UTM FIS Workshop Series

Day 4
Logistics Part 1 – Purchase Orders & Purchase Requisitions

UNIVERSITY OF
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Course Objectives

This course will help you:

- Understand the university's Purchasing Cycle
- Determine **when** to create a Purchase Requisition, Purchase Order or a Workflow Purchase Order
- Process Workflow Purchase Orders
- Modify or Cancel a Workflow Purchase Order

Day 4 - Workshop Map

- Purchasing Cycle – An Overview
- Purchase Orders & Purchase Requisitions: What are They?
- Workflow Purchase Order (PO)
  - Purchase Orders: The Business Process
  - Purchase Orders: Standard Orders between $5K & $25K
  - Purchase Orders: Standard Orders greater than $25K
  - Lease Orders valued less than $25K
  - Lease Orders greater than $25K
  - Resolving/Changing Rejected Workflow Purchase Orders
  - Making Adjustments to Pos
- Purchase Requisition (PR)
  - When are Purchase Requisitions required?
  - Purchase Requisitions: Business Process
  - Purchase Requisitions: Radioactive Material

Overview of Purchasing Cycle (St. George)

Request for goods or services

Check Budget availability (in FM)

Create **Workflow Purchase Order (PO),**
if amount (pre-tax) is $5,000 or greater
(creates commitment in FM)

Goods Receipt (GR)
(creates accrued liability in FI and actual in CO)

Invoice Verified & Processed
(creates actual in FM)

Payment Issued

Purchase Orders & Requisitions: What are They?

Purchase Requisition (PR)

- A request for approval to proceed with an order for goods and/or services.
- **ONLY** required when:
  1. Ordering radioisotopes
  2. **UTSC**: When processing lease or standard Purchase Orders valued over $25,000 (before tax)

Purchase Order (PO)

- A contract between a customer and a vendor regarding the purchase of goods and/or services with terms and conditions of the purchase.

Transaction Levels and Authority

COMPETITIVE PROCUREMENT
(Purchasing Goods or Non-Consulting Services)

THRESHOLDS	PURCHASE ORDER	DOCUMENTATION	ACCOUNTABILITY
$100,000 +	YES	COMPETITIVE BID PROCESS (e.g., RFP, RFSQ, RFQ)	PROCUREMENT SERVICES
$25,000 - $99,999	YES	3 WRITTEN QUOTES (Invitational)	YOUR DEPARTMENT
$5,000 - $24,999	YES	2 VERBAL or WRITTEN QUOTES (Informal)	YOUR DEPARTMENT
$0 - $4,999	OPTIONAL (Dept. Issued PO)	OPTIONAL	YOUR DEPARTMENT

NOTE:
- Restricted items such as radioisotopes require a P.R & P.O. regardless of the value;
- Consider shipping charges from out of town vendors

UTM Procurement Services: https://www.utm.utoronto.ca/procurement/home
Procurement Services: http://www.procurement.utoronto.ca/

What is PO Workflow?

- Workflow includes **standard Purchase Orders** and **Lease Purchase Orders regardless of dollar value**
- PO Workflow is built into SAP and streamlines the Purchase Order Process, and automates the Procurement compliance review.

Today's session will focus on this process.

How Does it Work?

- **Purchase Orders and Lease Orders valued less than $25,000** will automatically be released, and not be reviewed by UTM Procurement Services.
- Purchase Orders and Lease Orders **equal to or greater than $25,000 will be automatically electronically routed** to UTM Procurement Services for compliance review.
- It is now mandatory for **supporting documentation to be attached in AMS for PO's equal to or greater than $25,000**.
- If reviewed and released by UTM Procurement Services, the **PO creator will receive an email notification with a soft copy (PDF)** of the PO in the email.
- If rejected, the PO creator will receive an email notification with the reasons why. The PO creator will then resolve the issues and re-submit the PO to UTM Procurement Services for review.

Document Type and Numbers

Name	Type	Numbering System
Standard Workflow Purchase Order	WNB	45XXXXXXXX
Workflow Lease Order	WLS	47XXXXXXXX
Electronic Purchasing (e.g., uSOURCE)	EC	37XXXXXXXX
Purchase Requisition	NB	1XXXXXXX (8 digit)
Purchase Order (Non-Workflow)	NB	45XXXXXXXX

