Banner Purchasing Training

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Agenda

This course will familiarize you with:

- IIT’s Purchasing Policies and Procedures

And will give you an introduction to entering requisitions on the Banner System.
Purchasing Training - Simplified

• How to make purchases and get the stuff your department needs

• How to get your vendors paid so they will want to sell to you again someday
The Purchasing Process at IIT

1. Requisition (Submitted by Faculty/Staff)
2. Purchase Order (Generated by Purchasing)
3. Goods/Services
4. Invoice

Diagram illustrates the flow of the purchasing process.
The Purchasing Department Bottleneck

- All approved requisitions eventually come to the Purchasing Department
- The Purchasing Department MUST follow IIT Policies and Procedures
The Purchasing Department Bottleneck cont’d.

- Even approved requisitions will not become purchase orders if they are not in compliance with IIT Policies and Procedures.

- If requisitions don’t become purchase orders… your vendor will not get paid!
So, if you want to get your stuff . . .

- Follow IIT’s Policies and Procedures!
- Work with Purchasing to protect IIT’s best interests
Here at IIT . . .

• We have a decentralized purchasing environment where (for most purchases) you are dealing directly with vendors.

• However, we have centralized control where all requisitioners are expected to follow the same policies and procedures.

• And ALL of us are subject to audit.
Overview of IIT’s Purchasing Policies

• Advanced approval required
• Competitive process preferred for vendor selection
• Inclusion of Minority Business Enterprises in the vendor sourcing process
Overview of IIT’s Purchasing Policies cont’d

- On-site services require insurance coverage to manage risk
- Conflicts of interest are to be avoided
- Authority to enter into contracts is defined per written policy
## Procurement Methods

<table>
<thead>
<tr>
<th>Method</th>
<th>Limit</th>
</tr>
</thead>
<tbody>
<tr>
<td>Petty Cash</td>
<td>Under $150</td>
</tr>
<tr>
<td>CDV Reimbursement</td>
<td>Up to $500</td>
</tr>
<tr>
<td>CDV with backup</td>
<td>Up to $500</td>
</tr>
<tr>
<td>Procurement Card</td>
<td>Up to $1000* per transaction</td>
</tr>
<tr>
<td>Purchase Requisition</td>
<td>All purchases in excess of $500</td>
</tr>
</tbody>
</table>
About CDVs (cash disbursement vouchers)

- They are still used, but their time is past
- Use Procurement Cards
- When deposits are required: enter a requisition, get a purchase order number and have your vendor issue an invoice against it.
Protect IIT and Protect our Students

• Competitive bidding is fundamental in vendor selection.
Competitive Bidding

Purchase Amount | Competitive Bid Required?
--- | ---
• < $2,500 | ⇒ No
• > $2,500 | ⇒ Yes

– These amounts refer to a single requisition.
Competitive Bidding (continued)

• $2,500 – 24,999
  – A Vendor Selection Form verifying receipt of 3 verbal quotes must be received in Purchasing before release of PO

• > $25,000
  – A Vendor Selection Form verifying receipt of three written bids must be received in Purchasing before release of PO
Exceptions to Competitive Bidding

- Sole Source
- Disadvantageous to Competitive Bidding
- Inadequate competition
- Purchase of services for a specific professional, technical or artistic skill
- Emergency order situations
- Purchase covered by a consortium purchase agreement
• Communicate your competitive bid activities to Purchasing by using the Vendor Selection Form.

• Keep the original documents on file in your department and available for audit.

• If not choosing the lowest quote: How did you choose your vendor and how did this choice follow IIT Policies and Procedures?
Vendor Selection Form

Purchasing for Grants and Contracts

- Grants and contracts may have requirements that differ from IIT purchasing policies.
  - For example, a grant may not allow the purchase of office supplies and postage.
  - Whenever grant and contract purchasing requirements differ from IIT policies, follow whichever requirements are more restrictive.
Final Approvers of Requisitions by Amount (Non-grant Funds)

<table>
<thead>
<tr>
<th>Amount</th>
<th>Final Approver</th>
</tr>
</thead>
<tbody>
<tr>
<td>$500 - $25,000</td>
<td>Admin Assistant</td>
</tr>
<tr>
<td>≤ $99,999</td>
<td>AVP/Chair or Designee</td>
</tr>
<tr>
<td>$100,000 - $999,999</td>
<td>VP or Dean</td>
</tr>
<tr>
<td>≥ $1,000,000</td>
<td>VP of Finance</td>
</tr>
</tbody>
</table>
Approval Process in Banner

