

7.0 Purchase Order Processing

January - March 2017



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TABLE OF CONTENTS

| | |
|---|-----------|
| Overview | 1 |
| Process Executive Summary | 2 |
| Chapter 1: SIPOC Diagram..... | 4 |
| Chapter 2: Suppliers | 5 |
| 2.1: University System Department Unit..... | 5 |
| 2.2: OBFS Purchasing | 5 |
| 2.3: Vendor | 5 |
| 2.4: Board of Trustees | 5 |
| 2.5: University President..... | 5 |
| 2.6: University Chief Legal Counsel | 5 |
| 2.7: Strategic Procurement..... | 5 |
| 2.8: State Procurement Officer | 6 |
| Business Rules | 6 |
| Chapter 3: Inputs..... | 7 |
| 3.1: Department Approved Requisition..... | 7 |
| 3.2: Supporting documentation for requisition | 7 |
| 3.3: Supporting documentation for solicitation | 7 |
| 3.4: Special Payment Request form/Payment options | 7 |
| Business Rules | 7 |
| Chapter 4: Process | 8 |
| 4.1: Received Approved Requisition | 8 |
| 4.2: Review requisition for completeness | 8 |
| 4.3: Obtain additional documentation | 8 |
| 4.4: Create Purchase Order | 9 |
| 4.5: Complete Purchase Order..... | 9 |
| Business Rules | 9 |
| Chapter 5: Outputs..... | 10 |
| 5.1: Complete and Approved Purchase Order | 10 |
| 5.2: Purchase Order Supporting Documentation | 10 |
| 5.3: Special Payment Request Form..... | 10 |
| Business Rules | 10 |
| Chapter 6: Customers..... | 11 |
| 6.1: Vendor | 11 |
| 6.2: University System department unit..... | 11 |
| 6.3: University Payables | 11 |
| Business Rules | 11 |
| Chapter 7: Customer - Oversight Roles..... | 12 |
| 7.1: State Procurement Office | 12 |
| Business Rules | 12 |

7.0 – Purchase Order Processing

| | |
|--|----|
| Chapter 8: Questionnaire for Current State Analysis | 13 |
| Chapter 9: Questionnaire for Potential Process Improvement Candidates..... | 16 |
| Chapter 10: Current State Metrics | 18 |
| Chapter 11: Feedback from Customer Focus Groups – Current State | 19 |
| Chapter 12: Opportunities for Improvements | 22 |
| Chapter 13: Suggested Improvements | 24 |
| Chapter 14: Customer Focus Group Feedback | 25 |
| Chapter 15: Recommendations for Improvements | 27 |
| Chapter 16: Solutions Prioritization Matrix | 31 |
| Chapter 17: Future SIPOC Diagram | 32 |
| Chapter 18: Future State Requirements | 33 |
| Chapter 19: Subject Matter Expert Team | 34 |
| Chapter 20: Campus Focus Group Participants | 35 |
| Appendix A: Business Glossary | 36 |


Overview

The Purchase Order Process exists to have a standardized way to capture purchase information and communicate it with the vendor. The purpose of this process is to provide a financial/fiscal commitment and/or to purchase a good or service between the University and a vendor.

The process starts when a requisition has been assigned to a purchasing buyer. The buyer reviews the requisition for completeness and confirms all required and supporting documentation is complete and accurate. If not, the buyer seeks out additional documentation from multiple sources such as the vendor and or University System department. Once the buyer has all completed purchasing documents, they create a purchase order either within iBuy or Banner systems. If the purchase order requires additional approval the purchase order is routed for supervisor approval.

Once approval is obtained, the requisition receives a validation check across all FOAPAL segments to confirm the valid FOAPAL string is being used. Also additional validation is performed against the requisition. If the requisition fails any of the validations, the requisition will be returned to the department's requisitioner and the purchase order is not generated. If the requisition passes all validations, a purchase order is generated.

Depending on the application used to submit the requisition determines how the purchase order is sent to the vendor. The vendor will either receive a purchase order electronically or in paper format arriving via the mail.

Illinois Mandate Symbol - 

University Policy Symbol - 

Professional Mandate Symbol - 

Process Executive Summary

Business Process

The Purchase Order Process exists to have a standardized way to capture purchase information and communicate it with the vendor. The purpose of this process is to provide a financial/fiscal commitment and purchase a good or service between the University and a vendor.

During this process a purchase order will be generated from an approved requisition.

A purchasing buyer is assigned a department approved requisition. The buyer reviews the requisition for completeness and confirms all required and supporting documentation is complete and accurate, and all approvals have been obtained. When the documentation is incomplete the buyer will seek out additional support documentation from either the University System department and/or a vendor. When the buyer has all completed purchasing documentation, a purchase order will be created in one of the two requisitioning systems (Banner, iBuy). When the dollar amount of the requisition exceeds the purchasing buyer's limit, approval will be routed to obtain all required approvals prior to the creation of the purchase order.

One step in the process is to complete the purchase order. A purchase order is considered complete when the purchase order has passed the Cross FOAPAL check and additional validations. These processes are run within the Banner applications.

Depending on the application used to submit the requisition determines how the purchase order is sent to the vendor. The vendor will either receive a purchase order electronically or in paper format arriving via the mail.

