



Financial Transaction SOP: Purchasing Process

SOP Owner: Cornell Procurement Services

Version Number, Date Revised: #5, 06/11/21

Updates:

Date	Section	Change
3/5/2012	Overview, p. 1	Added
	Purchasing Procedures, p. 1-2	Added
	Using the KFS Procurement Module, p. 2-3 (Previously the beginning content from p.1)	<ul style="list-style-type: none"> Added item 3.a. to include a new procedure for searching for a vendor Revised item 8. according to new procedure Removed best practice recommendation from item 9
	Additional Information/Purchase Order Amendment, p. 3	Added third bullet regarding e-SHOP amendments
	Additional Information, p. 3	Removed paragraph regarding payments to students
	Throughout the document	General edits for clarification or because of procedural changes
9/25/12	All	Change department name to Cornell Procurement Services
9/10/14	All	Incorporate IWant Doc & Procurement Gateway, remove all references to receiving.
9/28/1806/11/21		Update bid limit; general review

Overview

Cornell University’s Board of Trustees delegates significant procurement authority for the acquisition of goods and services from external sources on the university’s behalf. Authority for the purchase of most goods and services at the university is ultimately delegated to Cornell Procurement Services. [University Policy 3.25, Procurement of Goods and Services](#), provides overarching guidelines for procurement and requires compliance with procedures outlined in the [Buying Manual](#). The processes and procedures documented in the Buying Manual have been developed to help achieve responsible stewardship of university funds and are based on sound business practices, best value, accountability, and compliance with donor, sponsor, and regulatory requirements.

Prior to purchasing goods or services, familiarize yourself with the following:

- [University Policy 3.25, Procurement of Goods and Services](#)
- [Buying Manual](#)
- [KFS Standard Operating Procedures](#)

Purchasing Procedures

Please ensure that your intended purchase is an allowable business expense for which university funds may be expended. [University Policy 3.14, Business Expenses](#), provides guidelines for identifying expenses that may be charged to various university accounts and ensuring compliance with federal, state, and local regulations while supporting the university’s missions of education, research, and public service.

The authority for the review and approval for most purchases at the university is the responsibility of Procurement Services. The following steps are included in the procurement process:

- Determine if the good or service that you want to purchase is covered by a preferred or contract supplier agreement.
- If Procurement Services has negotiated a preferred supplier agreement with a supplier for the commodity (good or service) that you are purchasing, then you must purchase that commodity from the preferred supplier.
- You are encouraged to review the discounted pricing available from contract and pricing agreement suppliers but are not required to use these suppliers.
- For items that are below the university bid limit of \$25,000 and are not covered by a preferred or contract supplier agreement, you are encouraged to shop for the best price.
- Determine the appropriate procurement method. To assist you in making the determination, refer to the Procurement Decision Flowchart in [Section 200](#) of the Buying Manual.
 - If the supplier is available in e-SHOP, then begin your requisition in e-SHOP, as it simplifies the data entry and ensures you receive Cornell's discounted pricing.
 - If the vendor is not available in e-SHOP, then you must determine whether the purchase is eligible to be paid via procurement card (pcard) or Disbursement Voucher (DV).
 - If not eligible for purchase via pcard or DV, then you must use a Purchase Order (PO).
- In situations where a preferred supplier agreement does not exist and the purchase amount exceeds the formal bid limit of \$25,000, a vendor is selected through competitive bidding, unless an appropriate justification and an alternative method of selection are specifically authorized by a purchasing agent (refer to [Section 400](#) of the Buying Manual).

