Financial Transaction SOP: Purchasing, Receiving and Purchase Order Amendment
    SOP Owner: Procurement and Payment Services
    Version Number, Date Revised: #4, 6/14/2021
    Date Implemented:
    Approval(s):

Standard Operating Procedure

1. **Purpose**

   Receipt of Goods and Services - Cornell is not utilizing KFS Receiving.
   The University Controller's receiving policy requires confirmation of receipt for payments greater than $5,000. The service staff member confirms receipt of goods and services by contacting the end user via email or by ad hoc routing the e-doc for approval.
   - The end user's response is saved and attached to the e-doc (DV or PREQ).
   - Alternatively, the disbursement voucher (DV) or payment request (PREQ) can be ad hoc routed the department/unit approver for approval.

The fiscal officer (FO) is responsible for ensuring that the amounts to be paid are correct and the correct accounts are charged. PREQs up to and including $5,000 are eligible for auto approval of the payment without fiscal officer approval after 10 days unless "positive pay required" is selected on the requisition. The auto approval process for payments up to $5,000 is designed to push payments through so that vendors are paid on time. **Note**: FO is permitted to approve all payments, regardless if they are set to auto approve or not. When e-doc is auto approved, FO will receive system-generated notice. The fiscal officer's approval is required on PREQs greater than $5,000 and for all orders originated in e-SHOP.

2. **Scope**

   - Service Centers
   - Fiscal Officers (FO) **Note**: any reference to FOs in an SOP is understood to include primary and secondary delegates.

Training Issue: Purchase Order Amendments (POAs) are the responsibility of the Service Centers and are used for adding / deleting items **only on quantity orders**. They are **not** used for changing a vendor name or changing an account. Orders that require a vendor name change must be cancelled and reissued with the correct vendor. If accounts need to be changed, the FO should use the PREQ. Exception: *see POA Business Rules, page 12, last bullet*.

3. **Prerequisites (Forms / Tools)**

   - KFS access
   - KFS "Basics" training

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- KFS Purchasing, Overview SOP
- KFS Purchasing, Overview tutorial
- Line Item Receiving tutorial
- Purchase Order training
- Line Item Receiving training
- Purchase Order Amendment training

4. University Policy

- 3.14, Business Expenses
- 3.25, Procurement of Goods and Services
  (includes former policy 3.12, Procurement Card)
- 3.9, Capital Assets
- 4.2, Transaction Authority and Payment Approval
- 4.7, Retention of University Records
- 5.10, Information Security
- Supply Management Services, Buying Manual (*currently under analysis*)

5. Responsibilities

Personnel in the following roles / positions:
- Requestor (not a system role): anyone in the units who would be ordering goods and services.
- Initiator:
  - can validate that the POA is appropriate per CU business rules; and
  - has the ability to provide or request the data required to successfully fill out and submit the POA e-doc;
  - is the person who will respond to any follow-up questions; and
  - confirms that there is a valid business reason for processing the POA e-doc.
- Fiscal Officer (FO)
- C&G Processor (applies to POA)
- Commodity Reviewer (applies to POA)
- Contract Manager (applies to POA)
- Org Reviewer (applies to POA)
- Payment Authority (determined based on routing)

Best Practice recommendation: if additional review is deemed necessary, ad hoc route as appropriate.

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Purchase Order Amendment (POA): when you amend a PO, the system creates a PO Amend (POA) e-doc based on the existing PO. You must enter a reason when initiating the amendment. When the amendment is submitted, it routes to the FO (for approval), which serves as notification that the order has changed.

Previous actions on the PO may limit what you are permitted to change on this e-doc; i.e., if everything has been received and paid for, you are unable to process a POA against the order.

The e-doc layout of the POA e-doc is identical to that of the original PO, with the addition of a notation in the e-doc header regarding status. A notation also displays at the top of the PO e-doc: "Warning: There is a pending action on this Purchase Order."

When you click the amend button to initiate the e-doc, the system automatically inserts note text and the PO number in the Notes and Attachments tab of both the original PO e-doc and the POA e-doc. The same note text is placed in the original PO and the amended PO.