Current Process Activities



Approach

The current state process activities were mapped by the Subject Matter Expert, SME, and project process team. A SIPOC diagram was created to capture the tasks executed by the University System departments. The SME project team identified opportunities for improvement and brainstormed potential solutions. The current state was presented, issues were identified, and recommendations were discussed at customer focus group meetings in the University System. The process report was presented to the Source2Pay Director Council where they ranked the proposed recommendations for implementation.

Key Findings

The following areas have opportunities for improvement:

- Communications
 - 2 issues related to providing information
- Communications & Systems
 - 4 issues related that applied to both categories

7.0 – Purchase Order Processing

- Documentation
 - 1 issue related to lack of documentation
- Policy/Procedures
 - 4 issues related to procurement policies and procedures
- Resources
 - 2 issues related to lack of sufficient staff or funding
- System and Policy
 - 1 issue related that applied to both categories
- Technology
 - 4 issues related to systems lack of functionality to support the process
- Training
 - 8 issues related to lack of understanding the process

Improvement Recommendations

The process team identified 20 suggested improvements. From the 20 suggested improvements, the team selected the following 10 improvements for implementation. The Director Council reviewed the ten recommendations and ranked the proposed recommendations for implementation.

Listed are the top four recommendations for implementation:

1. Raise the iBuy threshold to \$10K
2. Use iBuy more at UIUC & UIS
3. Update buyers approval in all systems
4. Documentation checklist for requestors

Chapter 1: SIPOC Diagram

| Process Name | Date |
|---------------------------|----------------------|
| Purchase Order Processing | January – March 2017 |

| SUPPLIERS | INPUTS | PROCESS | OUTPUTS | CUSTOMERS |
|---|--|---|--|---|
| <u>Who</u> provides input to the process | <u>What</u> goes into the process | <u>How</u> the inputs are transformed to outputs | <u>What</u> comes out of the process | <u>Who</u> received the outputs of the process |
| University System department OBFS Purchasing Vendor Board of Trustees University President University Chief Legal Counsel Strategic Procurement State Procurement Office | Department approved requisition Supporting documentation for requisition Supporting documentation for solicitation Special Payment Request form/Payment options | Receives Approved Requisition Review requisition for completeness Obtain additional documentation Create Purchase Order Complete Purchase Order | Completed and Approved Purchase order Purchase Order supporting documentation | Vendor University System Department University Payables |

Chapter 2: Suppliers

Suppliers provide input into the purchase order processing process.

2.1: University System Department Unit

What they care about: Obtain the good and/or service that they need and that the purchase order is issued

When they care: At the time of the need

2.2: OBFS Purchasing

What they care about: To complete a purchase order

When they care: Every time a requisition is received into purchasing

2.3: Vendor

What they care about: Getting University business, getting a check, timeline of getting a purchase order

When they care: When they have a completed purchase order so they can move forward with the order

2.4: Board of Trustees

What they care about: University fiscal responsibility and risk level

When they care: For any purchase orders \$1mil or more

2.5: University President

What they care about: Making sure we have legal compliance

When they care: Whenever there is a purchase order/contract with the value of \$250,000 and above

2.6: University Chief Legal Counsel

What they care about: Legal compliance

When they care: Whenever there is a purchase order/contract with the value of \$250,000 and above, and when legal advice and/or approval is needed

2.7: Strategic Procurement

What they care about: Assist and educate on contracted vendors when needed

When they care: The existing contracts are being used and are in compliance

2.8: State Procurement Officer

What they care about: Purchase orders are in compliance with Procurement Code

When they care: When there are special circumstances where approvals are needed

Business Rules

State Procurement Code

- Soy Ink
- Furniture
- Pertaining to approval from:
 - Board of Trustees
 - President
 - Legal Counsel

Chapter 3: Inputs

Inputs are information or verification that goes into the purchase order process.

3.1: Department Approved Requisition

3.2: Supporting documentation for requisition

Such as: Quotes/estimates, soy ink, waiver form, Special Payment Request form, terms and conditions, and any other supplementary information and notes, State Certifications

3.3: Supporting documentation for solicitation

Such as: Financial disclosure forms, SAMs excluded party list, State/Procurement Policy Board approvals, or waiver form

3.4: Special Payment Request form/Payment options

Such as: EFT form (wire transfer form)

Business Rules

All forms are accepted via email

Chapter 4: Process

A process is defined as the method for transforming the inputs, such as an approved requisition into outputs, such as a completed and approved purchase order.

4.1: Received Approved Requisition

The purchasing buyer will be assigned an approved requisition. If the requisition needs a solicitation, the approval has been received.