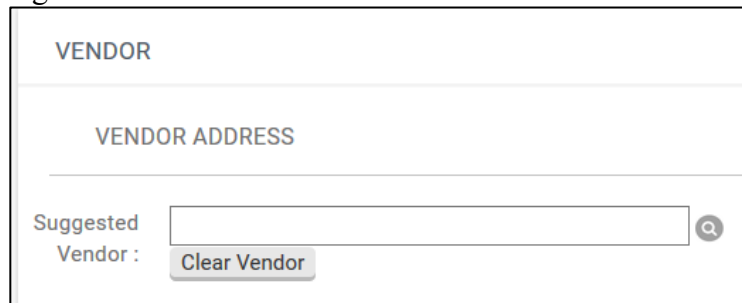
Tips for Using the KFS Procurement Module

Requisitions to Purchase Orders

1. Create your order through e-SHOP, enter a Requisition (REQS), or create an I Want Document (IWNT) and submit to your administrator to create a requisition. Have the **account number** and the **vendor** available *before* you submit the REQS.
2. Use the Procurement Gateway at <https://gateway.procurement.cornell.edu/> for helpful tools to guide you through the general procurement process.
3. The purchase will be routed for approval based on various business rules, i.e., dollar amount, account type (Contract & Grant accounts), or special commodity review requirements.
4. If the vendor is not currently in KFS, follow these steps:
 - a. Utilize the [Find a Supplier](#) tool to determine if an existing vendor provides the good or service that you wish to purchase.
 - b. Search for the vendor in Suggested Vendor field on the Vendor tab in the requisition.
 - c. If a vendor is not found and one needs to be set up, then use Suggested Vendor field on the Vendor tab to enter the new vendor name, and use the other available

Financial Transaction SOP: Purchasing Process, continued

address fields to enter the vendor's complete mailing address. In the Notes and Attachments tab, use the Text field to fill in the vendor's contact name, phone number, fax number, and e-mail address. An email address is needed to send a registration invitation to new vendors.



The screenshot shows a web interface for vendor selection. At the top, the word 'VENDOR' is displayed. Below it, the text 'VENDOR ADDRESS' is centered. A search bar is present with a magnifying glass icon on the right. To the left of the search bar, the text 'Suggested Vendor :' is visible. Below the search bar, there is a 'Clear Vendor' button.

- d. Complete the requisition (REQS) and submit. If the vendor is not active or is not currently set up in the system, it will route to Procurement Services for vendor setup.
5. An approved REQS generates a Purchase Order (PO) for routing. e-SHOP orders also generate a REQS. The REQS either auto approves based on dollar amount business rules to become a PO or routes for approval before becoming a PO.
6. KFS sends the PO to the vendor; the vendor delivers the goods / services.
7. The vendor submits an invoice (paper or electronic) to Accounts Payable (AP). An invoice is entered into KFS to create a Payment Request (PREQ).
8. A PREQ is created (systematically for electronic invoices; manually, if paper or email). Depending on business rules, some approvals may occur at this point; fiscal officers (FOs) can change account distributions on PREQs.
9. In the Pre-Disbursement Processor (PDP), "Format Checks / ACH" on the Maintenance Menu (which is limited to PDP Processor or PDP Manager) is run and creates payment files to send to the bank. The bank issues a check or direct deposit (Automated Clearing House or ACH) payment. Note: Wire payments are routed to Cash Management in the Treasurer's Office for processing and are not loaded into PDP.
10. Disbursement information from the PDP is added to the PREQ. This is system generated and updates the payment information on the PO / View Payment History. Note: Wire payments do not have updated payment information. Review the edoc Notes for the Wire transaction number provided by the Treasurer's Office.

Additional Information:

Purchase Order Amendment (POA)

- Modifications - the REQS initiator or FO (specific to the order) can process a POA. For modifications / changes to the order, the amend button on the PO is used to amend the order.
- e-SHOP orders cannot be amended. To cancel an e-SHOP order, contact the vendor directly. To add more items to an e-SHOP order, create a new order for the additional items.

Financial Transaction SOP: Purchasing Process, continued

Capital Assets

- Complete the Capital Edit tab when purchasing capital assets. This tab only applies to the purchase of capital assets. See both Capital Asset, *Capital Edit tab* SOPs (Financial Processing e-docs and Purchasing e-docs) for more information.

