Unit: All Units   **Category:**   Procurement
Sub-category: Vendor Selection
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Overview: Vendor Selection requires due diligence from:
- Units: Where applicable unit reviews list of preferred or contract suppliers for selection. Ensures intended purchase is allowable per Policy 3.14. Ensures Conflict of Interest and Commitments are properly managed per Policy 4.14. Does not sign any service provider's contract without an authorized Procurement agent's signature per Policy 4.2.
- Procurement: Registers new purchase order vendors and manages preferred and contract suppliers
- SSC: Procure-to-Pay's vendor registration team oversees vendor maintenance including edits and reactivation. Performs annual processes such as vendor database review, vendor inactivation and SBA annual update. Financial transaction representatives determine appropriate method for buying and paying and processes in accordance with the Buying Manual.

| **Criticality**: High | **Frequency**: Daily | **Turnaround**: 3 days |

Processing Time: Varies by task

| **Start Date**: As triggered; Monthly or Annual basis | **How Triggered:** When unit identifies the need to purchase goods or services. | **Due Date**: As soon as possible with regards to each process |

Process Owner(s) / Key Parties / Contacts / Responsibilities:

Unit:
- Identifies need for a goods or services.
- Ensures that the intended purchase is an allowable business expense for which University funds may be expended. See University Policy 3.14, Business Expenses.
- **Do not sign any vendor or service provider's contract, without an authorized procurement agent's signature** as per University Policy 4.2, Transaction Authority and Payment Approval.
- If using sponsored funds, ensures that the intended purchase is allowed by the sponsor.
- Use the Procurement Decision Steps to determine the next steps you must take.
- The university bid limit is $25,000. For purchases over $25,000, contact the Shared Service Center or Procurement for guidance.
- If a vendor has not yet been selected, the unit should refer to the Supplier Utilization Hierarchy table to aid in selecting a supplier. If Procurement Services has negotiated an agreement with a supplier for the good or service that you are purchasing, then you should purchase from the preferred or contract supplier. For items that are not covered by

- preferred or contract supplier agreement and for purchases below the $25,000 bid limit, you are encouraged to shop with local or diverse suppliers.
- A purchase order must be issued before a service or consulting engagement begins. Once a vendor has been selected and the order is ready to be placed, the unit submits an I Want document for a purchase order or direct payment.
- Purchase order vendors should submit invoices to Accounts Payable for processing as instructed on the purchase order. For direct payment (honoraria, awards/prizes, memberships/subscriptions, guest speakers/lecturers), the unit needs to review the invoice and ensure they have not already submitted the invoice for payment and all necessary information has been made available (payee name, address, email, account number/object code) before submitting the I Want document. The SSC does not have a system in place to ensure duplicate direct payments have not been submitted; they use ACL Timely Assurance reports to identify duplicate payments after they have been processed. This is a detective control.
- Purchases from vendors where a potential conflict of interest exists requires pre-transaction review
- **Where conflict of interest or commitment exists in relation to the vendor, the individual within the unit is responsible for self-disclosing the conflict of interest or commitment to a supervisor/unit head.**
- **The unit is responsible for collecting and retaining records of non-research related external commitments and interest. The unit head periodically notifies unit employees of their responsibility and establish procedures to receive, assess, and then manage any conflict of interest or commitment. Please refer to [Policy 4.14 Conflicts of Interest and Commitment (Excluding Financial Conflict of Interest Related to Research)](#) for additional details.**

Procurement:
- Registers new purchase order vendors and manages preferred and contract suppliers.

SSC:
- The payment services team within the SSC procure-to-pay functional area oversees vendor maintenance including edits and reactivation. Performs annual processes such as vendor database review, vendor inactivation and SBA annual update. These processes are conducted to ensure that vendors are set up and maintained properly with the required information and documentation.
- FTR receives and reviews the IWNT doc, and determines the appropriate procurement method in accordance with the procurement decision flowchart in Buying Manual section 200, which defines the appropriate uses for disbursement voucher, e-SHOP, procurement card, or purchase order. For eligible goods and services as defined in sections 201 and 203 of the buying manual SSC staff may bypass the purchase order process and initiate a disbursement voucher.
- For purchases requiring a PO or credit card the SSC will begin a requisition or utilize the SSC pcard transaction in compliance with university policy.
- For refund and reimbursement payments or direct payments, the service center staff initiate the new vendor registration process.
- For purchase orders, Procurement Services staff initiate the new vendor registration process once the service center submits the requisition.

- If the new vendor is not responsive to the registration requests, the IWNT doc initiator should be copied on email reminders to the new vendor so that they are aware of the delay and so that they can encourage the vendor to complete the registration process.