The View Related Documents tab allows you easy access to all documents related to the POA:

Figure 10 – Example: View Related Documents tab, closed

Figure 11 – Example: View Related Documents tab, open

Best Practice recommendation: use the correct e-doc for the task at hand. In the case of the POA e-doc, determine whether a POA is necessary or, if it would be more appropriate to submit a new PO.

If a change order is "in process," you cannot create an additional POA or process a PREQ until it is in Final status.

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POA Business Rules

- PO must be in Open status.
- Only REQS Initiator, FO, and members of Purchasing Processor role may initiate a POA.
- POAs can be internal (e.g., select "do not send to vendor" as method of transmission) or external (e.g., select "send to vendor" as method of transmission.
- If there are payment requests (PREQs) or vendor credit memos (CMs) in process, the amend button is not displayed.
- The system adds a note with: date the amendment was started, person who started the amendment, information entered on the confirm page, and previous e-doc number.
- If payment requests (PREQs) or credit memos (CMs) have been processed, the Receiving Required field cannot be changed.
- If PREQs or Credit Memos (CMs) are pending, the existing line items cannot be changed.
- Fiscal year cannot be changed.
- Contract manager cannot be changed.
- Item type cannot be changed (from QTY to NON QTY, or from NON QTY to QTY).
- Before the order has closed, new line items can be added.
- There must be at least one active line item when the submit button is selected.
- During the amend process, the original PO e-doc (i.e., before the amend button is selected) will have e-doc status of **pending amendment**, and the newly created e-doc will have **change in process** status. After the amendment has been submitted, the original e-doc status changes to **retired version** and the amendment's status changes to **open**.
- Users are not allowed to create payment requests or credit memos against a PO that has a pending amendment.
- Do not add capital asset items on a POA; create a new purchase order for the new item.
- As indicated in the Training Issue on page 1, a POA should not be used for the sole purpose of changing an account; however, if a new line item is being entered and it is discovered that an account(s) needs to be changed, it is acceptable to change an account when adding the additional line item. Procedure: use the "remove accounts from all items" button on the Items tab (*see Figure 12, below*). Then, enter the correct accounts.
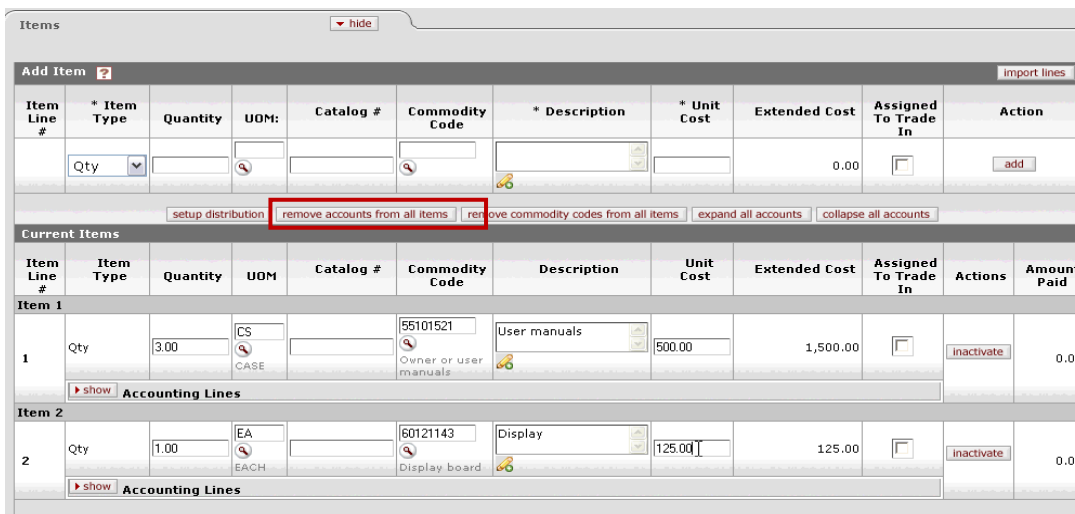

Figure 12 – *Items tab:* remove accounts from all items *button*

To cancel the entire order, REQS Initiator could utilize the "void order" button on a Purchase Order (*see Figure 13, below*). **Note**: after selecting "void order" button, no routing occurs. The void is not sent to the vendor. The REQS Initiator must contact the vendor directly to cancel the order. Orders that have been partially or completely filled should be closed, not voided.

