PROCESSING PURCHASING REQUISITIONS

Purchasing Department
University Services
PURCHASING OBJECTIVE

• Purchasing is a support unit with responsibility for the facilitation and execution of external commitments for goods and services on behalf of campus departments.

• Our main objectives are responsiveness, protecting the university from foreseeable procurement risk, and ensuring that requirements of MSU are being met.
Purchasing - Overview

• The requisition document collects information about:
  • The desired items or services
  • Possible vendors to fulfill the order
  • Any budget quotations or proposals received
  • Delivery instructions
  • Captures initial capital assets details
  • Contact information
  • Related accounting detail
CREATE A REQUISITION

• At any point during the creation of a requisition, the initiator has the option of saving the document for completion at a later time.

• An initiator can submit a requisition with complete information or limited information dependent upon unit workflow setup. (Note: Upon requisition submission, the initiator is unable to edit the document.)

• Requisitions for a repeat purchase can also be copied and created from a previous requisition for the purpose of saving time.
REQUISITION PROCESS OVERVIEW

1. User submits a completed requisition.
2. Once submitted, the requisition must route to all fiscal officers for approval (the individual who is responsible for the financial transactions of a particular account).
3. Once approved, the requisition will go to the Contract Manager assignment (Purchasing Staff).
4. If a fiscal officer disapproves a requisition, notification will be routed back to all previous approvers and the initiator as an FYI.

Note: At a minimum, the requisition routes to a fiscal officer, but it may route to more people depending on rules set up by units and/or information provided in the requisition.
REQUISITION PROCESS FLOW

1. User Submits a Requisition
2. Requisition Routes Through Workflow for Approval
3. Requisition Approved or Disapproved
4. If Requisition is Approved, Routes to Purchasing
WORKFLOW DETAILS

1. Requisition Document Submitted
2. Purchasing Department Assigns Contract Manager
3. Contract Manager Processes/Approves Purchase Order
4. Purchase Order Sent to Vendor
5. Accounts Payable Initiates Payment Request
6. Fiscal Officer Approves Payment Request
7. Vendor Receives Payment
WORKFLOW DETAILS

Organization/Content Reviewer - **Optional**

- Used by departments to allow initiators to route an incomplete requisition for completion by another financial system person.
- Routes to this level if the workflow identifies the need. Approvers may make any necessary changes to the data on the requisition (e.g. contact information, etc.).
- **Note**: Account distributions must exist for all line items on a requisition before it can leave the content reviewer routing stage.

Account/Fiscal Officer - **Required**

- Required route level to fiscal officers for the accounts set-up on the requisition.
- The fiscal officer may only modify and/or add accounting lines for accounts for which they have fiscal responsibilities.
WORKFLOW DETAILS

Accounting Organization Hierarchy/Accounting Reviewer – Optional

- Used to route for the accounts set-up on the requisition based on total amount of requisition and charts/organizations in use.
- Approvers can only approve/disapprove, they cannot change content.

Commodity/Commodity Reviewer - Optional

- Will route based on the commodity code used in the requisition, if any.
Requisition to Purchase Order Workflow

Who’s Involved?

As the Purchase Order routes through standard workflow, there are key parties involved in the approval and notification process. The following slides provide a closer look at these parties and how they impact or are impacted by a Purchase Order.
1) Financial system user submits a requisition for departmental approval.

2) Once approved, the Contract Manager is assigned and an unapproved Purchase Order is created.

3) The financial system closes the requisition document.

4) Purchase Order is in process.

5) Contract Manager processes and approves the Purchase Order.
Workflow

6) The Purchase Order routes for additional necessary approvals and is then sent to the vendor.

7) Purchase Order status changes to open. Payments can now be made to the vendor.

8) Vendor fills Purchase Order agreement and submits invoice(s) to Accounts Payable.

9) Accounts Payable staff initiates a payment request to process payment. If needed, Accounts Payable creates a credit memo.

10) A payment request is created against the invoice.
13) Payment is sent to the vendor. When all the conditions specified by the Purchase Order have been satisfied, the Purchase Order status is changed to closed, and the process is complete.
Requisition to Purchase Order Workflow

The Contract Manager represents the Purchasing department’s approval. Approval at this workflow node indicates the following has taken place:

• The Purchase Order has been processed and approved.
• The bidding process “if required” for quotes has occurred.
• Vendor selection has been finalized.
• Each line item is identified with the correct commodity code.

The Contract Manager will transmit the PO to the vendor only after the final approvals have taken place.

NOTE: Printing and transmission of the Purchase Order occur after all approvals. When the Contract Manager approves it, it may or may not be transmitted immediately; dependent upon any additional approvals needed. Finally a PDF version of the Purchase Order is available through the Doc Viewer application.
Requisition to Purchase Order Workflow

The Commodity Reviewer is representative of specialized approvals that occur based on item classifications. The Purchase Order will be routed to the commodity reviewer if a commodity indicates approval is needed. For example, radioactive commodities will route to Environmental Health and Safety (EHS) for approval. The Commodity Reviewer can only approve or disapprove the Purchase Order; they are not able to edit the Purchase Order.
Requisition to Purchase Order Workflow

The Contracts and Grants processor is representative of Contracts and Grants verification of the awarded funding. A Purchase Order routes here if a Contract and Grants account is used. The Contracts and Grants Processor has the ability to only approve or disapprove the Purchase Order.
Requisition to Purchase Order Workflow

Since MSU does not validate available funds on accounts before processing a Purchase Order, MSU will not be routing the Purchase Order to the Budget Reviewer.
Requisition to Purchase Order Workflow

If the vendor on the Purchase Order is a foreign vendor or an employee of MSU, then the Purchase Order will route to the Tax Manager workgroup for review and approval.
CREATING A REQUISITION
The header section of the requisition contains basic identification and status information as well as who created it (Initiator) and when.

