

SAVANNAH STATE UNIVERSITY
PURCHASING MANUAL

TABLE OF CONTENTS

I.	PROCUREMENT AND PAYMENT PROCEDURES.....	1
	A. AUTHORITY OF PURCHASING DEPARTMENT.....	1
	B. PURCHASING DOCUMENTS.....	1
	C. PURCHASE ORDERS.....	1
	D. ENCUMBERING FUNDS.....	1
	E. REQUISITIONING.....	1
	F. CREATION OF A PURCHASE ORDER.....	2
	G. CREATION OF ADDITIONAL SYSTEMS PANELS.....	2
	H. PURCHASING INFORMATION PASSED TO THE GENERAL LEDGER.....	2
	I. CENTRAL RECEIVING INFORMS PURCHASING OF GOODS RECEIVED.....	2
	J. EXPENSE INFORMATION IS RECORDED IN THE FINANCIALS SYSTEM.....	2
	K. EXPENSE INFORMATION IS TRANSFERRED FROM ACCOUNTS PAYABLE TO GENERAL LEDGER.....	3
	L. EXPENSES REDUCE ENCUMBRANCES IN THE GENERAL LEDGER.....	3
	M. ACCOUNTS PAYABLE WRITES CHECKS.....	3
	N. ADDITIONAL PURCHASING INFORMATION.....	3
II.	DEALING WITH PROBLEMS.....	4
	A. PROBLEM RESOLUTION.....	4
	B. PROBLEMS TO BE RESOLVED BY ACCOUNTS PAYABLE.....	4
	C. PROBLEMS TO BE RESOLVED BY THE DEPARTMENT.....	4
	D. PRIORITY HANDLING FOR CORRECTED DOCUMENTS.....	4
	E. PROBLEMS THAT MUST BE RESOLVED BY PURCHASING.....	4
	F. PROBLEMS THAT MUST BE RESOLVED BY THE VENDOR.....	4

PURCHASING MANUAL

PROCUREMENT AND PAYMENT PROCEDURES

Authority of Purchasing Department

Purchasing is the University department that has the authority to acquire goods and services from outside the University. External purchases must be authorized by Purchasing. (For travel services, the Controller's Office via Accounts Payable must authorize the purchase.)

The authorization of Purchasing is usually obtained by requesting a Purchase Order, but it can also be obtained by the following methods:

- Having delegated buyer authority and using system-generated Direct Purchase Orders;
- Using Non-Purchase Order Vouchers
- Using a University Procurement Card
- Making prepayments using a Request for Payment

Purchasing Documents

Regular Purchase Orders, the University Procurement Card and Non-Purchase Order Vouchers are discussed in subsequent topics. In each case, these are brief overviews. For more complete information, please contact the Purchasing Department.

Purchase Orders

When a department wishes to purchase goods or services from off-campus, the standard procedure is to create a Purchase Order. The Purchase Order is the offer of a contract between the University and the vendor. The University will make payment of the amount shown on the order within the agreed-upon time limit, if the vendor provides the goods or services specified. The vendor accepts the contract by providing the goods or services and invoicing the University.

Encumbering Funds

When the Purchase Order is created, the amount of money stated on the order is "encumbered" or "committed." Even before the goods are received or the invoice is paid, the encumbrance is subtracted from the budget balance of the ChartField combination that is being used or from the equity balance of the fund. The encumbrance process is, in fact, a financial planning tool: by subtracting the dollar amount immediately, the risk of overspending or of mistakenly planning to use the same money for more than one purpose, is avoided. Use of the encumbrance process for some purchases is required of the University and by the State of Georgia

Requisitioning

When the Peoplesoft on-line requisition module is available, requisitions should be processed through the on-line Financials System to keep paperwork and processing time to a minimum.

The department fills out in detail an SSU Requisition describing the items to be purchased, and forwards the Requisition to Purchasing via workflow.

By sending the Requisition to Purchasing, the department authorizes Purchasing to enter into a contract on the department's behalf.

Many departments have delegated buyers who create their direct Purchase Orders online. In some cases staff members submit their requisitions on check requests (paper-based Requisition), and forward it to their delegated buyer for processing. The actual check request remains in the department as a source document for the delegated buyer's records.

When fully operational, all departments should have access to the on-line Financials System. If you do not have access, you may still process their requisitions on a check request and forward it to Purchasing for processing.

Creation of the Purchase Order

The Purchasing department reviews the requisition in its online or paper format. Bids must be solicited from lists of vendors maintained by Purchasing in some cases. (Please refer to <http://www.doas.state.ga.us> for additional information concerning bids). **Note that Purchasing also retains the option of using competitive bidding for contracts under these amounts when it will serve the best interests of the University.**

Once the bid process is complete and the vendor has been selected the Purchase Order is issued. Only one copy is printed and it is generally faxed to the vendor. If a copy of the Purchase Order is needed by the department, they can print the copy in the department from the Financials System. If access to the system is not available, please contact Purchasing for assistance in obtaining a copy of the Purchase Order.

