Financial Transaction SOP: Purchasing, Receiving and Purchase Order Amendment
SOP Owner: Procurement and Payment Services
Version Number, Date Revised: #4, 08/29/17
Date Implemented:
Approval(s):

Standard Operating Procedure

1. **Purpose** (*see page 10 for Purchase Order Amendment information*)

Line Item Receiving e-doc (RCV / RCVL) is used to acknowledge the receipt of goods or services on purchase order line items, by recording: the quantities of items received, damaged, returned, or unordered. When receiving is required, the e-doc is processed against a purchase order to satisfy confirmation of satisfactory receipt of the goods. When receiving required is **Yes**, the Payment Request e-doc (PREQ) does not route for Fiscal Officer (FO) approval until sufficient quantity has been documented as received. It routes to FO for approval and indicates that status is awaiting receiving. (Approval by FO allows partial payment.) *More information will be provided in the PREQ SOP.*

When receiving is satisfied, the payment request is eligible for auto approval for payment (for amounts up to and including $5,000). For this reason, it is important that the FO understand that the receiving e-doc does not replace the FO's responsibility to confirm that accounts are properly charged and the proper amount is paid; the receiving e-doc satisfies the receipt of goods only. The FO is responsible for ensuring that the amounts to be paid are correct and the correct accounts are charged. The auto approval process 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 FYI.

2. **Scope**

- Business Service Centers / Financial Transaction Centers (old: BSCs; new: FTCs) **Note**: the two administrative BSCs will still be called BSCs.
- 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 BSCs / FTCs and are used for adding / deleting items **only**. 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

- 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 RCV / 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 RCV / 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 RCV / 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; *currently under analysis*)
- Internal: to determine if Receiving is necessary, define a role in your unit that is responsible for checking status daily. (*See page 10 for suggested procedure*.)

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

6. **Procedure** (for Line Item Receiving)

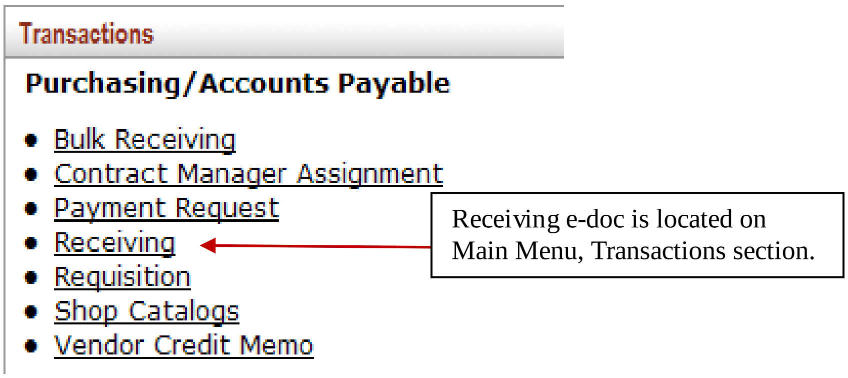

Figure 1 – Main Menu, Purchasing / Accounts Payable, Transactions

Line Item Receiving e-doc can be arrived at in two ways —by selecting the Receiving link on the Main Menu's Purchasing / Accounts Payable transaction menu or by viewing the purchase order and then clicking the receiving button.

Figure 2 – Receiving button at bottom of PO

When you first access the Line Item Receiving e-doc, the system displays the Line Item Receiving Initiation tab. The fields on the initiation screen are used to detect duplicate entries. Initiating the Line Item Receiving e-doc in this manner allows the system to provide feedback to you regarding potential duplicate entries.