Purchase Orders

Workflow Purchase Order

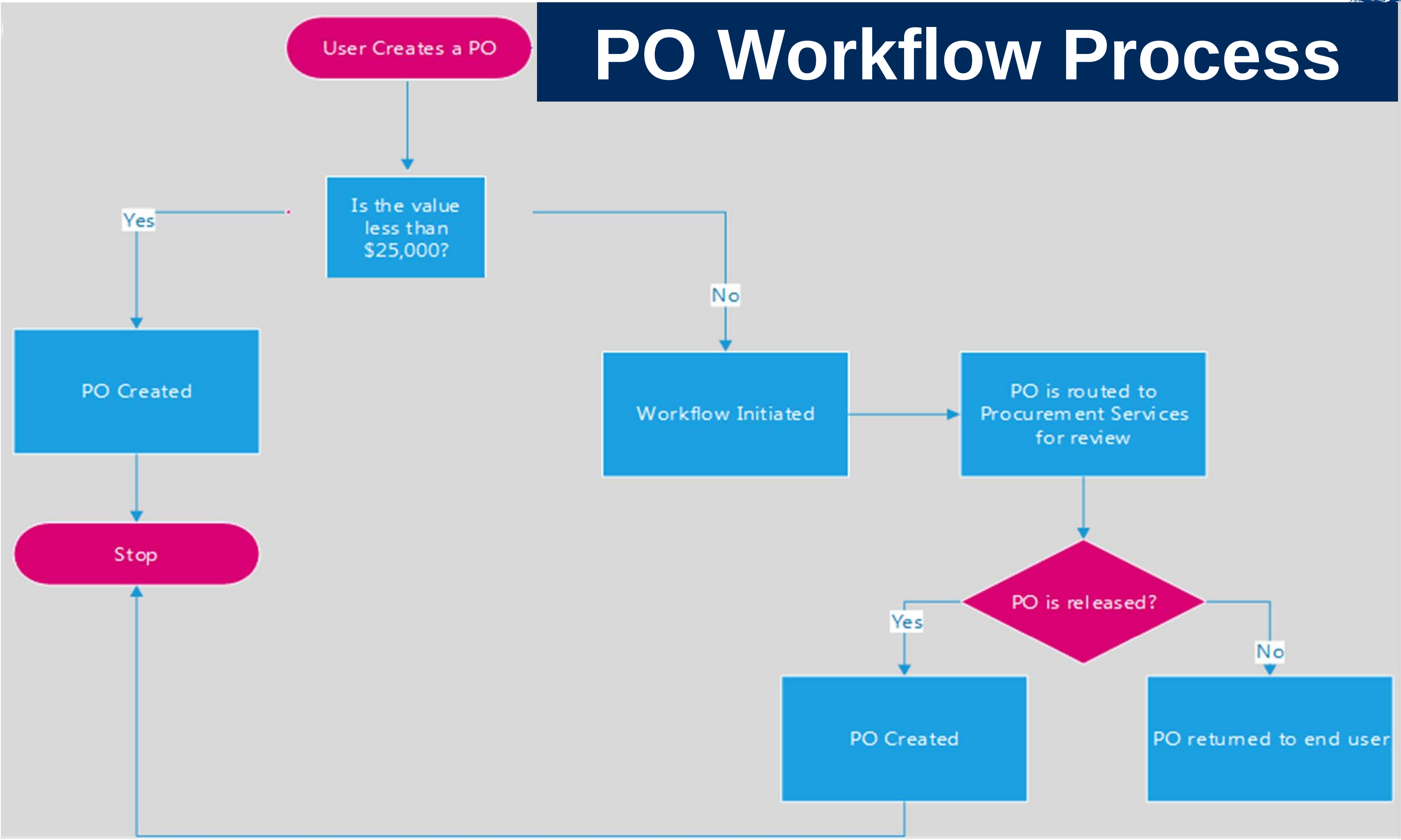
When is a Workflow PO required?
For all purchases $5,000 or greater (before taxes), and leases at St., George Campus and UTM (after May 1, 2019).

As an FIS transaction:

- PO document creates a **commitment** in a FC or FC/Fund combination

QRG: Creating a PO
- http://finance.utoronto.ca/wp-content/uploads/2015/11/Purchase-Order-Create-Converted.pdf

PO Workflow Process



PO Workflow Scenarios

1. Standard Purchase Order **valued less than $25,000 (before tax)**
2. Standard Purchase Order **valued equal to or greater than $25,000 (before tax)**
3. Lease Order **valued at less than $25,000 (before tax)**
4. Lease Order **valued equal to or greater than $25,000 (before tax)**

Scenario 1: Standard Purchase Order **valued less than $25,000 (before tax)**

1. A minimum of 2 quotations is required unless using an approved supplier.

2. Department creates the PO in AMS using Document Type **WNB: Standard WF PO**.

3. PO is automatically release, and an email will be sent to department with a PDF of the PO attached. The PO will also automatically print on the default departmental printer.

4. Department forwards PO to the vendor

Scenario 2: Standard Purchase Order **valued Greater than $25,000 (before tax)**

1. A minimum of 3 quotations is required unless using an approved supplier.
2. Department creates the PO in AMS using Document Type **WNB: Standard WF PO**, and attaches supporting documents (e.g. quotes).
3. PO is created, and automatically routed to UTM Procurement Services for review
4. **If released**, an email will be sent to department with a PDF of the PO attached. The PO will also automatically print on the default departmental printer.
5. **If rejected**, the PO creator will receive an email notification. The PO creator will then proceed to **SAP Inbox** to amend the PO as required.
    - **a) Once rejected PO is released**, a confirmation email will be sent to department with a soft copy (PDF) of the PO attached. The PO will also automatically print on the default departmental printer.
    - b) Once required amendment is made to PO, it is automatically re-submitted to UTM Procurement Services for review.
6. Department forwards the PO to the vendor

Scenario 3: Lease PO valued between $5,000 and $25,000 (before tax)

1. A minimum of 2 quotations is required unless using an approved supplier.
2. Department creates the lease PO in AMS using new document type **WLS: Lease WF Order.**
3. An email will be sent to department with a PDF of the PO attached. The PO will also automatically print on the default departmental printer.
4. Forward lease PO to vendor.
5. **Department updates the value of periodic lease payment from $1 placeholder** in the new FY.