The requisition number and status are completed and updated automatically by the Finance System.

There is a requisition status and a document status. The requisition status indicates where it is in the purchasing process and the document status indicates the workflow status. This image displays the requisition status.
There are 13 tabs that make up the requisition. Tabs can be shown or hidden. The tabs will be explained in detail on the following slides.
The following is a detailed list of the Document Overview tab:

1. Description (required) – Required on every electronic document (eDoc); primary identification. (40 character limit). This field can be used to add RUSH, Attention “Buyer”, Due by “1-1-15”.
2. Explanation (optional) – for the requisition. This is an optional text field to be used by the unit as needed. (400 character limit)
4. Secured Field (optional) – This is a safe place to store confidential information (seen only by Initiator and Fiscal Officer).
The Delivery tab contains information about where the goods ordered on the requisition should be delivered.

- There is delivery contact information as well as date required and any special delivery instructions.
- The receiving address is the intended delivery address and can be changed by the user if needed (Example: If purchasing radioactive material, you can search and select for delivery to EHS = Environmental Health and Safety).
- **Note**: Some defaults will appear.
Vendor Tab

The Vendor tab includes three sections:
1. Vendor Address
2. Vendor Information
3. Additional Suggested Vendor Names
1. The suggested vendor is not required and can be left blank for Purchasing to determine.
   • You can search and select the name of a vendor from vendor lookup.
2. The vendor information in the database willpopulate in the requisition.
   • If this is a BPO “blanket purchase order” You can select a contract and the vendors’ data associated with that contract is automatically populated.

**Note:** Additional Suggested Vendor Names **will not** carry over to the purchase order.
The **Items** tab identifies what is being ordered on the requisition and establishes an accounting distribution indicating the accounts that the items should be charged.
• There are two ways to enter a line item: quantity and non-quantity.
• A quantity line item will require a quantity and unit of measure to be identified, as well as a description and unit cost.
  • Example: If you are ordering 20 boxes of pens, or you are ordering a service with an hourly rate.
Items Tab

A non-quantity line item will only require a description and unit cost.

- Example: A repair that costs $200, regardless of time or labor.

**Note**: The item description field can hold up to 4,000 characters. For a larger typing area, click the pencil button.
Accounting Lines Tab

- Accounting lines determine the transaction accounting information for each item that will be purchased.
- Each line item has at least one accounting line.
- Accounting line information can be assigned to each item individually or Accounting line information for all items can be simultaneously imported and applied to all items.
The Capital Asset tab is used when the requisition qualifies as a capital asset item or part of a capital asset system.

- A capital asset is defined as real or personal property that has a unit acquisition cost equal to or greater than $5,000 and an estimated life of one year or greater.
- Fixed assets include capital assets (for example, art & museum, buildings, infrastructure, improvements, land, land improvements, leasehold improvements, library books, movable, and non-movable fabrications.)
The Payment Info tab is used to indicate the type of payment schedule required and the duration of that schedule, and if recurring payments are required for the items on the requisition. Requisitions with a defined time period should populate the purchase order start and end dates.

- Examples include rentals, monthly fees, or any recurring monthly payments.
The Additional Institutional Info tab collects information about the requestor of the requisition; such as name, phone number and email address, as well as method of purchase order transmission. The requestor information should be the initiator of the requisition, while the contact information may be a person more knowledgeable about the products being ordered, as this would be the person that Purchasing would contact.

**Note:** The Reference fields do not carry over to the purchase order. These fields may be used for department purposes, and are searchable.
The Account Summary tab is a quick way to view the dollar amount charged to each account by line item, since line item distribution within the items tab is completed by percentages.
The View Related Documents tab collects information concerning all related documents to the requisition. The documents will have a hyperlink for easy reference. (This includes purchase orders, payment requests, credit memos, etc.)
The View Payment History tab lists all information about payment requests and credit memos issued against the related purchase order. This is a quick way to view what has been paid against the purchase order and provides information regarding the payment.
NOTES AND ATTACHMENTS

- Never include and/or attach confidential data in the Notes and Attachments tab.
- Notes and/or attachments do not transfer over from the requisition to the PO.
Use of Action Buttons

• **Submit** – The initiator chooses this button when the requisition is ready to submit for approvals.

• **Calculate** – If the initiator changes a price or quantity, the calculate button updates the total cost.

• **Save** – Allows the initiator to save the requisition and it will be available in their action list for further information or changes. It is recommended that you save frequently due to system time-out. This will prevent work from being lost. Once the document is saved, a requisition number is assigned.

• **Close** – Allows the initiator to close out of the requisition document window.

• **Cancel** – Allows the initiator to cancel the requisition.

• **Reload** – This button refreshes the screen and displays the most recently saved information. Changes which are made but not saved prior to reloading a page are not maintained.

• **Copy** – Allows the initiator to duplicate a saved or submitted requisition.
Requisition Copy and Save

- Any user can copy an existing requisition instead of creating a new one.
- The copy button is available at any point, once a requisition has been saved.

**Note**: Most information is copied as entered on the original requisition, with the exception of capital assets, notes and attachments, and payment information.
To search for an existing requisition, click on the **Requisitions link** under Custom Document Searches.
1. The **Document Type** automatically defaults to REQS.

2. You can search by **Initiator** (user ID), Date Created From and Date Created To, account number, Organization Code, etc.

3. Any combination of available fields will yield more refined results.

4. Click on **search** when you have entered the appropriate search criteria.