State Appropriation Order

Orders involving state appropriations will not be processed through KFS.

The following tabs are common to the Requisition, Purchase Order, Purchase Order Amendment, e-docs:

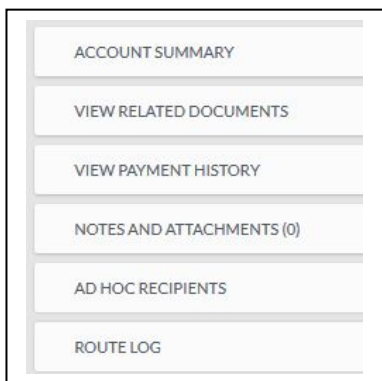


Figure 1 – PURAP tabs

Notes and Attachments, Ad Hoc Recipients, and Route Log tabs are covered in the Basics tutorials.

Table 1 PURAP-specific tabs

<i>Tab</i>	<i>Description</i>
Account Summary	Account Summary tab combines all the accounting information for the item(s) or service(s) for easy reference. Click refresh account summary to reload the page and view all the fiscal years, accounting lines, and dollar amounts that are applicable.
View Related Documents	View Related Documents tab collects information about requisitions and purchase orders related to this transaction (e.g., I Want document, credits, payment requests, invoices, receivers).
View Payment History	View Payment History tab lists all payment request(s) and credit memo(s) issued against any related purchase orders.

Financial Transaction SOP: Purchasing Process, continued

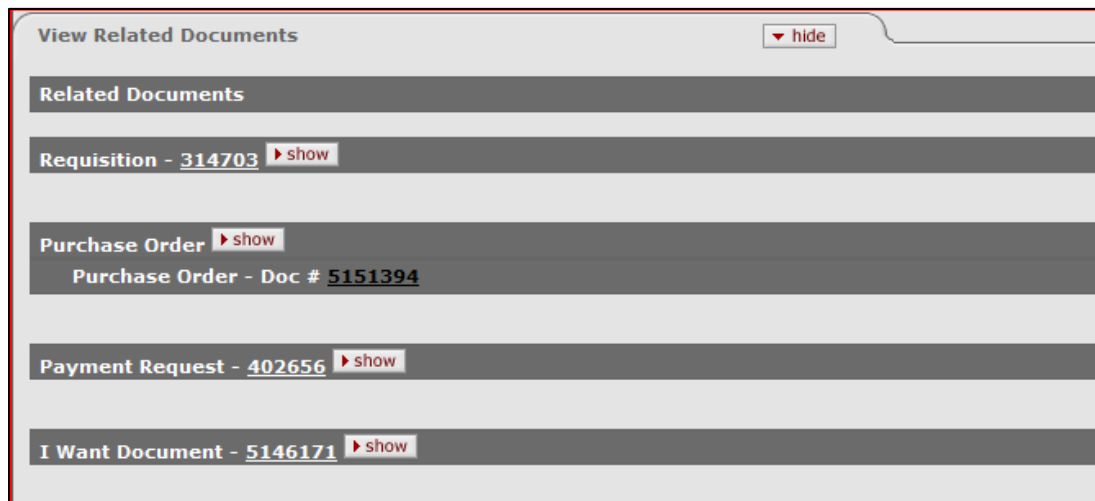


Figure 2 – View Related Documents tab

In some PURAP e-docs, fields will appear auto-filled. Do not change information in these fields. Contact Procurement Services directly if you have any questions. For example, payment terms are set by Procurement Services, are contractual obligations, and should not be changed. While the system does not prevent changes to information in this field—accidentally or otherwise—*do not* change anything in this field.

The e-doc number (i.e., Doc Nbr) will change as related e-docs are processed, so track by either PO number or REQS number.

Reference Material

[University Policy 3.25, Procurement of Goods and Services](#)

[Buying Manual](#)

[KFS Purchasing Standard Operating Procedures](#)