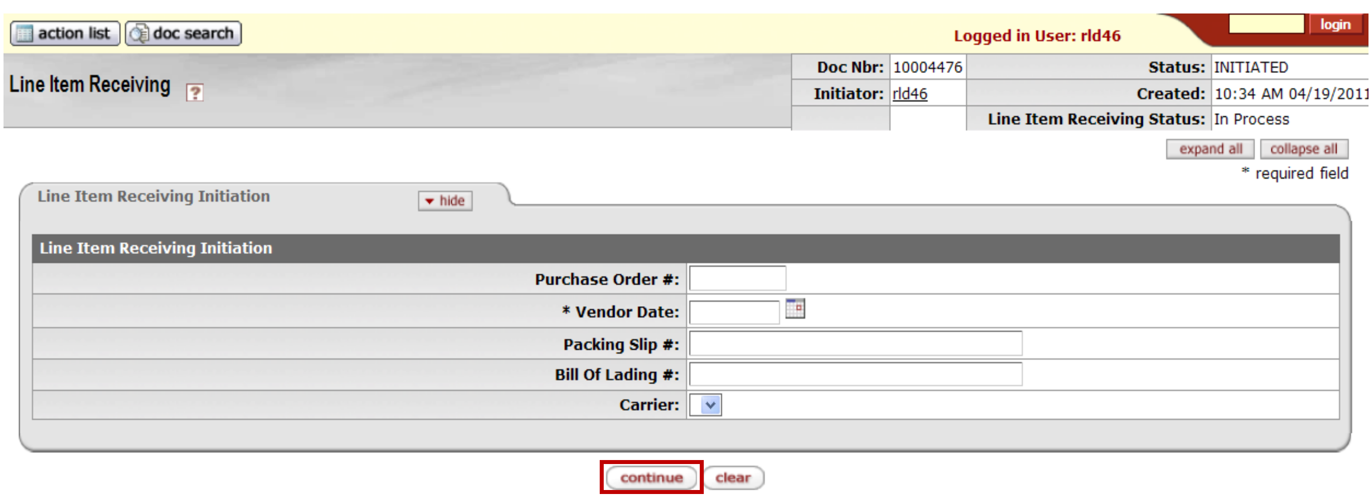

Figure 3 – Line Item Receiving Initiation tab

Table 1 Line Item Receiving Initiation tab: field definitions

Field Name	*Description (* indicates a required field)*
Purchase Order #	* Enter the PO number associated with the goods for which line item receiving is being processed.
Vendor Date	* Enter the date the goods were received.
Packing Slip #	Enter the packing slip number if included on the receiving e-doc.
Bill of Lading #	Enter the bill of lading number if included on the receiving e-doc.
Carrier	**Training Issue**: Cornell is not planning on using this field at this time.

Select the **continue** button to display tabs on the main Line Item Receiving e-doc.

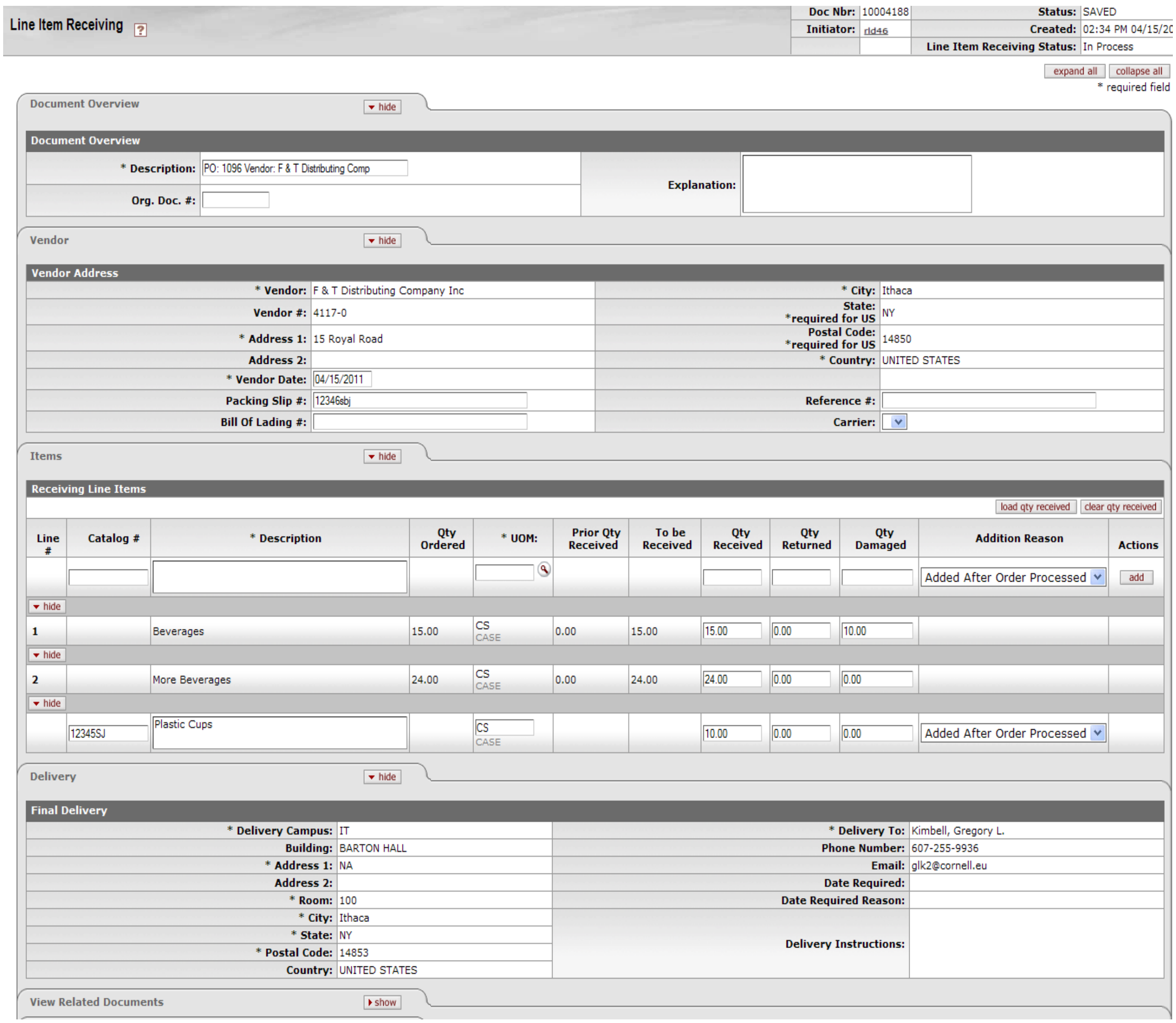

Figure 4 – Line Item Receiving e-doc (example)