On a POA, selecting the inactivate button, removes the item from the order. (See Figure 12.)

Figure 13 – Action: void order

The e-doc number (i.e., Doc Nbr) will change as related e-docs are processed, so it is a *best practice recommendation* to track by either PO # or REQS #.

Training Issue: the name on the PO and the name on the vendor invoice must be the same. If the names do not match (for example, if there has been a change in vendor ownership), Accounts Payable (AP) will contact the initiator, who will cancel the PO and issue a new PO to the correct vendor. (AP will also contact Procurement to update the vendor record, as needed.)

Workflow
- The e-doc becomes Final when the POA e-doc is submitted.
- The POA routes for FO approval.
- The POA routes to Procurement if the total order exceeds the APO limit or if it is a recurring order.
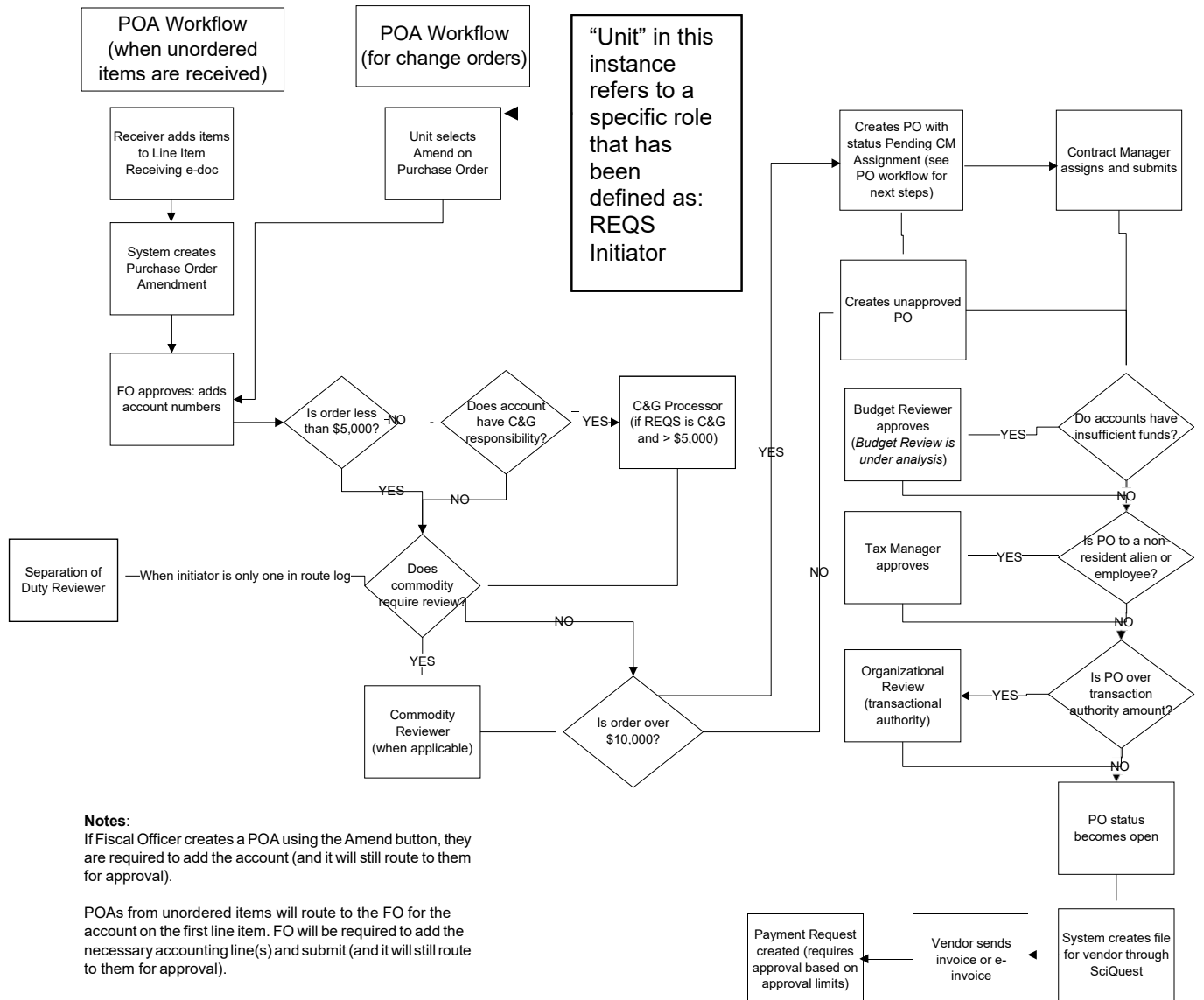
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Figure 14 – *POA routing and business rules*

