Value of a Purchase Order

UC Davis Supply Chain Management
Overview

• Why Purchase Orders are important
• Examples of valid Purchase Orders
• Examples of invalid Purchase Orders and other inappropriate ways to buy
• How invoices are paid against Purchase Orders
• Procurement Cards
• Q/A
Other Learning Opportunities

• Today’s forum is primarily about the reasons why an official purchase order is required by the university prior to securing goods/services and payment

• For instruction on how to use the various procurement and payment options (AggieBuy, Kuali Financial System, Procurement Card) log in to the UC Learning Center at http://lms.ucdavis.edu

• There are multiple classroom and online training options for learning more!
Importance of Today’s Forum

• We’re accountable to our stakeholders
  • State Funding (Taxpayers)
  • Contracts and Grants Funding

• Potential loss of funding for violations of policy

• When in doubt, refer to policy or contact Procurement and Contracting Services or Accounts Payable; it’s always better to ask questions first!
Importance of Purchase Orders

• They provide protection to the University and the departments from potential liability issues.

• Often, purchase orders are the best way to ensure the lowest overall price.

• They ensure that all required approvals are attained in advance.
Importance of Purchase Orders

• They provide the vendor all the necessary information for billing
  • AP Invoicing cannot process an invoice that does not include a valid PO #

• They are required by BUS-43, our UC Procurement Policy
Valid Purchase Orders

• Valid purchase orders are issued from our approved systems:
  
  • **AggieBuy** – the UC Davis eProcurement system (**Preferred** Procurement Option)
  
  • **Kuali Financial System (KFS)** - the UC Davis Financial system (**Alternate** Procurement Option)
Valid Purchase Orders

• AggieBuy Purchase Orders are created after the AggieBuy Requisition is fully approved and then automatically routed electronically to the suppliers.

• KFS Purchase Orders are created after a KFS Requisition is fully approved and then are emailed/mailed to the suppliers by the requesting department or Procurement and Contracting Services.
Invalid Purchase Orders

• Any purchase order number not generated through KFS or AggieBuy is invalid and should not be used

• Pre-Purchasing numbers are not PO’s – do not give them to suppliers!*

• Requisition numbers are not PO’s – do not give them to suppliers!*

• Department created numbers are not PO’s – do not give them to suppliers!

*Pre-purchasing and KFS Requisitions and AggieBuy Requisitions can become a Purchase Order once the Requisition has been fully approved
Other inappropriate way to purchase

• Employees (or students) who purchase goods or services using their personal money and request reimbursement

• Using a University Travel card for business supplies or services

• Using a University Travel or Procurement Card for personal expenses

• Using an inactive or closed Purchase Order
Procurement Card

• The University Procurement Card is an acceptable alternative to Purchase Orders if:

  1. Goods are **not available** in AggieBuy
  2. Order is below $5000 in value (including tax, shipping/handling)
  3. Items are allowed on P-card (see How To Buy website)

• Using a P-card avoids the need to generate a KFS Requisition and PO, as well as avoids the invoicing process – Saves time and money!

• Repair services will soon be an option on the Procurement Card
Consequences of inappropriate purchases

• Insurance requirements are not met
  • What if the supplier causes damage to university property?
  • *Example: Roof repair at Bay Area golf course*

• Pay too much
  • University agreements generally provide for the lowest possible pricing in addition to better shipping and return costs.
Consequences of inappropriate purchases

• Contract violations
  • Some contracts require products to only be purchased from a specific supplier
  • *Example: Fisher is primary supplier for certain lab supplies*

• Incompatibility
  • Contracts consider upgrades and potential compatibility issues
Consequences of inappropriate purchases

• Reduced reimbursement
  • You may be reimbursed *less than the price you paid*. It’s possible that you may only be reimbursed for the amount that would have been paid on the university contract.

• Unnecessary purchases
  • Perhaps there is an existing product or service that could/should have been used instead.
  • Purchase is simply not valid for university business.
Process for Requesting Reimbursements

- Disbursement Voucher in KFS is used, selecting the appropriate **Payment Reason Code**

- Over $500.00: Additional approvals from Dept Head and Dean or Vice-Chancellor are required and should be electronically secured or signed approvals electronically uploaded to the DV document
Centralized Invoice payment process (for KFS)

1. Approved PO is submitted to supplier
2. Supplier delivers goods or services
3. Supplier submits invoice through the UC Davis electronic invoicing portal or emails invoice to invoicing@ucdavis.edu
4. Invoice automatically loads into KFS (if supplier is enabled) or is entered into KFS by the AP Invoicing team
   • Invoices without a valid KFS PO # are rejected and sent back to the supplier
5. Invoice is routed for Fiscal Officer approval (or FYI if value is under $1000 and order doesn’t require receiving)
6. Invoice is paid according to payment terms
Help and resources

• Websites
  • http://procurement.ucdavis.edu (Procurement and Contracting Services)
  • http://afs.ucdavis.edu/ (Accounts Payable)

• Help desks
  • ab-help@ucdavis.edu (AggieBuy)
  • fishelp@ucdavis.edu (KFS)
  • aphelp@ucdavis.edu (Accounts Payable)
Q&A
Thanks for coming today!