Banner Purchasing Training

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Purchasing Staff:
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Agenda

This course will familiarize you with:

- IIT’s Purchasing Policies and Procedures
- Purchasing’s Web Resources

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

• How to make purchases and get the goods and services your department needs
• How to get your vendors paid so they will want to sell to you again someday
The Purchasing Process at IIT
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>Employee Reimbursement</td>
<td>Up to $500</td>
</tr>
<tr>
<td>Invoice Payment/No PO</td>
<td>Up to $500</td>
</tr>
<tr>
<td>Procurement Card</td>
<td>Up to $2,499 per transaction</td>
</tr>
<tr>
<td>Purchase Requisition</td>
<td>All purchases in excess of $500</td>
</tr>
</tbody>
</table>
Exceptions to the use of Purchase Orders

• Payment of taxes, assessments, and fees imposed by government agencies
• Pass-through payments to IIT customer’s vendors when required by contract between IIT and its customers (both internal and external)
• Confidential legal and benefit services
• Workers compensation claims and insurance premiums
• Exceptions that are approved by the Controller to avoid duplication of orders
• Donations
• Institutional memberships (e.g. trade organizations)
• Registrations
• Utilities
• Prepayments applicable to an upcoming fiscal year
About Request for Check (fka CDVs)

• 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.
• Every purchase made must involve some degree of price or cost analysis.
• Price analysis – is the price reasonable?
• If a price comparison is not practical, is the cost justifiable?
Competitive Bidding

<table>
<thead>
<tr>
<th>Purchase Amount</th>
<th>Bid Required</th>
</tr>
</thead>
<tbody>
<tr>
<td>&lt; $25,000</td>
<td>No</td>
</tr>
<tr>
<td>&gt; $25,000</td>
<td>Yes</td>
</tr>
</tbody>
</table>

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

• Purchases up to $25,000
  – No requirement to document the price or cost analysis. (no Vendor Selection Form needed.)

• > $25,000
  – A Vendor Selection Form verifying the bid solicitation effort and receipt of three written bids must be received in Purchasing before release of PO
Exceptions to Competitive Bidding – All are “Sole Source” Situations

• Sole Source
• Disadvantageous to Competitive Bidding
• Inadequate competition
• Purchase of services for a specific professional, technical or artistic skill
• Emergency order situations
• 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?
Sole Source

• The choice of a vendor as a Sole Source needs to be documented using the Sole Source Justification form

• Sole Source is a defined term, not whatever we want it to be.
Adding a New Vendor

• There is a process to adding a new vendor
• We want to minimize the proliferation of new vendors
• **Vendor Nomination Form** is used to request the addition of a new vendor.
• The vendor is required to complete a Nominated Vendor Application
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>$1,000,000 - $999,999</td>
<td>VP or Dean</td>
</tr>
<tr>
<td>$99,999 or less</td>
<td>AVP/Chair or Designee</td>
</tr>
<tr>
<td>$100,000 - $999,999</td>
<td></td>
</tr>
<tr>
<td>$1,000,000 or more</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>Admin</td>
<td>Admin</td>
<td>Admin</td>
</tr>
<tr>
<td>$25,000 - $99,999</td>
<td>Admin</td>
<td>Admin</td>
<td>Chair and Assoc Chair*</td>
<td>Chair and Assoc Chair*</td>
</tr>
<tr>
<td>$100,000 - $999,999</td>
<td>Admin</td>
<td>Chair and Assoc Chair*</td>
<td>Dean</td>
<td>Dean</td>
</tr>
<tr>
<td>$1,000,000</td>
<td>Admin</td>
<td>Chair and Assoc Chair*</td>
<td>VP for Finance</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.
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.
Why Invoices Don’t Get Paid???

- Because Approvers fail to approve invoices that are queued up for their approval.
- “Signing off” on the paper invoice is meaningless to Banner. Approval is a computer related function.
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
  – Intended to be 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!
Other Resources

Other resources for you:

- Purchasing Portal Site
- Controller Public Site