Scenario 4: Lease PO valued Greater than $25,000 (before tax)

1. A minimum of 3 quotations is required unless using an approved supplier.

2. Department creates the lease PO in AMS Creates PO using new document type **WLS: Lease WF Order** and attaches any supporting documents (e.g., lease schedule). PO is then routed to UTM Procurement Services for review

3. **If released**, an email will be sent to department with a PDF of the PO attached. The PO will also automatically print on the default departmental printer.

4. **If rejected**, department will receive an email notification. Proceed to SAP Inbox to view reason for rejection, and make changes required to get it released.

   a) Once rejected PO is released, a confirmation email will be sent to department with a PDF of the PO attached. The PO will also automatically print on the default departmental printer.

   b) Once required amendment is made to PO, it is automatically re-submitted to UTM Procurement Services for review.

5. Department updates the value of periodic lease payment from $1 placeholder in the new FY.

Workflow Lease Purchase Orders

Information to be included:

1. The **equipment (asset)**
2. The **vendor name**, **contact information** and **quotation with terms and conditions of sale**
3. The term of the lease (usually 18-60 months)
   – Ensure **each fiscal year has its own line on the PO.** The number of payments **PER FISCAL YEAR** is indicated in the PO Quantity field (e.g., 4 quarterly payments, 12 monthly payments).
4. Down payment amount (if required)
5. Choose the preferred **end of lease options**
   - return asset
   - extend lease
   - purchase asset for fair market value or residual value

Procurement Guidelines: Leasing
- http://www.procurement.utoronto.ca/programs-and-services/leasing

Workflow Lease Purchase Orders (cont'd)

Set up Workflow Lease PO for the **LIFE of the Lease** to facilitate future payments.

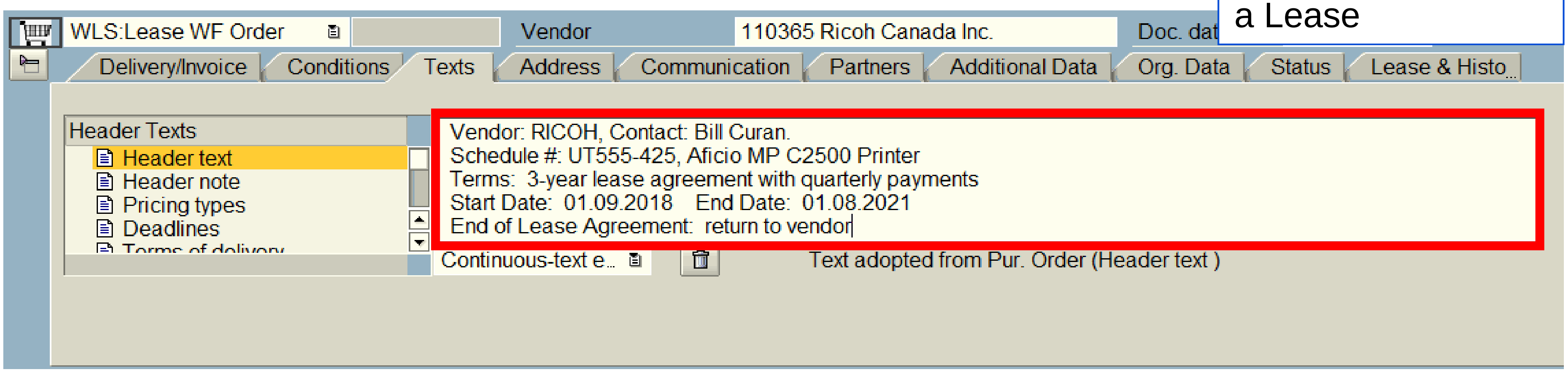
In Header :

Text – Includes important information for UTM Procurement Services as well as the Vendor

Information to Include in **Text** tab:

- Vendor
- Contact
- Schedule/Agreement #
- Terms
- Start and End Date
- End of lease agreement
- Acquisition Cost

