction authority for the account, they should ad hoc route (step 4) to the appropriate person in their unit before submission to the SSC for processing. The form is routed directly to SSC for processing.
- KFS – Kuali Financial System
- SSC – Shared Services Center
- e-SHOP – Cornell's one-stop, web-based "shopping cart" for ordering a full range of frequently purchased goods and services from a select group of vendors. These vendors are registered with the university, have met Cornell's insurance requirements, accepted Cornell's terms and conditions, and provided discounted pricing. e-SHOP is integrated with Cornell's financial system and routes orders to approvers and business service centers for payments.
- PCard – A procurement card is a Visa credit card that may be used for the purchase of business-related goods and services, excluding travel-related items. It is intended for employees whose positions require frequent, small-dollar purchases. Cornell remits the payment directly to the bank for all procurement card purchases, as these cards are a corporate liability card. PCard holders are required to collect receipts/documentation for every purchase. The cardholder automatically receives an email with a link and instructions on how to upload receipts.