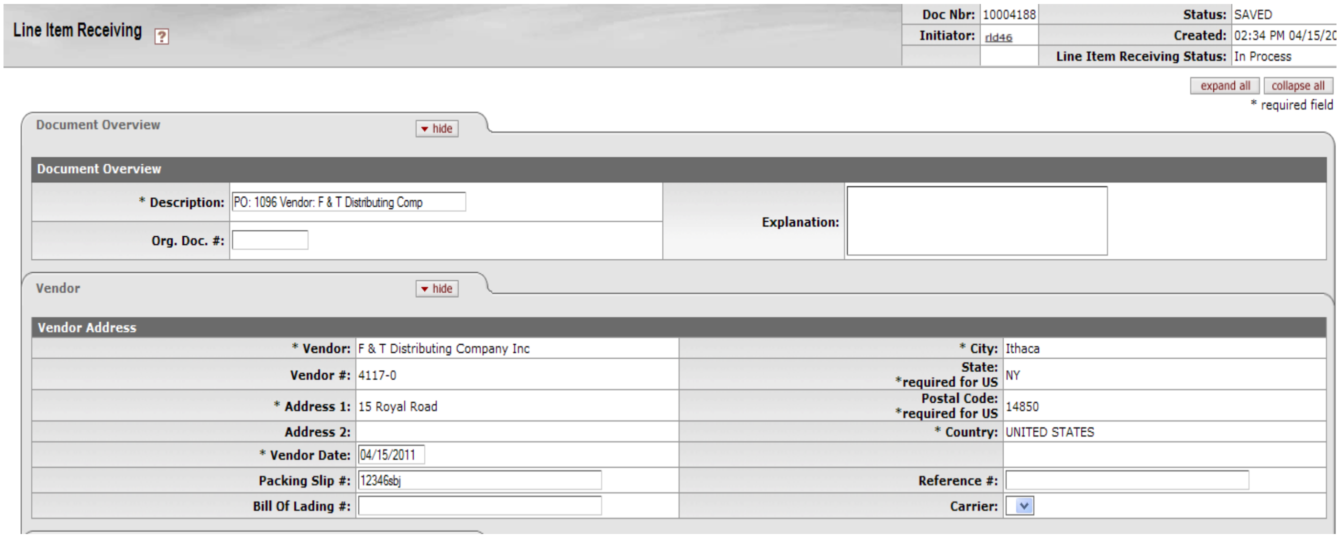

Figure 5 – Line Item Receiving, Document Overview and Vendor tabs

The e-doc Overview tab is standard with one exception: the Description field defaults to the purchase order number and vendor's name (though it is editable).

Table 2 Description tab: field definitions

Field Name	*Description (* indicates a required field)*
Description	Defaults to the purchase order number and vendor's name. (This field is editable, but *best practice recommendation* is not to edit the default information.)
Org. Doc. #	The organization e-doc number. If the organization does not use an internal referencing system, this field is left blank.
Explanation	Allows you to include additional information about the e-doc that does not fit into the Description field (which is limited to 40 characters). *Best Practice recommendation*: when necessary, use the Explanation field to enter the business purpose. (It is not expected that a business purpose will always be applicable on a RCV, but this field is available for that purpose.)

Vendor tab

The Vendor tab contains vendor details related to the items being received.

Table 3 Vendor tab: field definitions

Field Name	*Description (* indicates a required field)*
Vendor	Display-only. The vendor name from the Purchase Order e-doc.
Vendor #	Display-only. The KFS-generated identifying number assigned to this vendor.
Address 1	Display-only. The first line of the address for the selected vendor.
Address 2	Display-only. The second line of the address for the selected vendor.

Vendor Date	* Defaults from the initiation tab but can be changed.
Packing Slip #	Defaults from the Line Item Receiving Initiation tab but can be edited.
Bill of Lading #	Defaults from the Line Item Receiving Initiation tab but can be edited.
City	Display-only. The city associated with this vendor. This entry is required under certain circumstances (e.g., for a U.S. address).
State	Display-only. The state associated with this vendor.
Postal Code	Display-only. The postal code for this vendor address. Postal codes are required under certain circumstances (e.g., for a U.S. address).
Country	Display-only. The country associated with this vendor.
Reference #	Allows you to add additional information that will assist with e-doc searching.
Carrier	Defaults from the Line Item Receiving Initiation tab but can be edited.