Example of PO for a Lease

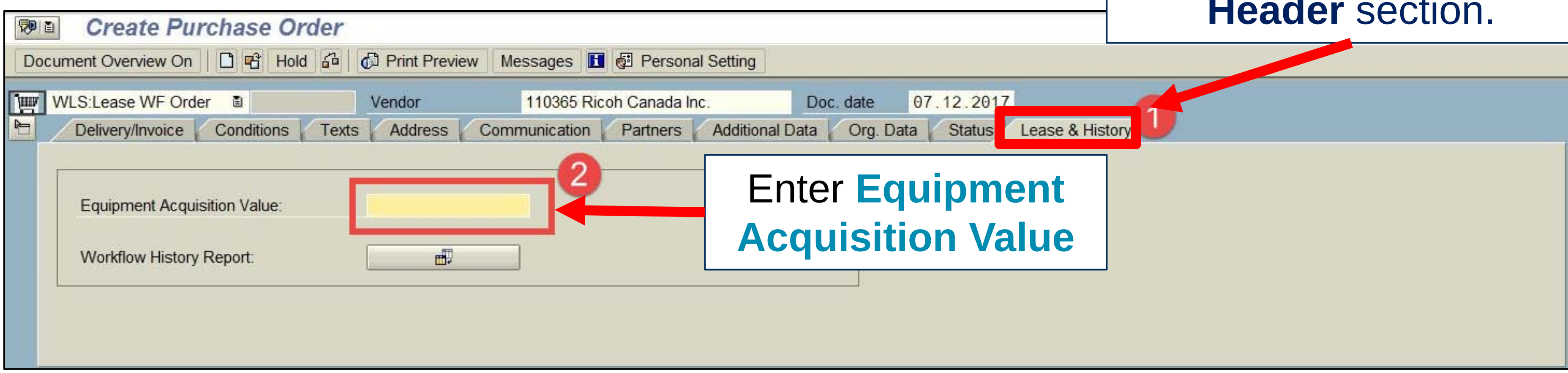


Workflow Lease Purchase Orders (cont'd)

After completing the **Text** tab, enter the cost of the equipment if the department were to purchase it outright in the **Equipment Acquisition Value** field:

NOTE: This can be found in the **Master Lease Agreement** or **Lease Schedule**.

Click the **Lease & History** tab within the **Header** section.



Enter **Equipment Acquisition Value**

Workflow Lease Purchase Orders (cont'd)

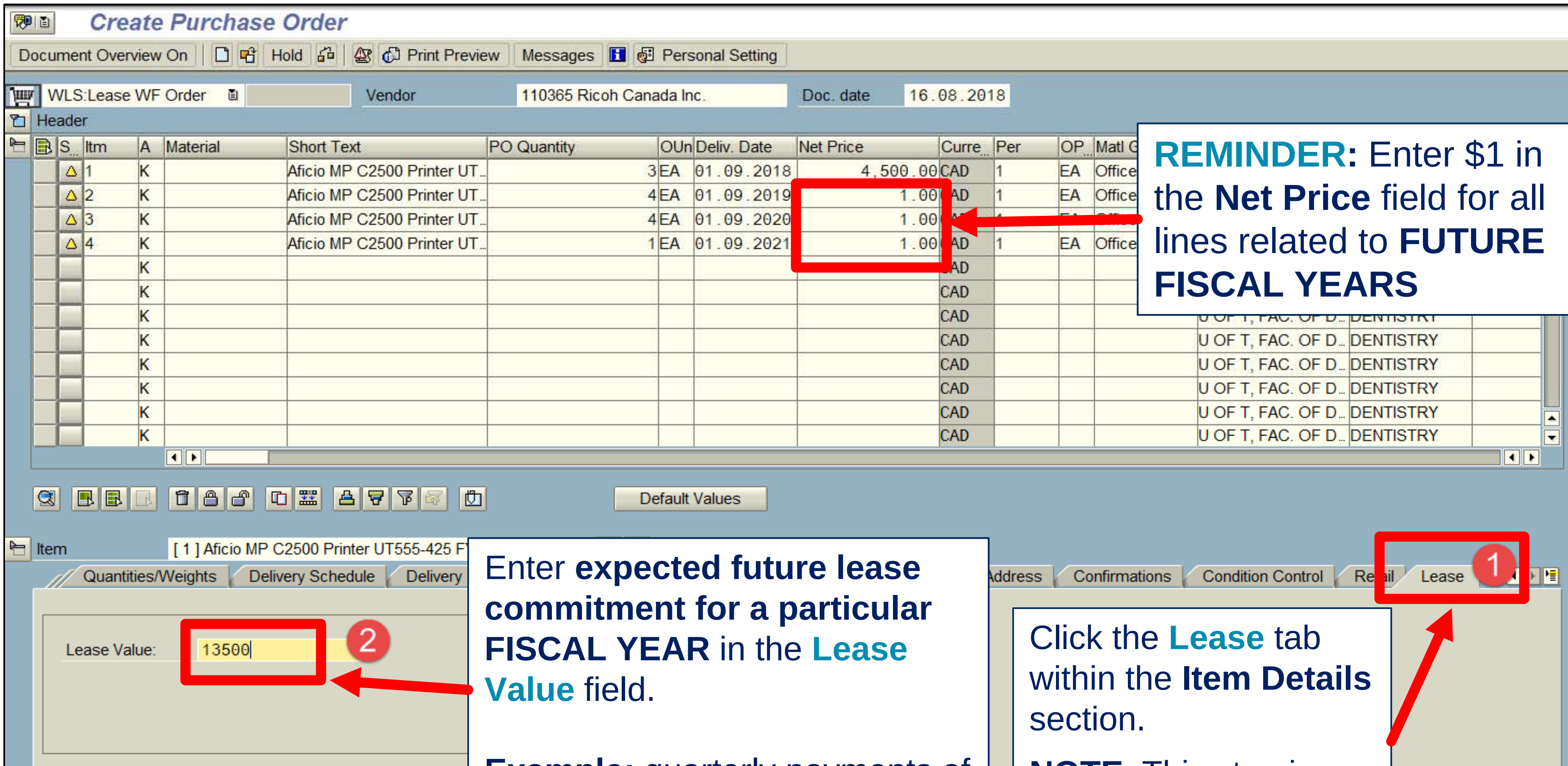
In Item Overview:

Short Text – Description of lease item, Lease Schedule/Agreement #, fiscal year of payment, payment frequency (e.g., quarterly, monthly)
PO Quantity – Payments per **Fiscal Year**
Unit - Enter "**EA**" to indicate EACH
Delivery Date – Day/Month and Year of annual lease start date

St...	Itm	A	Material	Short Text	PO Quantity	OUn	Deliv. Date	Net Price	Curre...
	1	K		Aficio MP C2500 Printer UT555-425 FY2019	3	EA	01.09.2018	4,500.00	CAD
	2	K		Aficio MP C2500 Printer UT555-425 FY2020	4	EA	01.09.2019	1.00	CAD
	3	K		Aficio MP C2500 Printer UT555-425 FY2021	4	EA	01.09.2020	1.00	CAD
	4	K		Aficio MP C2500 Printer UT555-425 FY2022	1	EA	01.09.2021	1.00	CAD
		K							CAD

Workflow Lease Purchase Orders (cont'd)

In Item Details enter the expected future lease commitment for all future years in the **Lease Value** field for all line items **:**



REMINDER: Enter $1 in the **Net Price** field for all lines related to **FUTURE FISCAL YEARS**

Enter **expected future lease commitment for a particular FISCAL YEAR** in the **Lease Value** field.

Example: quarterly payments of $4500 ($13500)

Click the **Lease** tab within the **Item Details** section.

NOTE: This step is done for **ALL lines**.

Status of Submitted Purchase Orders over 25K

1. **Released:** UTM Procurement Services has reviewed all supporting documentation and released the Purchase Order **after initial submission**, OR **after re-submission of a PO that was initially rejected**.

   Processor will also receive a confirmation email with a PDF copy of the Purchase Order to send to the Vendor.

2. **Rejected:** UTM Procurement Services has rejected the submitted Purchase Order, and notified department by email.

   Proceed to the SAP Inbox to determine reason for rejection, and address issues so that PO can be re-submitted to UTM Procurement Services for review.

Using the SAP Inbox to Resolve PO Issues

What is the SAP Inbox (i.e., SAP Business Workplace)?

A mailbox within AMS used for workflow communication.

When will you need to access the SAP Inbox?

ONLY to **amend a rejected PO**, and once the issue has been resolved **indicate the reason for re-submission**.

Once re-submitted through the SAP Inbox, the PO will be re-routed back to UTM Procurement Services for review and release.

PO Rejection Notification

Sample Notification

(sent to PO creator)

Vendor Name

PO Document #

Reason(s) for Rejection

Additional Comments/Information about Rejection Reason

Tue 11/14/2017 9:36 AM

John Doe

Patrick Cassidy & Associates Inc - PO: 4500157512 approval request has been rejected

To Eric Foremski

Document: 4500157512

Rejected by: John Doe

Rejection Reasons:

1) - Competitive quotes missing or not comparable

2) - Additional comments

Additional Information

Please attach a third quote

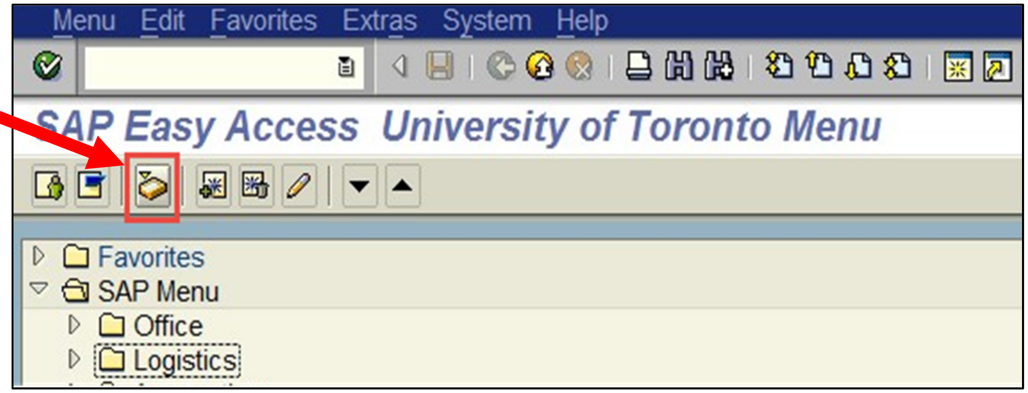
Please take the necessary actions as noted above and return as soon as possible.

If you have any questions, John can be reached at JOHN.DOE@UTORONTO.CA

NEXT STEP: Go to **SAP Inbox** to get more information about reasons for rejection and resolve issues in AMS.