- If person submitting Purchase Requisition is in the approval queue, his or her approval is implicit.
  - the requisition will go to the next approver.
  - in this situation the submitter can only disapprove the requisition.
## Sample Approval Queue – Academic Org

<table>
<thead>
<tr>
<th>Amount</th>
<th>Submitter</th>
<th>Approver 1</th>
<th>Next Approver</th>
<th>Final Approver</th>
</tr>
</thead>
<tbody>
<tr>
<td>$500 - $24,999</td>
<td>Admin</td>
<td></td>
<td></td>
<td>Admin</td>
</tr>
<tr>
<td>$25,000 - $99,999</td>
<td>Admin</td>
<td></td>
<td></td>
<td>Chair and Assoc Chair*</td>
</tr>
<tr>
<td>$100,000 - $999,999</td>
<td>Admin</td>
<td></td>
<td>Chair and Assoc Chair*</td>
<td>Dean</td>
</tr>
<tr>
<td>$1,000,000</td>
<td>Admin</td>
<td>Chair and Assoc Chair*</td>
<td>Dean</td>
<td>VP for Finance</td>
</tr>
</tbody>
</table>

*Approval Alert goes to both, only 1 approval required
Requisition Approval (Non-grant Funds, continued)

- What happens if approver is not available?
  - Approval can be obtained from a different person at the same level in the organization, or the next higher level.
  - Approval queues need to be set up in advance with Finance.
Approver is not available? Cont’d.

– Under no circumstances should one user log in as another user for the purpose of approving a Purchase Requisition, invoice or budget transfer.
Requisition Approval – Grants

• Requisitions for grants and contracts go to Grant and Contract Accounting for approval before being sent to Purchasing.
Requests for Change Order

- Purchasing cannot make changes to requisitions.
- Once a requisition has been approved and submitted to Purchasing for conversion to a purchase order, changes can be made to the PO but only with authorization.
Requests for Change Order

- Authorization to make changes to purchase orders must be communicated using the Request for Change Order form.

- [http://www.iit.edu/~controller/pdf/po_change_order_form.pdf](http://www.iit.edu/~controller/pdf/po_change_order_form.pdf)
After the Purchase Order goes to the vendor

- Goods and Services are provided to you.
- The vendor submits an invoice to IIT Accounts Payable.
- Your department needs to verify that the goods and services received were correct and the invoice should be paid.
Invoice Approval

• Involves
  – Verifying that goods or services have been received.
  – Verifying that the quantity and price on the invoice are correct.
Invoice Approval (continued)

• Invoices should be sent directly to Accounts Payable, who will enter the invoice into Banner.

• The person designated as the approver for invoices in an organization will then receive an approval alert.
Who can approve an invoice?

- Person approving the invoice should be different from the person who approved the Purchase Requisition.
- Budget Manager for an organization may approve invoices.
Approval Process in Banner

- Documents waiting for approval will appear in the *Approve Documents List* for all approvers in the approval queue as soon as the document has been completed.
Approval Process in Banner

- Once a document has been approved by a person, that document will disappear from that person’s Approve Documents List.

- Approval Alerts are triggered only for the next approver and only after the preceding approver has approved the document.
What is Banner?

- A web-enabled, administrative software application.
- Developed specifically for higher education institutions.
- Product of SunGuard Higher Education (SGHE).
- Stores data in an Oracle database that is completely integrated and shared among different departments across the university.
Banner has two user interfaces:

- **Internet Native Banner (INB)**
  - web-enabled Oracle forms-based system

- **Self-Service Banner (SSB)**
  - a web-based system
  - very user-friendly
How INB and SSB will be used:

• Purchase Requisitions will be entered in Internet Native Banner (INB)

• Self-Service Banner will be used to:
  – Approve requisitions, invoices and budget transfers
  – Request budget transfers
  – Execute budget queries
  – View documents (budgets, requisitions, invoices, Purchase Orders)
Access to Banner

- Various security layers are built in to Banner
- These determine what you can and cannot do
Sharing Your Password: A Word of Caution!

- Single sign on allows you to access myIIT, Banner, email, Blackboard and other systems with the same user ID and password.
Sharing Your Password: A Word of Caution!

- Sharing your password with another person gives that person access to all your files, including emails, your employee information, student grades (if you are a faculty member), and other confidential information.
Do not share your password with another person!
• Thanks for your attention.
• Sign up for other Purchasing related training sessions.