4.2: Review requisition for completeness

The purchasing buyer reviews the requisition for the dollar amount and confirms the payment terms. The buyer also reviews any attachments, such as:

- Quotes/Estimate
- Waiver form
- Special Payment Request form
- Contract including a prepayment for a deposit
- Check for stringing
- Check for state certifications

4.3: Obtain additional documentation

The buyer reviews the requisition for the following to confirm the supporting documentation is included:

- If requisition is federally funded the following documentation is needed:
 - Review SAMS excluded party list
 - Federal Funds >\$25,000
 - Obtain University's Federal Funds justification form
- If applicable, when service is on-site obtain certification of insurance
- If the value of the contract is greater than or equal to \$50,000, confirm vendor's financial disclosure is current, within the last 12 months
- If the value of the contract is greater than \$80,000 attach backup documentation, attach a waiver prior to creating a PO
- For printing orders, confirm using soy ink and prevailing wage
- For furniture purchases, check surplus warehouse form and CMS Surplus form
- For Non-conforming, Justification letter, Waiver form vendor, and requisition should contain non-conforming in the comments
- For any purchases that fall under article 45 under the state procurement code

- Ex. Environmental/Recycle products
- Shelter workshops
- Veterans

4.4: Create Purchase Order

Prior to creating the purchase order, the purchasing department will complete the following:

- Review/revise the contract's Terms and Condition (if applicable)
- Reference any current contract attached to the PO (if applicable)
- Obtain necessary signatures on attachments (if applicable)

4.5: Complete Purchase Order

To complete the purchase order all information is complete and accurate. Each buyer is assigned a level of approval for the purchase dollar amount.

If the purchase order dollar amount exceeds the buyer's limit, the purchase order is routed to the buyer's supervisor for review of the transaction/attachments (including approvals by the President and Legal Counsel when applicable) and then approval is granted by the supervisor. Based upon which requisitioning system (iBuy or Banner) is used to enter the requisition, additional steps may be needed to complete the purchase order.

Once approval is obtained, the requisition receives a validation check across all FOAPAL segments to confirm the valid FOAPAL string is being used. This process is known as a Cross FOAPAL check. Also additional validation is performed against the requisition. If the requisition fails any of the validations, the requisition is rolled back to the open status if Banner is the application used to submit the requisition, or it is returned to the department's requisitioner if the iBuy applications is used, and in either case the purchase order is not generated. The requisitioner will need to resolve the issue(s) and resubmit the requisition. The rejected resubmitted requisition will go through the approvals and validations again.

If the requisition passes all validations, a purchase order is generated. If the requisition was submitted using Banner, the purchase order and the supporting documents are faxed or printed and mailed to the vendor. If iBuy was the submitting application, the purchase order is sent to the vendor electronically.

Business Rules

Article 45 of the state procurement code

Chapter 5: Outputs

Outputs are the resulting information or entities that are produced as part of the purchase order process.

5.1: Complete and Approved Purchase Order

5.2: Purchase Order Supporting Documentation

Such as:

- Quote
- Any revised terms and condition
- Anything that maybe attached
 - Grant funds
 - Bulletin number for a solicitation
 - Approved contract
 - Financial Disclosure form, if applicable

5.3: Special Payment Request Form

Business Rules

Chapter 6: Customers

Customers receive the output of the process.

6.1: Vendor

What they want: Approved Purchase Order and any applicable documents

6.2: University System department unit

What they want: Approved Purchase Order, to complete work timely and in the correct sequence otherwise it will be a non-confirming Purchase order

6.3: University Payables

What they want: An issued purchase order and a special payment request

Business Rules

Chapter 7: Customer - Oversight Roles

Examples: Funders, OBFS, Auditors, Board of Trustees BOT, Legislature, Public

7.1: State Procurement Office

What they want: Compliance with the process

Business Rules

None

Chapter 8: Questionnaire for Current State Analysis

1. Why does the process exist?

To have a standardized way to capture purchase information and communicate it with the vendor.

2. What is the purpose of the process?

To provide a fiscal commitment and/or to purchase a good or service between the university and a vendor.

3. What are the process boundaries (i.e., when does it start and end?)

The process starts once a requisition has been assigned to a buyer

The process ends when a vendor receives a completed and approved purchase order

4. What are the major activities/steps in the process?

See [Chapter 4: Process](#) (Ctrl-click to follow links)

5. What is the expected outcome or output of the process?

See [Chapter 5: Outputs](#) (Ctrl-click to follow links)

6. Who uses the output of the process, and why?

See [Chapter 6: Customers](#) (Ctrl-click to follow links)

7. Who benefits from the process, and how?

Students, University System Departments units, OBFS Purchasing, University Payables, UAFR, and vendors

This benefit is to have a fiscal commitment for purchasing goods and/or services for teaching, research and running University business.

8. What information is necessary for the process?

See [Chapter 3: Inputs](#) (Ctrl-click to follow links)

9. Where does that information come from?

See [Chapter 2: Suppliers](#) (Ctrl-click to follow links)

10. What effect does that information have on the process and output?

Information gets put into the process for a completed and approved purchase order to the vendor

11. Who is primarily responsible for the process?

OBFS Purchasing - Buyers

12. What other units/organizations participate in or support the process?

University System department units, OBFS Purchasing, Strategic Procurement, Procurement Diversity, vendors, University Accounting and Financial Reporting

13. What Information Technology system(s) support the process?

- \$ource
- Banner
- BDM
- CMS
- Copier/Scanner/Fax
- Department software
- Email
- Excel
- Facilities inventory system
- iBuy

7.0 – Purchase Order Processing

- iCS
- Internet
- IPHEC/Bulletin
- OBFS website (contract search, policies and procedures)
- PDF/Adobe