POA Workflow (when unordered items are received)

POA Workflow (for change orders)

"Unit" in this instance refers to a specific role that has been defined as: REQS Initiator

Receiver adds items to Line Item Receiving e-doc

Unit selects Amend on Purchase Order

System creates Purchase Order Amendment

FO approves: adds account numbers

Is order less than $5,000?

Does account have C&G responsibility?

C&G Processor (if REQS is C&G and > $5,000)

Separation of Duty Reviewer

When initiator is only one in route log

Does commodity require review?

Commodity Reviewer (when applicable)

Is order over $10,000?

Creates PO with status Pending CM Assignment (see PO workflow for next steps)

Contract Manager assigns and submits

Creates unapproved PO

Budget Reviewer approves (*Budget Review is under analysis*)

Do accounts have insufficient funds?

Tax Manager approves

Is PO to a non-resident alien or employee?

Organizational Review (transactional authority)

Is PO over transaction authority amount?

PO status becomes open

System creates file for vendor through SciQuest

Vendor sends invoice or e-invoice

Payment Request created (requires approval based on approval limits)

Notes:
If Fiscal Officer creates a POA using the Amend button, they are required to add the account (and it will still route to them for approval).

POAs from unordered items will route to the FO for the account on the first line item. FO will be required to add the necessary accounting line(s) and submit (and it will still route to them for approval).

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Initiating a POA e-doc

    a.   Search for the PO you want to amend from the PO search screen. Open the PO.

    b.   Select **Amend** to make changes to the existing PO.

    c.   Enter a reason explaining why you are amending this PO. (**Note**: POA is not used to change a vendor name or an account. *See Training Issue on page 1*

Are you sure you want to **Amend** this Purchase Order?

* Please enter the reason below:

yes   no

Figure 15– POA message

    d.   Select **yes**. (**Note**: the reason entered will **not** be visible to the vendor.)

Screen refreshes; new e-doc number (Doc Nbr) assigned. Status is now: Pending Amendment.

Doc Nbr: 317363	**Status:** SAVED
Initiator: philips	**Created:** 04:26 PM 09/27/2007
PO Nbr: 1048	*** PO Status:** Pending Amendment

Figure 16 – PO Status: Pending Amendment

    e.   Click the button on the Item tab and click the show button on the item you want to amend.

    f.   Modify the PO e-doc.

    g.   Select **submit**.

Working with the POA e-doc

You may add, change, or deactivate existing lines on the original PO after creating a POA e-doc. To add or change items or accounting lines on the PO, add or modify them as you would on the PO e-doc.

Notes:

    •   No change orders (i.e., POAs) can be done on e-SHOP orders. In order to cancel an order with an e-SHOP (B2B) vendor, contact the vendor directly. Add Notes and Attachments, if applicable.

7. Definitions

    •   KFS at Cornell Glossary

    •   KFS Acronym Glossary

8. References

    •   Basics Tutorials