Items tab displays the lines of the PO that this receiving e-doc relates to and provides a way to add lines for unordered items to the Receiving e-doc. On this tab the quantity received for each line item number is recorded. If known at this time, quantity returned and quantity damaged are also recorded; otherwise, this information can be added later. When adding lines to the Receiving e-doc, enter all required information and select the add button.

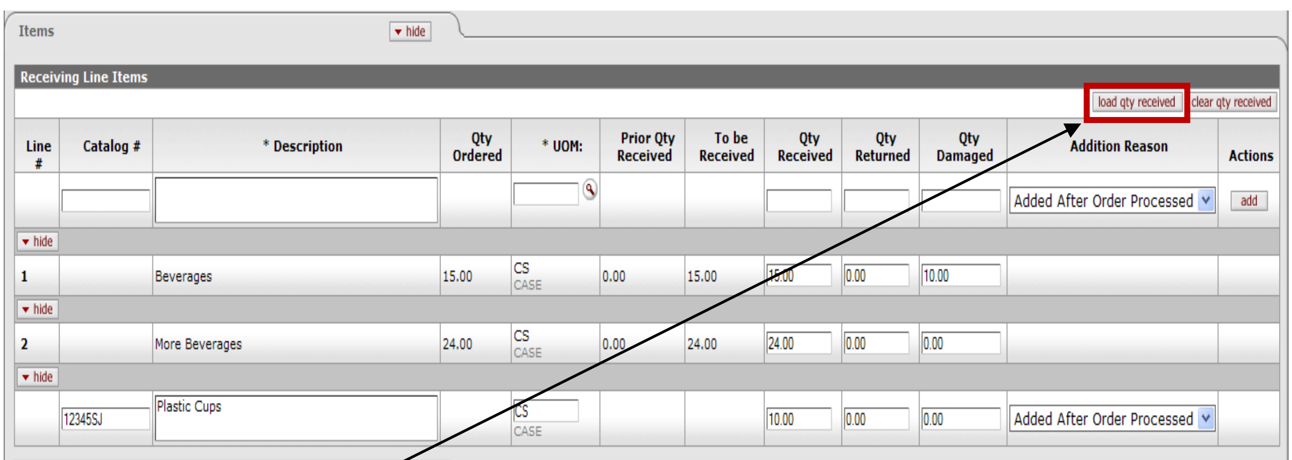

Figure 6 – Items tab

Note: “load quantity received” option
(This action will enable you to receive multiple-line items with the click of one button.)

Table 4 Items tab: field definitions

Field Name	*Description (* indicates a required field)*
Line #	Display-only. The line number on the receiving e-doc. The line number corresponds to the line number on the purchase order.

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Catalog #	Display-only. The catalog number for this item on the Receiving e-doc.
Description	Display-only (required for new line items). The description from the purchase order or a detailed description of the unordered item that was received.
Qty Ordered	Display-only. Indicates the original quantity ordered from the purchase order.
UOM	Display-only (required for new line items). Identifies the unit of measure for this line item. For a new item, enter a valid unit of measure code (i.e., ‘EA’) for the item or use the lookup to find valid unit of measure codes.
Prior Qty Received	Display-only. Indicates the sum of total quantity received minus total quantity returned from all previously submitted Line Item Receiving e-docs.
To be Received	Display-only. The Quantity Ordered minus the Prior Quantity Received.
Qty Received	The quantity of this item received in this shipment.
Qty Returned	The quantity to be returned to the vendor.
Qty Damaged	The quantity received that was damaged.
Addition Reason	* When adding items, indicates the reason this line item is being added (i.e., “substitution” or “not on order”).
Actions	Click the add button to add this line item to the Receiving e-doc.

The Delivery tab contains information about where goods ordered on this order should be delivered. It also displays delivery contact information and any special delivery instructions. All fields in this tab are system generated (based on the Delivery tab).

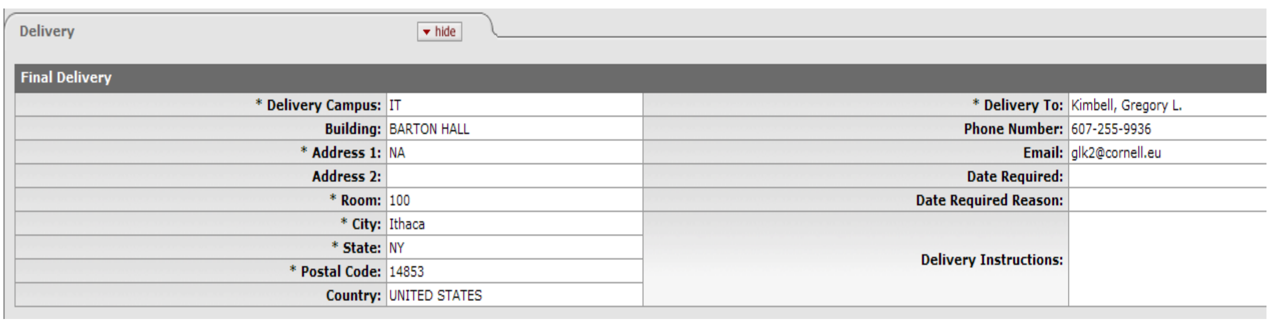


Figure 7 – Delivery tab

Table 5 Delivery tab: field definitions

Field Name	*Description (* indicates a required field)*
Delivery Campus	* The campus code where the goods were delivered.