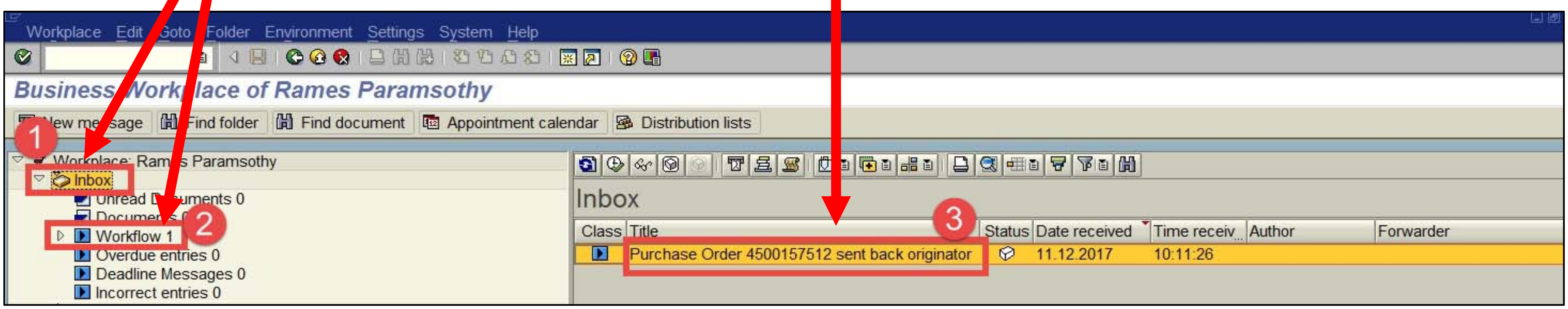
Accessing the SAP Inbox

1. SAP Inbox (i.e. SAP Business Workplace)



2. Open "Inbox" >> "Workflow" to view all PO Workflow items

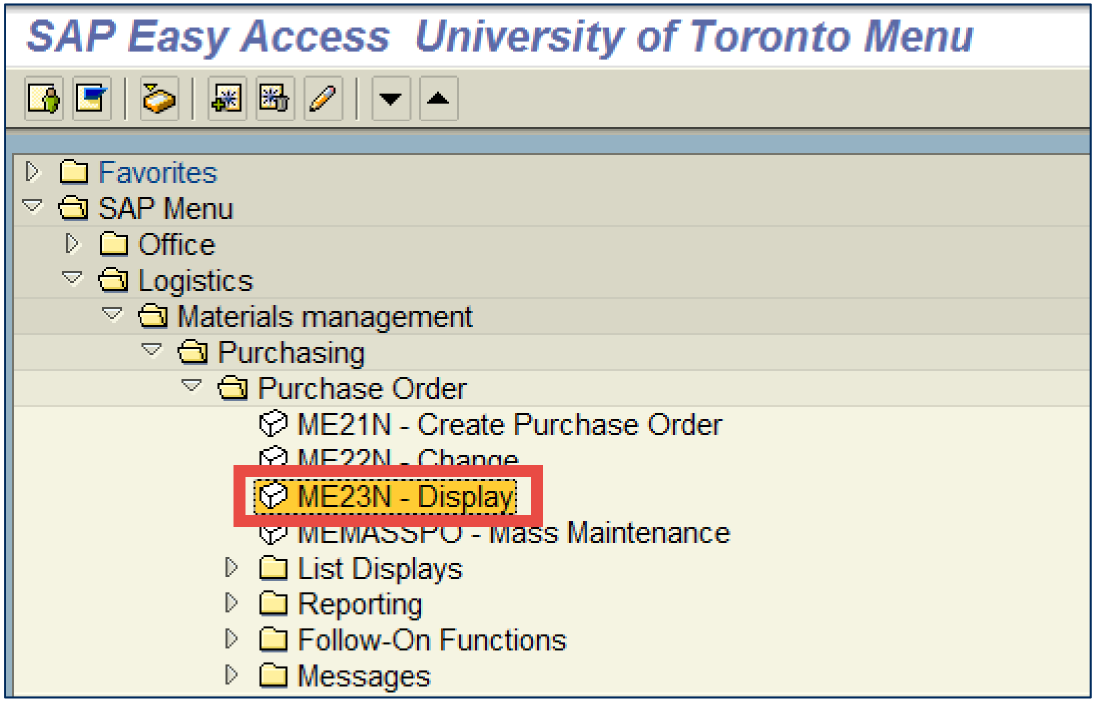
3. Double-click the title of the relevant PO to go to the PO and make the necessary changes.



Tracking the Status of Purchase Orders

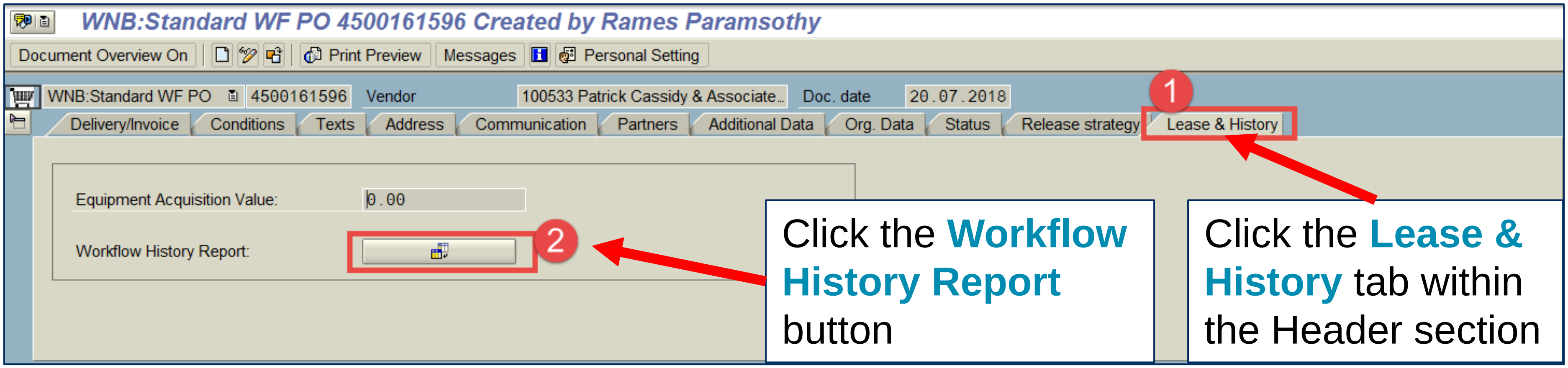
Within a Workflow PO, you can locate the status and change history associated with a standard or lease PO valued over $25,000.