14. What policies guide or constrain the process?

Procurement code, OBFS policies, department/legal policies and procedure

15. How often does the process get executed?

Multiple times daily in all University Systems

16. What are potential defects with respect to the process?

1. Risk for the university when vendors don't comply with terms and conditions
2. Multiple systems used for the same process
3. Inconsistent University procedures
4. Inconsistent internal university procedures
5. Manual processing
6. Long lead time
7. Inaccurate info which leads to change orders/ new PO or replacement POs
8. Inconsistent approval levels for buyers
9. Difficult to know where things are in the process – no process status
10. Banner does not notify the requestor
11. Difficult to know which systems to use
12. Integration of systems
13. All change orders have to be processed in Banner, even the ones from iBuy
14. All net 30 payments must be processed in Banner
15. Shipping - needs to include the line item with the details - UIUC only
16. Need to be able to know when shipping should be paid and when shipping doesn't need to be paid
17. Not able to identify - over certain amount, federal funds being used
18. Extra tracking when an external database is used, and sends PO from that system instead of using the banner PO – need to connect both
19. Attaching documents to BDM is taking too long; a staffing/man power issue, print end of day, students will scan the next day also a system - queue issue, to upload documents to BDM, delay in uploading documents into BDM
20. Banner has the ability to email/fax POs to a vendor – not being used

a. How often do they occur?

Every day

17. What types of challenges have employees who participate in the process raised?

Inconsistent approval levels for buyers

7.0 – Purchase Order Processing

Getting/having all the required & complete information to proceed (missing information and documents)

How to identify diverse vendors, need to have a robust database to identify BEP vendors for the customers

18. What types of challenges or concerns have customers raised?

Procurement code rules and parameters

Lag time in getting a purchase order created and processed

Having to work with both university and department system purchase order

Some departments are not on the same fiscal year with the vendor's buying schedule

Lack of purchase order status

19. Will the process be changed by another initiative in the near future?

Banner XE upgrade

Banner updates

iBuy updates

Government mandates and updates

20. What is working today?

- Automatic notification option in iBuy - when the requisition is approved and assigned to the buyer, or if rejected and the ability to choose the type of notification to receive
- Ability to communicate through the comments section of the requisition
- Ability to upload Internal and external attachments in iBuy
- In iBuy - ability to send PO with attachments
- Banner - validation, correction, prior to printing and sending purchase order, timely corrections during process.
- iBuy - searchable, assigned requisition, searching for terms and condition, prior history and detail is easily displayed, attachments

Chapter 9: Questionnaire for Potential Process Improvement Candidates

1. How would the process operate differently in the “Perfect Situation?”

- There would be one procurement system to follow one process across the University System
- To have less manual process, have an automated system
- To have the ability to attach documents on a requisition, and the attachments flow through the system
- To have a workflow built within the process, which include checkpoint to confirm the requirements/business rules were followed.
- Provide status updates on the progress of the creation of the purchase order
- Email notification to user to know where the request is in the process
- Ability to change a purchase order once it is created
- Ability to communicate between users to ask questions and retain the communications with the purchase order
- Ability to have a notes log for the purchase order

2. What does the team hope to achieve through this improvement?

- Transparency with the department units
- Less lead time
- Consistencies in processing of purchase orders
- Better form of communications with internal and external customers on the progress

3. Who would benefit from the desired improvement to the process?

Departments, external customers, all participants in the process, students, and faculty

a. How would we know?

- Students and faculty will receive the product or service timely and meet their need/deadline
- Need for fewer communications/contacts
- Less complaints on the purchase order process
- Eliminate manually tracking of the requisitions/purchase order
- Reduction in change orders

4. What data can be provided with respect to the process performance (e.g. service rating, cycle time, customer survey responses, etc.)?

Customer survey responses – quicker response, efficiency increase, communication improvement, ease of use

Monitor the dates when requisitions are submitted to the dates the purchase order are created based on the type of requisition (Sole Source, small dollars, Existing contract usage, new contracts)

5. Who should be included in any improvement discussions for the process?

- Departments
- Purchasing
- Payables
- Vendors (at some level, and limit the discussion to be specific to a topic i.e. communications, turnaround time)
- AITS
- OBFS – BSS

Chapter 10: Current State Metrics

Metrics in three areas is being collected on each process. These metrics will be used to measure success in the future state.

- How long does the process take from Start to finish?
 - Hard to determine - could take a few minutes or up to several days/months to generate the purchase order
 - Purchase orders needing additional approval, financial disclosures, negotiating terms and conditional will take additional time to process.

- How many touchpoints are there per process?

There are 65 touch points in this process. The total number of touchpoints depends on the type of requisitions, attachments, and the University.

- How many steps are involved in each process?

There are 48 steps involved in this process. The total number of steps executed in the process depends on the University.

Chapter 11: Feedback from Customer Focus Groups – Current State

The Current State process was presented to each University's Customer Focus Group on January 24, 25, and 26, 2017. A total of 17 people attended with 5 people in attendance from UIC, 5 people from UIS, and 7 people from UIUC.

The process presented described:

- Purpose of the process
- Process boundaries
- Milestones of the entire process
 - Received approved requisition
 - Review requisition for completeness
 - Obtain additional documentation
 - Create purchase order
 - Complete purchase order

The attendees were asked

- How their college was involved in the process?
- Describe any issues experienced with the process?

Campus Focus Group Summary

What department units do within the process?

Some of the departments will performed the following within this processes

- Manually track a requisition once it is submitted for processing
- Look up the requisition until the purchase order number is assigned
- Contacted the purchasing buyer directly with questions and confirmed the requisition is being processed.