Building	The building where the goods were delivered.
Address 1	* Address line 1 where the goods were delivered.
Address 2	Address line 2 where the goods were delivered.
Room	* The room number where the goods were delivered.
City	* The city where the goods were delivered.
State	* The state where the goods were delivered.
Postal Code	* The postal code where the goods were delivered.
Country	The country where the goods were delivered.
Delivery To	* The person to whom the delivery was made.
Phone Number	The phone number of the delivery-to person.
Email	The e-mail address of the delivery-to person.
Date Required	The date the delivery was required.
Date Required Reason	If a date required was entered the date required reason is displayed here.
Delivery Instructions	Displays any special delivery instructions for the items.

<u>RCV Business Rules</u>

- Only active, quantity-based line items on the purchase order will load when the Receiving e-doc is initiated.
- When RCV is submitted, the Qty Received and Qty Damaged are updated on the Purchase Order with the Qty Received, Qty Returned, and Qty Damaged values on the RCV.
- When RCV is submitted, line items without receiving activity are excluded from the e-doc.
- System does not allow the Qty Received, Qty Returned, or Qty Damaged to be less than 0.
- Information entered / attached in Notes and Attachments tab are used to record any additional detail about damaged goods, missing items, or items hat were not on the original order. The note's author and a timestamp are displayed with the note.
- If Qty Returned or Qty Damaged is > 0 on any line item, a note is required when the e-doc is submitted.
- The FO receives an FYI from the submitted Receiving e-doc if any item has damaged quantities and / or if any item's total received is more than was ordered.
- Adding an unordered item on a Receiving e-doc will generate a Purchase Order Amendment (POA). FO will add the accounting information and amount. *Best Practice recommendation*: the Initiator of the Receiving e-doc should add a note to inform the FO of the correct dollar amount and account to be used.

Training Issues:

- Do not do Receiving if it is **not** required.
- Receiving is required when the order is greater than or equal to $5,000.00 or the Receiving checkbox is checked on the REQS.
- A POA will be required when additional items have been received.
- When the status of a PREQ is: **in process**, a user will not be able to amend the PO.
- A POA will only be generated automatically when adding unordered items on the additional line (*as indicated in Figure 8**a**, below*) on the Receiving e-doc **if** Receiving is required.
- When user increases the originally ordered quantity **and** Receiving is required, a POA is not automatically generated, and the AP Processor can enter the additional quantity on the PREQ (which avoids the necessity of a POA): see below (*Figure 8**b***: quantity ordered was 3; quantity received was 5).
- If Receiving is not required, and items are added on the additional line, a POA will not be generated automatically. Amend the PO manually in order to add the items for payment.

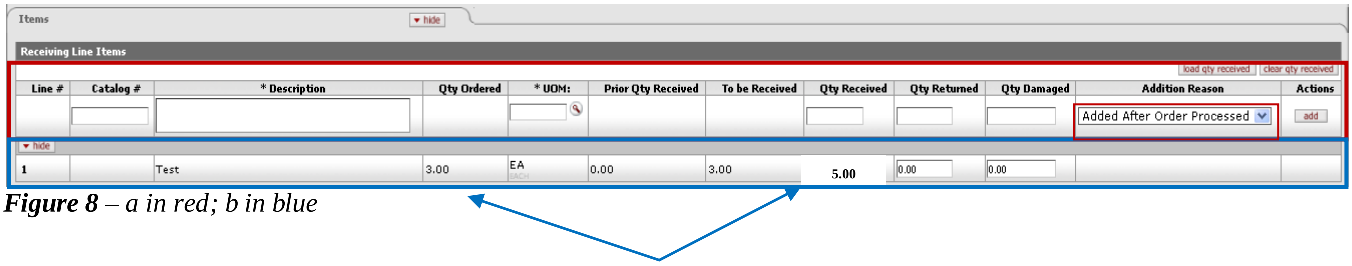


***Figure 8** – a in red; b in blue*

Best Practice recommendation: utilize Notes and Attachments functionality. Example: in the case of a damaged item, “a picture is worth a thousand words.”

<u>Workflow</u>

Note: there is no workflow for Receiving e-doc, **unless** an item is added.

If Receiving is required, a PREQ will not route to the FO until Receiving is done and the appropriate batch job is run. (Batch jobs are scheduled to run twice daily: noon and 5 p.m., Monday through Friday.)