Key Documents / Sources of Information:
- Preferred and Contract Suppliers List: Preferred and Contract Suppliers and Pricing Agreements | Cornell University Division of Financial Affairs
- Procurement Decision Steps: Procurement Decision Steps
- Procurement Buyer's Decisions: For Buyers | Cornell University Division of Financial Affairs
- University Policy 3.14, Business Expenses: University Policy 3.14, Business Expenses
- University Policy 3.25, Procurement of Goods and Services: Procurement of Goods and Services (cornell.edu)
- University Policy 4.14, Conflicts of Interest and Commitment (Excluding Financial Conflict of Interest Related to Research): vol4_14.pdf (cornell.edu)
- University Policy 4.2, Transaction Authority and Payment Approval: University Policy 4.2, Transaction Authority and Payment Approval
- PCard Prohibited Transactions: Buying Manual: Prohibited Transactions (cornell.edu)

System Access Needed:
- KFS I Want Document
- Spend Viz Find a Suppliere-SHOP
- PaymentWorks – Service Center and Procurement Services
- Visual Compliance – Service Center and Procurement Services

Common Problems or Issues Encountered:
- Payee/vendor may not respond to the PaymentWorks registration email in a timely fashion, delaying payment or purchase order
- Unauthorized Purchases/After the Fact POs
- Conflict of Interest Management for Non-Research Related Staff Conflicts of Interest or Commitment

Key Risks
Risk that unit submits payment for goods or services that are deemed unallowable
Risk that vendor has not yet been set up in PaymentWorks, and the registration process will delay payment and/or impact delivery of goods or services

Conflict of Interest (COI), when staff is working closely with vendors, there are some inherent risks. There is a risk that staff does not self-disclose risk. There is a risk that once the risk is disclosed that a unit does not follow up with staff to investigate the COI further.

Unauthorized Purchases/After the Fact PO's – Any purchase made by units outside of normal purchasing procedures is considered an "Unauthorized Purchase" or After the Fact. Examples of unauthorized purchases/after the fact POs include but are not limited to: engaging a service provider without a service provider evaluation or contract; purchasing goods and requesting reimbursement; presenting an invoice for payment for goods delivered without a PO; utilizing a PCard to circumvent the PO process for vendor payments where the payment should be processed via PO, travel related expenses, Cash Advances, etc. There is a risk that these unauthorized purchases may have paid sales tax or have international income tax liability. These transactions increase legal and risk issues for the University since the purchase is not between an authorized Cornell representative and the Supplier. There is a risk that the supplier does not have a copy of a purchase order with Cornell's Terms and Conditions prior to the goods or services being delivered.

Key Controls
Refer to Appendix: Procure to Pay Minimum Required Control Matrix Unit Ensures that the intended purchase is an allowable business expense for which University funds may be expended. See University Policy 3.14, Business Expenses. Before selecting a vendor the unit reviews the Preferred and Contract Suppliers and Pricing Agreements | Cornell University Division of Financial Affairs to select a vendor. If the vendor is not on the list, the unit follows the Supplier Utilization Hierarchy table to aid in selecting a supplier. Unit trains staff on COI and self-disclosure; unit manages and investigates COI in accordance with University Policy 4.14, Conflicts of Interest and Commitment (Excluding Financial Conflict of Interest Related to Research): vol4_14.pdf (cornell.edu) Unit staff are well trained on the importance of following the appropriate Purchasing Procedures. Monthly reconciliation of budget versus actuals. After the Fact PO ACL Timely Assurance reports available to detect After the Fact POs.

Process Inefficiencies To Be Addressed:
COI management for non-research related staff. Units should consider guidance provided by the Office of General Counsel and review COI materials to assist in managing COI.

Process Documented in Chronological Order:
- Someone within unit identifies need to select vendor for purchase of an allowable good or service, under $25,000, that does not qualify for purchasing for using e-Shop or a Procurement Card.

- Is the good or service available for purchase from a preferred or contract supplier? Refer to the Preferred or Contract Supplier list to choose vendor where possible.
- Select a potential vendor.
- Is there a conflict of interest with the vendor? Purchases from vendors where a potential conflict of interest exists requires pre-transaction review. Refer to Policy 4.14 Conflicts of Interest and Commitment (Excluding Financial Conflict of Interest Related to Research) for additional details.
- Is your purchase a service? If Yes, do not sign a contract, do not start work. Are the appropriate delegations in place to sign a contract? Refer to Buying Manual for instances of Special Agreements.
- Work with Procurement to finalize service contract.

Metrics:

Units monitors the following:
- KFS Account Balances, ensure vendor expenses are applied on the correct account
- Conflict of Interest
- Preferred Vendor and Contract Supplier List

Shared Service center monitors
- IWD, KFS
- PaymentWorks emails to new DV vendors
- Vendor database management

Procurement monitors the following metrics:
- Vendor Aging Report
- Vendor Processing in KFS by Fiscal Year
- PaymentWorks emails to new PO vendors

Glossary of key terms/acronyms:

DFS – Division of Financial Services
KFS – Kuali Financial System
DV – Disbursement Voucher
ACH – Automated Clearing House
IWD – I Want Documents
PCard – Procurement Card
PO – Purchase Order
AP – Accounts Payable
FTR - Financial Transaction Representatives