Describe any issues experienced with the process?

- Lack of communication when a requisition is assigned to a buyer
- Purchasing buyer is unfamiliar with the item(s) being purchased
- Inconsistent information being provided to departments from procurement services
 - What additional documentation is required
 - Which application to submit a requisition it
 - Non-conforming purchase orders
- Amount of time it takes for the requisition to become a purchase order
- Amount of time it take for a vendor to receive a purchase order generated in the Banner application
- Needing to change information on a purchase order

7.0 – Purchase Order Processing

Campus Focus Group Report

What department units do within the process?

Some of the departments will performed the following within this processes

- Manually track a requisition once it is submitted for processing
 - Manually set requisition on desk to remind staff of outstanding requisitions
 - Enter requisition into a spreadsheet to track, includes specifics regarding details of requisition
- Look up the requisition until the purchase order number is assigned
 - Daily review either iBuy or Banner to determine if purchase order number has been assigned
 - Review BDM to review attachment have been received by purchasing
- Contacted the purchasing buyer directly with questions and confirmed the requisition is being processed.
 - Contact purchasing help desk to determine if requisition has been assigned
 - Contact purchasing buyer directly to determine the process on the requisition
 - Send purchasing email documentation, confirms information is in BDM

Describe any issues experienced with the process?

- Lack of communication when a requisition is assigned to a buyer
 - Look up buyer in either iBuy or Banner
- Purchasing buyer is unfamiliar with the item(s) being purchased
 - Would like specific buyers for a commodity
- Inconsistent information being provided to departments from procurement services
 - What additional documentation is required
 - Which application to submit a requisition it
 - Special Payment Request information isn't being pass to Payable timely
 - Non-conforming purchase orders
- Amount of time it takes for the requisition to become a purchase order
 - 24 hour delay for getting a hard copy of the purchase order in Banner
 - Must go to BDM to get the hard copy of the purchase order
 - Attachments are always loaded into BDM
- Amount of time it take for a vendor to receive a purchase order generated in the Banner application
 - Mailing purchase order to vendor
 - Doesn't always go to the correct location at the vendor
 - Resending purchase order, vendor receives multiply purchase order for the same request
 - Lack of communication when the purchase order is being sent to the vendor

7.0 – Purchase Order Processing

- Sending purchase order email verse mail is confusing
- Vendor receives a purchase order and changes with the terms and conditions the vendor may chose not to accept, causes delay. Example was a change due to a grant specification.
- Needing to change information on a purchase order
 - When and how to process the change order
 - Need the ability to change information on a requisition when it could be different from the contract, such as:
 - Add a shipping line
 - Change FOAPAL
 - Vendor address
 - Add shipping line per charge to each FOAPAL
- Lack of ability to easily know the outstanding requisitions waiting for a purchase order in Banner

Chapter 12: Opportunities for Improvements

The following opportunities for improvement were identified through team discussions, with Customer Focus Groups, Director Council, and the process project SME team. Issues were categorized into eight categories, covering system, Communications, Communications & System, Documentation, Policy/Procedures, Resources, System and Policy, Technology, and Training.

Communications – Issues related to providing information

| | |
|------|--|
| C1.1 | Inconsistent information being provided to departments from procurement services |
| C1.2 | Inconsistent info provided to procurement services by units |

Communications & System

| | |
|-------|--|
| CS1.1 | Inconsistent information being provided to departments from procurement services |
| CS1.2 | Inconsistent info provided to procurement services by units |
| CS1.3 | No status of where things are in the process |
| CS1.4 | No notification of complete POs in Banner |

Documentation – Issues related to lack of documentation

| | |
|------|--|
| D1.1 | Getting/having all the required & complete information to proceed (missing info and documents) |
|------|--|

Policy/Procedures – Issues related to Procurement Policies and Procedures

| | |
|------|--|
| P1.1 | Relief on the Procurement Code |
| P1.2 | Inconsistent Internal University Procedures |
| P1.3 | Some departments are not on the same fiscal year with the vendor's buying schedule |
| P1.4 | Non-Conforming Purchase Orders |

Resources (Financial, Human) – Issues related to lack of sufficient staff or funding

| | |
|------|--|
| R1.1 | Buyers have too many requisitions/big workload |
| R1.2 | Lack of staff |

System and Policy

| | |
|-------|---|
| SP1.1 | Inconsistent approval levels for buyers |
|-------|---|

Technology – Issues related to system's lack of functionality to support the process

| | |
|------|---|
| T1.1 | Attaching documents into BDM can take long time |
|------|---|

7.0 – Purchase Order Processing

| | |
|------|---|
| T1.2 | Banner and iBuy do not have any prompts or notifications to help buyer identify if other documentation or steps need to be followed (ex. This has federal funds and present user with an alert) |
| T1.3 | Not enough entry fields/prompts at the requisition level (ex. Payment or shipping terms) |
| T1.4 | Manual Processing |

Training – Issues related to lack of understanding the process

| | |
|------|--|
| T1.1 | Who to contact when req is not changed into a PO |
| T1.2 | Department asking for PO after a service is completed |
| T1.3 | Difficult to know which systems to use |
| T1.4 | Communication and training on what we as departments should be doing with policy changes |
| T1.5 | Inaccurate info which leads to change orders or a new PO or replacement POs |
| T1.6 | Inconsistent University System Procedures - each University system does things differently |
| T1.7 | Units/requestor not familiar with entire process, so do not know limitations with timeframes |
| T1.8 | Not enough training of requirements, systems on the department level |