To initiate an RCV e-doc:

1. Select “Receiving” on Main Menu
2. Line Item Receiving opens; enter the PO that requires receiving (Vendor Date—i.e., the date the goods were received—is a required field. N**ote**: the date something is received does not affect the pay date.)
3. Fill out appropriate information as outlined previously in this SOP.

Note: Receiving cannot be done on a recurring non-quantity order.

Best Practice recommendation: to determine if Receiving is necessary, define a role in your unit that is responsible for checking status daily.

Suggestion for finding e-docs that require Receiving:

- Under Custom Document Searches (on Main Menu), choose Payment Requests.
- Enter information to narrow your search to your accounts (i.e., search by account or vendor).
- Search by Payment Request Status of Awaiting Receiving.

(**Note**: it is expected that usage will drive the definition of additional best practices; this SOP will be revisited after implementation.)

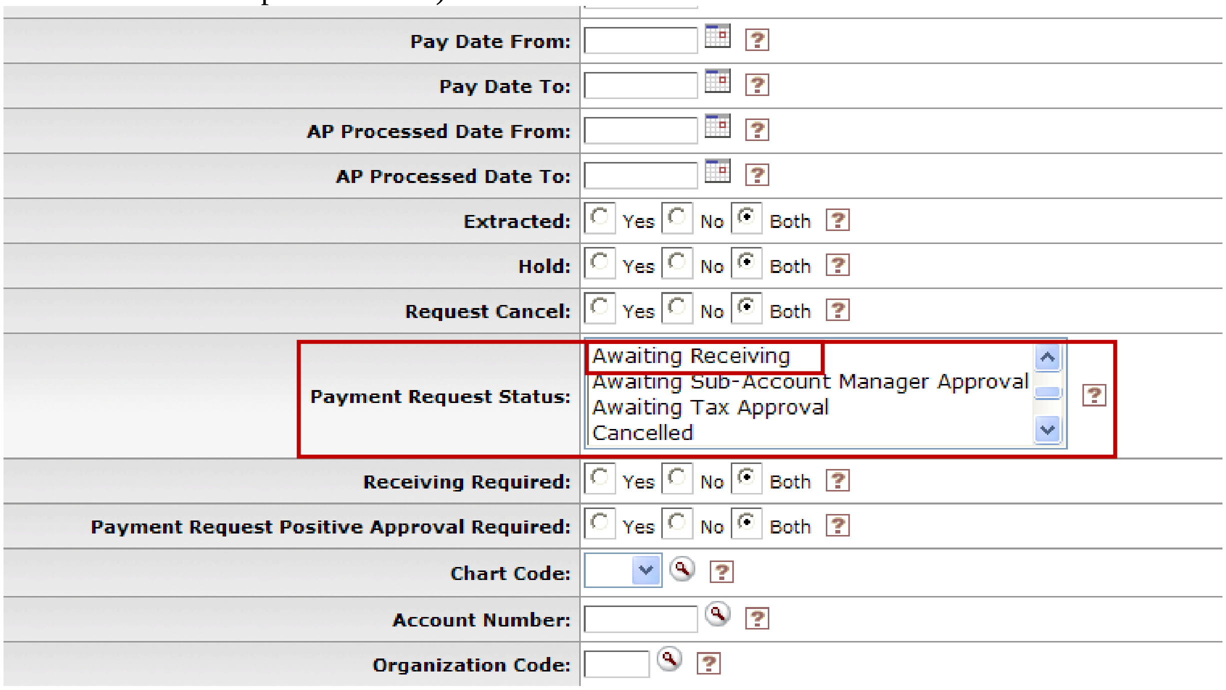


***Figure 9** – Payment Request Status, Awaiting Receiving*

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:

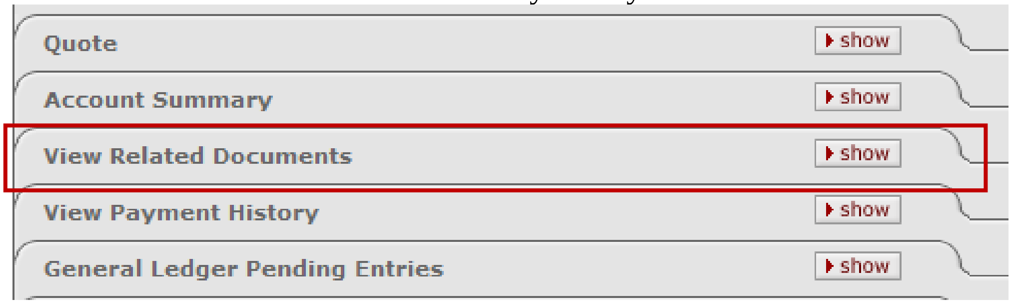


Figure 10 *– Example: View Related Documents tab, closed*

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. (The ability to copy a REQS is functionality that will help you submit a new PO.)