Accessing the **Workflow History Report:**



Tracking the Status of Purchase Orders

After displaying the desired PO:



Tracking the Status of Purchase Orders (Workflow History Report)

Date and **Time** a particular step or action was taken

Task Action (i.e., WF PO started, reviewed or returned to end user)

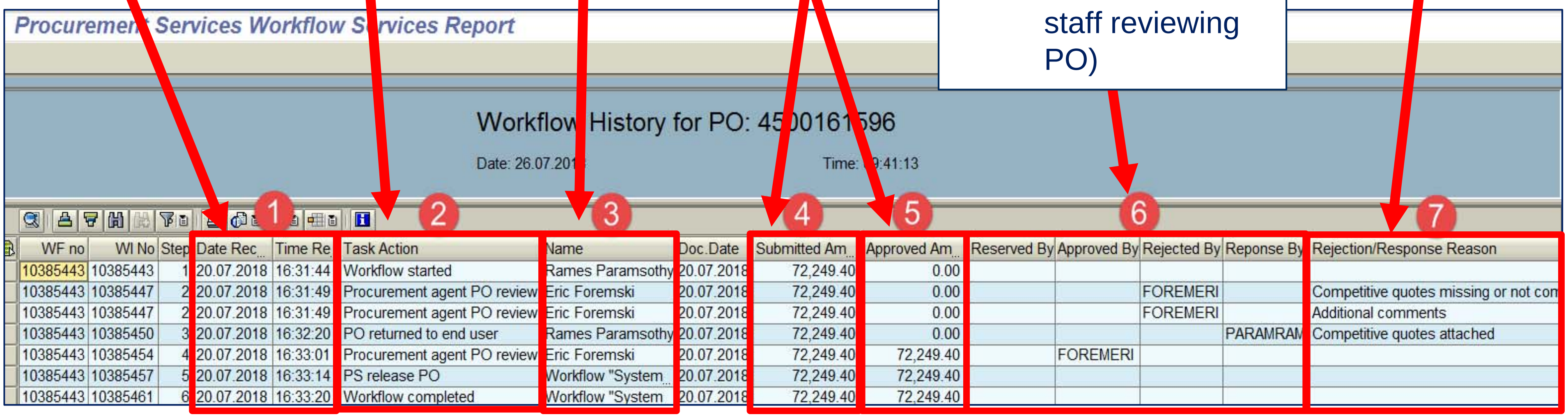
Name of the processor (i.e. creator or reviewer)

The **total value or WF PO submitted to and released by** (i.e.,Approved amount) UTM Procurement Services

AMS USERID of the processor who:

- **Released/Approved**
- **Rejected**
- **Responded** (i.e. fixed cause of rejection
- **Reserved** the PO (i.e., UTM Procurement staff reviewing PO)

Rejection/ Response Reason


Procurement Services Workflow Services Report

Workflow History for PO: 4500161596

Date: 26.07.2018 Time: 9:41:13

1 2 3 4 5 6 7

WF no	WI No	Step	Date Rec...	Time Re	Task Action	Name	Doc.Date	Submitted Am...	Approved Am...	Reserved By	Approved By	Rejected By	Reponse By	Rejection/Response Reason
10385443	10385443	1	20.07.2018	16:31:44	Workflow started	Rames Paramsothy	20.07.2018	72,249.40	0.00					
10385443	10385447	2	20.07.2018	16:31:49	Procurement agent PO review	Eric Foremski	20.07.2018	72,249.40	0.00			FOREMERI		Competitive quotes missing or not com
10385443	10385447	2	20.07.2018	16:31:49	Procurement agent PO review	Eric Foremski	20.07.2018	72,249.40	0.00			FOREMERI		Additional comments
10385443	10385450	3	20.07.2018	16:32:20	PO returned to end user	Rames Paramsothy	20.07.2018	72,249.40	0.00				PARAMRAM	Competitive quotes attached
10385443	10385454	4	20.07.2018	16:33:01	Procurement agent PO review	Eric Foremski	20.07.2018	72,249.40	72,249.40		FOREMERI			
10385443	10385457	5	20.07.2018	16:33:14	PS release PO	Workflow "System...	20.07.2018	72,249.40	72,249.40					
10385443	10385461	6	20.07.2018	16:33:20	Workflow completed	Workflow "System	20.07.2018	72,249.40	72,249.40					

Making Adjustments to P.O.s

For all POs the following changes are possible:

- Add new line item(s)

- If Goods Receipt (GR) document does NOT exist on any line items you can:
  - cancel PO or individual line items (e.g., if vendor is incorrect or order of goods and/or services is no longer required)
  - make changes to PO details (e.g., item quantity, dollar amounts, FIS accounts)

Any changes made to the total value of a standard PO or lease **equal to or greater than $25,000, that result in an increase in the value of the PO** will be re-submitted to UTM Procurement Services for review.