Chapter 13: Suggested Improvements

The following recommendations came from discussion with the process team, the project Director Council, and customer focus group sessions. Not all improvements were selected by the process team. The selected improvements, in bold, were presented to the customer focus groups for feedback, and are recommended for review by the Director Council. (Further discussed in [Chapter 15: Recommendations for Improvements](#))

| Number | Change Category | Suggested Improvement |
|------------|-----------------------------------|--|
| 1 | Policy/Procedure | Procurement code changes |
| 2 | Resources | Have more Staff |
| 3 | Resources | Use More iBuy at UIUC |
| 4 | Resources | Enhanced buyer Specializations |
| 5 | Resources | Use More P & T Card |
| 6 | System & Policy | Update buyers approval in systems |
| 7 | Training | Offer open forums between purchasing & units (quarterly or semiannually) |
| 8 | Training | Department streamline training within own staff |
| 9 | Training | Overall & targeted training (specific purchases like purchases with federal funds and on-boarding of new staff) on policies and process for dept and buyers |
| 10 | Training | Create Training Manuals |
| 11 | Documentation | Documentation checklist for requestors |
| 12 | Communication | Departments could help with communications back to vendors |
| 13 | Communication | Communicate better or more often when able |
| 14 | Training | Make it easier for the requestor to know who to contact when there is a question or problem with q PO |
| 15 | Communication & System | Status of where a requisition an PO is in the process |
| 16 | Communication & System | Update Banner so that when a PO is approved or printed the requestor is emailed or notified – important to requestors to have that PO number |
| 17 | Technology | Provide or prompt info or checklist on OBFS website |
| 18 | Technology | Option for buyers to upload own PO attachments instead of waiting for scanning |
| 19 | Technology | Shared resources database for BEP |
| 20. | Resources | Raise the iBuy threshold to \$10K |

Chapter 14: Customer Focus Group Feedback

1. **Update Banner so that when a PO is approved or printed the requestor is emailed or notified**
– It is most important for requestors to have the PO number
 - Agreed, helpful, know what is going on in the back hole
 - Know if there is an issues, email is better to received notifications
 - Doesn't want to check another locations
 - Just do it, no need for a committee
2. **Documentation checklist for requestors**
 - A checklist is very helpful
 - Format - printable, something easily found, usable format that anyone can access
 - Include a list of the processes, or documents required, or both
 - Include the need for 3 quotes
 - Include examples
 - Include a general guidelines
 - Where to place the order, iBuy or Banner
 - Include active link, into other areas for information
3. **Procurement code changes**
 - All participants agreed
4. **Hire more Staff**
 - Adding more buyers will help, must address payables first, that is the bottleneck
 - It would be nice to know who to call
 - Do both - hire more staff & improving the existing staff skills & knowledge
 - Also develop more standards and time frame so it doesn't take so long to get things done - at least a goal to get things done. Ex 2 weeks for Standing Orders
5. **Use iBuy more at UIUC & UIS**
 - Original encourage to use iBuy, it seems just recently there is more a shift to use Banner
 - Great idea
 - Most of ours are copies from prior POs, so Banner works just fine
 - Fix the copy PO feature in iBuy regardless of vendor
 - Like the punch out aspect of iBuy
 - It's the quickest way to get stuff out, especially for \$5000 purchases, and it reduces purchasing workload
 - We love the speed and queries features in iBuy - like what's pending
 - Would use if iBuy could handle standing orders
 - Doesn't have to go through mail, just automate PO's to vendors
 - Able to see what's queue it's in and everything is all contained
 - For receiving goods, in iBuy can go in and do a search by date and find out who ordered it without making phone calls - this is not that easy in Banner
 - I can never remember when I can use iBuy, so I just end up using Banner, but would use it more if I knew when to use iBuy
 - UIS - Everything we do even in iBuy goes to Purchasing - look into why all UIS PO's stop in purchasing
6. **Raise the iBuy threshold to \$10K**
 - Agreed this would be good, to raise the value to \$10,000, whatever helps to free up the buyers
 - Seems very high at \$10,000, make sure there are still department approvals

7.0 – Purchase Order Processing

- Make sure the department know they are responsible, will put onus on the department, will need to have training

7. Update buyers approval in all systems

- All campuses agreed
- Needs to be done immediately

8. Offer hands on open forums/lab between purchasing & units (quarterly or semiannually)

- This would be helpful, especially with new hires, will build relationships
- Payable's lab is wonderful
- Issue is timing to scheduled lab for the issue that needs to be resolved
- Offer - quarterly
- Want it for both general and specific issues
- Consider a webinar with a live chat and maybe with topics

9. Overall & targeted training (specific purchases like purchases with federal funds and on-boarding of new staff) on policies and process for dept and buyers

- Like the one-one working with someone
- Video would be good for new staff but with printable slides
- Sometimes hard to get people to come in for instructor led training, due to location consider an Interactive webinar with the ability to post questions in the chat room

10. Create Training Manuals

- Agree, but make it electronic
- Focus - on system training manual, because there are so many changes that it's hard to update training manuals on process
- More interactive, so the first page has the newest changes to help with the moving target issue
- Focus on what is required and how to track it