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

<u>POA Business Rules</u>

- PO must be in Open status.
- Only REQS Initiator, FO, and members of Purchasing Processor role may initiate a POA.
- POAs are always external to the vendor; there are no "internal change orders" (as there are today).
- 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, 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 Receiving e-docs, payment requests, or credit memos against a PO that has a pending amendment.
- Do not add capital asset items on a POA; recommended procedure is to 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.

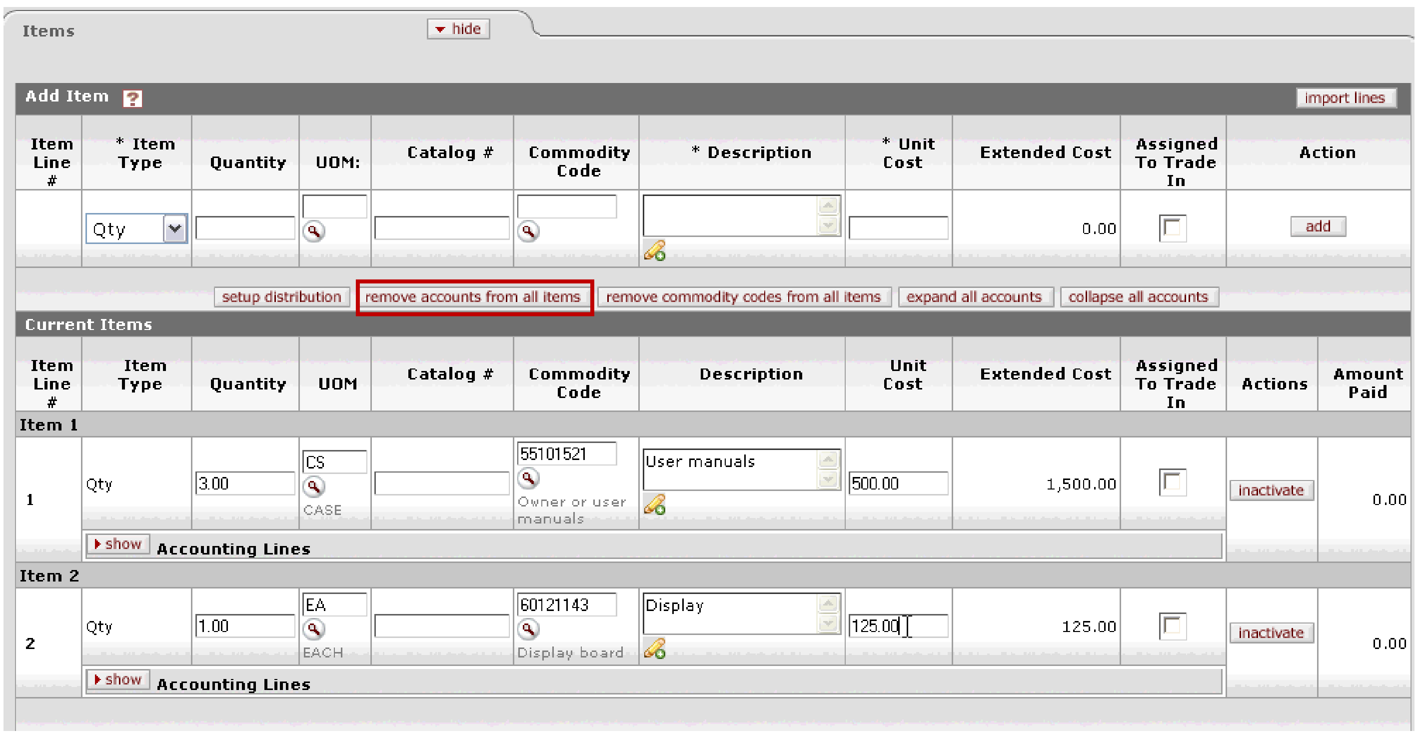


***Figure 12** – Items tab:* remove accounts from all items *button*

Correction button: if, after entering Receiving information, you discover that you entered a quantity incorrectly, selecting the correction button provides the opportunity to make changes.

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.

On a POA, selecting the inactivate button, removes the item from the order.