Note: Several departments have delegated buyers who act in lieu of Purchasing. For information regarding Delegated Buyers please contact Purchasing.

Creation of Additional System Panels

Once the Purchase Order is created in the Financials System, additional panels are created showing all key information from the Purchase Order. When invoices come in, Accounts Payable compares them with these Purchase Order records. If all is in order the invoices are processed for payment.

Purchasing Information Passed to the General Ledger

Once the Purchase Order is posted to the General Ledger, your ChartField combination is encumbered for the total amount of the Purchase Order.

The following are key reports for viewing new encumbrances:

- (Standard Monthly Report showing Revenue and Expense Transaction Detail)
- (Standard Monthly Report showing Budget versus Actual for revenues and/or expenses)
- (Simplified Flex Report showing detail activity for Balance Sheet and/or Income Statement Transactions)

Central Receiving Informs Purchasing of Goods Received

Goods may be delivered directly to university departments or to the Central Receiving Department.

When Central Receiving takes delivery, they open the package and compare the goods received to the packing slip. If all appears to be in order, Central Receiving staff will enter the packing information into the Financials System. This provides Purchasing and the department with a record of goods received. Only item types and numbers of items (not dollar amounts) are recorded.

Expense Information is Recorded in the Financials System

When invoices come in, Accounts Payable compares them with the Purchase Order records. Many Purchase Orders are controlled by Match Rules. If all appears to be in order, the amount of the invoice is recorded as an expense in the Financials System and the amount available on the Purchase Order is reduced.

The check honoring the expense is written later, per the terms of the invoice.

Expense Information is Transferred from Accounts Payable to General Ledger

Every night, expense records are recorded within the Financials System. These expense records are fed into the General Ledger on a daily basis. The expense is recorded and shown on the standard monthly detailed General Ledger reports.

Expenses Reduce Encumbrances in the General Ledger

Each expense reduces the encumbrance record. This can be seen on both the detail and summary reports. The detail reports show the changes to the encumbrance; the summary reports show the remaining balance. Once the total amount of the encumbrance has been expensed, it is deleted from the summary report.

Accounts Payable Writes Checks

Twice a week (normally on Mondays and Thursdays) a check run takes place in Accounts Payable. Once printed, the checks are forwarded to U.S. Mail via University Mail Services. They usually reach U.S. Mail one to two business days following the printing. If you wish to check on the payment status of a particular invoice, when available you can access the information in any of the following ways:

- using the Master Inquiry panels
- using the Paid Voucher report available through eReports
- using the Unpaid Voucher Report through eReports

Additional Purchasing Information

For comprehensive procurement information please see the "Georgia Procurement Manual" located on the Department of Administrative Services' website at <http://www.doas.state.ga.us>. Click on "Procurement" and conduct a search to locate specific topics.

DEALING WITH PROBLEMS

Problem Resolution

As we have seen, the purchasing and cycle is complex. Errors and misunderstandings can occur, resulting in problem requisitions and other documents which Purchasing is unable to process. Depending on the circumstances, problems must be resolved by one of the four parties in the procurement and payment process:

1. Accounts Payable
2. The department
3. Purchasing
4. The vendor

Problems to be Resolved by Accounts Payable

If you have a problem associated with Accounts Payable, you can contact the office by telephone. If you need to leave a voice mail message when you call, you will receive a call back by the close of business on the next business day. You can also email your problem to Accounts Payable at ap@savstate.edu.

Problems to be Resolved by the Department

The problems to be solved by the department fall into two main categories:

1. Missing electronic approvals
2. Occasional discrepancies between Purchase Orders and invoices

Priority Handling for Corrected Documents

If Purchasing returns a document to you to correct or complete, they will also attach a "Priority Handling" cover sheet. You should attach this as the first page of the documents that you return to them. They will then handle your document on a priority basis.

Problems that Must be Resolved by Purchasing

The most frequent problems that must be resolved by Purchasing are as follows:

1. The Purchase Order exists in the Financials System but has not been dispatched by the delegated buyer.
2. The accounting information on the invoice or Purchase Order needs investigation.
3. The name of the vendor on the invoice does not match the name of the vendor on the Purchase Order.
4. The line items and/or Unit pricing on the vendor's invoice do not agree with the Purchase Order and the invoice has failed the matching process

Problems that Must be Resolved by the Vendor

Here is a list of the most frequent problems:

1. The Purchase Order number is missing or incomplete.
2. The invoice is divided among Purchase Orders (the Financials System cannot pay in this way).
3. The invoice is incomplete.
4. The invoice is illegible.
5. The invoice is for another organization.
6. A statement, packing slip or other document has been sent instead of an invoice.

Purchasing makes every attempt to obtain the necessary information by contacting either the departments or Accounts Payable. If they are unsuccessful in resolving the problem with the department or Accounts Payable, they return the document to the originating department with a form letter requesting the information.