Chapter 15: Recommendations for Improvements

Within the process Purchase Orders, 10 recommendations have been identified for improvement. Six different categories were identified for the improvements, and each improvement received a level of implementation. The categories include Communications/Systems, Documentation, Policies and Procedures, Resources, System & Policy, and Training. There are two levels of implementation: “short-term” indicates improvements suggested for the current system and process prior to the development of an RFP, and “long-term” indicates improvement to the process with an RFP for a new system. The recommendations are in order to make the process purchase orders process better, help the users understand the process, and make sure the process works.

| Num ber | Describe Potential Solutions | Category | Imple ment ation Level | Related Issue(s) |
|------------|--|---------------------------|---------------------------------|---------------------|
| 1 | <p>Update Banner so that when a PO is approved or printed the requestor is emailed or notified – important to requestors to have that PO number</p> <p>Value: The requestor will know where the PO is in the process and understand the PO is ready to be sent to the Vendor.</p> <p>Recommendation: Evaluate if Banner can:</p> <ul style="list-style-type: none"> • Issue a notification to the requestor once a PO is approved or printed • Determine and create if a new workflow needs to be created in order to send out the notifications <p>Director Council Feedback: Look into building build a report/dashboard by Chart/Org - to display the requisitions/PO submitted by a requisitioner in a Chart/Org for current issue</p> <p>Future state - use a dashboard type of solution</p> <p>This information is currently available in Eddie - what to push to the customer vs pulling by the customer</p> <p>Members of AITS, Purchasing at each university system, Department units and BSS should be involved in this effort.</p> | Communicat ion/Systems | Short term | CS1.3,1.4 |
| 2 | <p>Documentation checklist for requestors</p> <p>Value: Allows requestors to know what is required for each PO.</p> <p>A similar recommendation is being proposed as part of the create a requisition process; we are recommended the steps involved in creating a PO be included.</p> <p>Recommendation: Create or add to an existing document checklist, for requestors to follow and use as a guide to understand what is required in order for a PO to be created, which should include:</p> <ul style="list-style-type: none"> • Which system to use | Documentat ion | Short term | D1.1 |

7.0 – Purchase Order Processing

| Num ber | Describe Potential Solutions | Category | Imple ment ation Level | Related Issue(s) |
|------------|--|-------------------------|---------------------------------|---------------------|
| | <ul style="list-style-type: none"> Which documents are required and how to attach Approval routing <p>Once created, market and distribute checklist and make it easily accessible to all University Systems. Designate a person or group to maintain and update the checklist moving forward.</p> <p>Director Council Feedback: Feel if this is based on commodity, the list will grow into a larger project</p> <p>Sponsored project plays a major role on what is needed in a purchase.</p> <p>If Is this a wizard type format, still need to define the business rules</p> <p>Members from departments, OSP, purchasing & payables should be involved in this effort</p> | | | |
| 3 | <p>Procurement code changes</p> <p>Value: Less lead time for the overall process</p> <p>Recommendation: Designate a person or group who will be responsible for communicating all procurement code changes to all University systems in a consistent manner</p> <p>Members of Purchasing should be responsible for this effort</p> | Policies and Procedures | Long Term | P1.1 |
| 4 | <p>Hire more Purchasing Staff</p> <p>Value: More buyers would create less lead time, improved quality of work and reduced workload for each buyer</p> <p>Recommendation: Remove hiring freeze and lobby to pass a stable budget, Maybe addressed in the alignment</p> | Resources | Long Term | R1.2 |
| 5 | <p>Use iBuy more at UIUC & UIS</p> <p>Value: Requestor would have the ability to track status and notifications, anything under \$5k would go directly to the Vendor (doesn't need purchasing approval), ability to do attachments, more consistency across University Systems by using the same systems/application, see the diverse vendors flagged in iBuy and reduce printing because vendors would receive the PO automatically</p> <p>Recommendation: Approval from Directors of purchasing at UIUC & UIS, market and buy in from departments and directors, and provide more training on iBuy. Payables needs to be involved in the review and the approval due to the iBuy standing orders function. And we need to revisit the iBuy standing order process before moving forward with the recommendation</p> | Resources | Short Term | R1.1 |