Note: Any POs/leases that were valued less than $25,000 but after a change is valued equal to or greater than $25,000, then the PO will automatically submitted to UTM Procurement Services for review.

* **Making Adjustments to PO when a PR is created:**
- Changes to PRs or POs for radioactive material purchases are performed by department. Once changes are made, notify a Radiation Safety Officer.
  - **Contact Information:** http://www.ehs.utoronto.ca/contact.htm

Making Adjustments to P.O.s (cont'd)

To change specific line item details such as quantity, net price and account codes:

a) Goods Receipt (GR) exists, but Invoice Receipt (IR) does not :

- Reverse the GR
- Change the PO line item

b) GR & IR exists for an item on a line that has multiple quantities:

- Delete the PO line item
- Create a new line on the current PO

Note: When a PO line item is deleted, the funds committed is released into the Fund Centers or FC/Funds' available funds.

QRG: Finalize/Cancel a PO

- http://finance.utoronto.ca/wp-content/uploads/2015/09/pofinalizecancl.pdf

Purchase Orders – Standard Vendor Copy

Vendor Master Record – Contact Details

Account Assignment tab:
- Unloading Point
- Recipient

Purchasing Group:
- Reflects departmental address

Additional Data tab (Header)**:**

Quote # & **Quotation Date**

UNIVERSITY OF TORONTO

Purchase Order

Supplier: Dell Canada Inc.
P.O. Box 8440 STN A
Toronto ON M5W 3P1

Purchase Order #: 4500144264

Order Date:	26.08.2015
Delivery Date:	26.08.2015
Buyer:	
Phone #:	416 946-7617
Purchasing Group:	GRAD.&LIFE SCI.ED.

Ship To: paramram
University of Toronto
Accounts Payable,
256 McCaul St., room 103
Office of the Comptroller
215 Huron Street
Toronto ON M5S 1A1

Invoice To: University of Toronto
Graduate & Life Sciences Education
Faculty of Medicine
1 King's College C
Toronto ON M5S 1A8

Payment Terms	Freight Terms	HST Registration #	Importer #
within 35 days Due net	FOB U OF T	R108162330	UTO 500011

Quote #: 4326 Dated 13.08.2015

Item #	Product/Service Description	Quantity	Unit	Net Unit Price	Net Value
00001	220-5526 Poweredge Server	2	Each	10,006.00	20,012.00
00002	147.3399 Printer 968	1	Each	200.00	200.00

Total net order value excl. tax: CAD 20,212.00

To obtain access to Storage Locations and/or Purchasing Groups, contact AMS:
- **AMS Access:** access.easi@utoronto.ca

Purchase Requisitions

When are Purchase Requisitions Required?

When is a Purchase Requisition (PR) required?

- All **radioactive materials** across all campuses
- **UTSC:** All orders and leases greater than or equal to $25,000

As an FIS transaction:

The Purchase Requisition document creates a commitment in an Funds Center or FC/Fund combination.

Note: All Purchase Requisitions & Purchase Orders are required to be created with a vendor that is setup in AMS. If a department decides to order from a vendor that is NOT in AMS, complete the "New Supplier Account Request" form and forward to purchasing.help@utoronto.ca for account creation.

QRGs: Purchase Requisitions

- http://finance.utoronto.ca/fast/support-documentation/logistics/purchase-requisition/

WEB Documentation

- **Documentation & Support**
  http://finance.utoronto.ca/fast/support-documentation/
- **Financial Forms**
  http://finance.utoronto.ca/forms/processing/
- **GTFM Policy**
  http://finance.utoronto.ca/policies/gtfm/
- **Glossary of Terms**
  http://finance.utoronto.ca/fast/fis-glossary/
- **Cheque Production FAQs**
  http://finance.utoronto.ca/faqs/cheque-production/

NEED HELP?

https://easi.its.utoronto.ca/ams-help-form/

Help is a facility for all AMS subsystems:

- Use the WEB form found at the above address
- Select the appropriate AMS module
  (e.g., FIS: FAST Team)
- Complete all the information required on the form
- Click on the **Send it!** button

Mail box is monitored Monday to Friday
9:00 a.m. - 5:00 p.m.

FAST Team Contacts

Primary Rep	**Nusrath Mohiuddin** nusrath.mohiuddin@utoronto.ca	**978-4042**
Secondary Rep	**Maryanne McCormick** m.mccormick@utoronto.ca	**946-3291**
Business Analyst (Training Coordinator)	**Rames Paramsothy** rames.paramsothy@utoronto.ca	**978-4675**

Workshop Evaluation:
http://finance.utoronto.ca/fast/fis-training/course-evaluation-fis-training/

FAST website:
http://finance.utoronto.ca/fast/