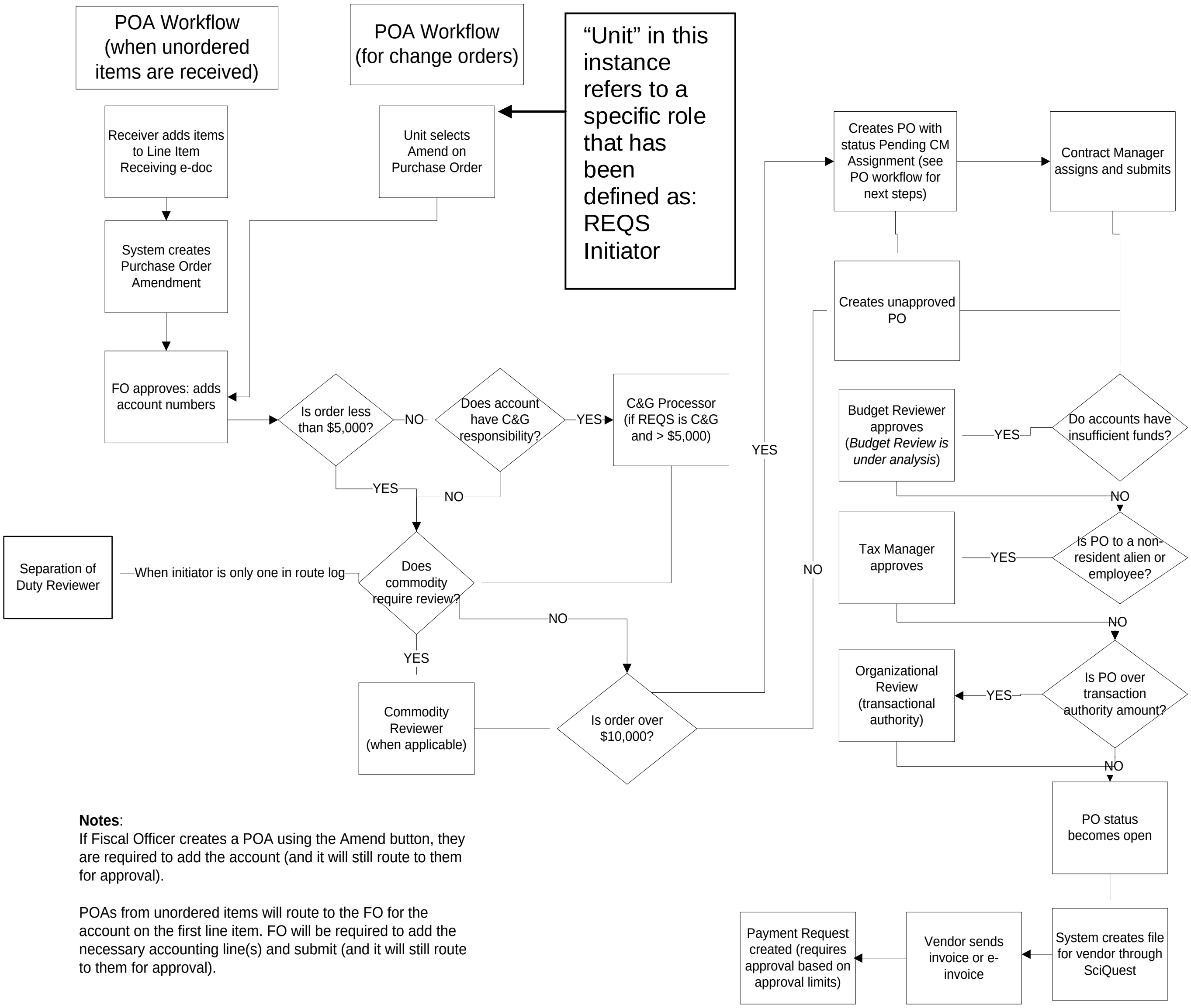
Figure 13 *– Action: void order*

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 process a POA. (AP will also contact SMS to update the vendor record.)

<u>Workflow</u>

- The e-doc becomes Final when the POA e-doc is submitted.
- The POA routes for FO approval.



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).

Figure 14 *– POA routing and business rules*

<u>Initiating a POA e-doc</u>

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*)

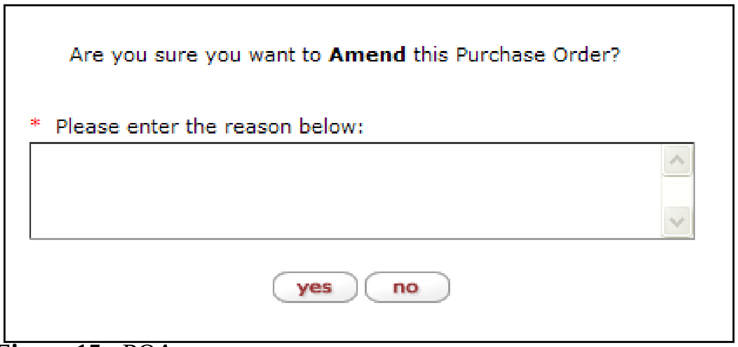
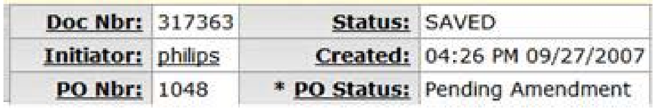


Figure 15– *POA message*

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**.

A Receiving e-doc spawns a POA; only those in the route log will be able to take action.

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:

- There is no place in Receiving e-doc to add an accounting line.
- No change orders (i.e., POAs) can be done on Shop Catalogs (e-SHOP) orders. In order to cancel an order with a 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