7.0 – Purchase Order Processing

| Num ber | Describe Potential Solutions | Category | Imple ment ation Level | Related Issue(s) |
|------------|--|--------------------|---------------------------------|---------------------|
| | <p>In addition, we recommend evaluating if all UIS purchase orders must be routed to Purchasing for processing and if not, put business and system rules in place to allow certain purchase orders to complete the process and be submitted directly to the Vendor.</p> <p>Director Council Feedback: Stopped short of requiring/mandating the use of iBuy, so Dept needs to be told which system needs to use</p> <p>Need to fix standing order processing, issues, not consistent with the process in each application.</p> <p>All Purchasing directors, SAVPAC, Payables, AITS and BSS should be involved in this recommendation.</p> | | | |
| 6 | <p>Raise the iBuy threshold to \$10K</p> <p>Value: Requisitioners could complete more of their own POs without purchasing approval</p> <p>Recommendation: Recommendation by the Purchasing Directors to SAVPAC to raise the threshold and apply as soon as its approved. Communicate to all University systems once change has been made. With the exception of federal funds \$5k and over, which can be automatically routed to Purchasing.</p> <p>Director Council Feedback: Feels this is a good idea, thinks we could use more Catalog vendors in iBuy, provide the ability to use e-invoice. Is concerned the number of non-conforming contracts will increase.</p> <p>Purchasing directors and SAVPAC should be involved in this recommendation.</p> | Resources | Short Term | R1.1 |
| 7 | <p>Update buyers approval in all systems</p> <p>Value: Consistency when approving a PO</p> <p>Recommendation: Have the USC's evaluate and update the approval levels in all systems, especially in Banner so they at least match the bid limit.</p> <p>Members of USC's & AITS Purchasing should be involved in this effort</p> | System & Policy | Short Term | SP1.1 |
| 8 | <p>Offer hands on open forums/lab between purchasing & units (quarterly or semiannually)</p> <p>Value: Transparency, improved relationships, reduction in inquiries and training opportunity</p> <p>Recommendation: Have the Purchasing directors make this request and schedule these events at each University system.</p> | Training | Short Term | T1.1-1.8 |

7.0 – Purchase Order Processing

| Num ber | Describe Potential Solutions | Category | Imple ment ation Level | Related Issue(s) |
|------------|--|----------|---------------------------------|---------------------|
| | Members of purchasing at each University Systems, including Purchasing Directors and Departments should be involved in this effort. | | | |
| 9 | <p>Overall & targeted training (specific purchases like purchases with federal funds and on-boarding of new staff) on policies and process for departments and buyers</p> <p>Value: Providing the knowledge that everyone needs to perform their jobs, gives units a better picture of what the buyers have to do and how long it takes to get things completed.</p> <p>Recommendation: Re-evaluate existing training and determine if:</p> <ul style="list-style-type: none"> • Anything is missing • Re-package training in another format (ex. Video) • Solicit the preference of training from Department and Buyers <p>Director Council Feedback: UIC - working with BSS training to create a dynamic area for purchasing</p> <p>Look into Sparkhead training and Lync program</p> <p>Feels there is some responsibility on the colleges and departments to do the training, and will need to take more responsibility</p> <p>Members of Purchasing and the BSS training department should be involved in this effort</p> | Training | Short Term | T1.4,1.6,1.7, 1.8 |
| 10 | <p>Create Training Manuals</p> <p>Value: Providing the knowledge that everyone needs to perform their jobs, gives units a better picture of what the buyers have to do and how long it takes to get things completed. Create one consistent place to use as a reference and reduce service desk tickets</p> <p>Recommendation: Re-visit & update existing manuals and communicate updated documents to departments when it's completed.</p> <p>Director Council Feedback: There is currently the effort to redo the OBFS website that might impact this effort.</p> <p>Members of Purchasing, BSS training department and departments should be involved in this effort</p> | Training | Short Term | T1.4, 1.8 |

Chapter 16: Solutions Prioritization Matrix

The recommendation for improvements were reviewed and the potential solutions were prioritized by the Director Council. The below matrix contains the potential solutions and each ranked score.

| Solution Prioritization Matrix: Process Purchase Orders | | | | | | | | |
|---|---|-------------------------|---|--|---|---|--|---------|
| | Describe Potential Solutions | Category | Ease of Implementation: 1 (very difficult) - 5 (very easy) | Permanence of the Solution: 1 (temporary) - 5 (permanent) | Impact of the Solution: 1 (low) - 5 (high) | Cost of the Solution: 1 (high) - 5 (low) | Total Score (product of the 4 rating columns): | Ranking |
| 1 | Update Banner so that when a PO is approved or printed the requestor is emailed or notified and has the PO number | Communications/ Systems | 2.625 | 3.125 | 3.375 | 2.5 | 69.2138672 | 8 |
| 2 | Documentation checklist for requestors | Documentation | 3.75 | 4.25 | 3.25 | 2.875 | 148.916016 | 4 |
| 3 | Procurement code changes | Policy | 1.375 | 3.5 | 4.25 | 3.25 | 66.4726563 | 10 |
| 4 | Hire more Purchasing Staff | Resources | 2.25 | 4.125 | 4.375 | 1.625 | 65.9838867 | 7 |
| 5 | Use iBuy more at UIUC & UIS | Resources | 4 | 4 | 4.375 | 4.5 | 315 | 2 |
| 6 | Raise the iBuy threshold to \$10K | Resources | 4.125 | 4.75 | 4.375 | 4.25 | 364.321289 | 1 |
| 7 | Update buyers approval in all systems | Systems/Policy | 3.375 | 3.75 | 3.125 | 4.125 | 163.146973 | 3 |
| 8 | Offer hands on open forums/lab between purchasing & units (quarterly or semiannually) | Training | 3.5 | 3.125 | 3.75 | 3.375 | 138.427734 | 6 |
| 9 | Overall & targeted training (specific purchases like purchases with federal funds and on-boarding of new staff) on policies and process for dept and buyers | Training | 3.375 | 3.5 | 3.375 | 3.375 | 134.551758 | 5 |
| 10 | Create Training Manuals | Training | 2.625 | 3.375 | 3.25 | 2.5 | 71.9824219 | 9 |

Chapter 17: Future SIPOC Diagram

| Process Name | Date |
|---------------------------|----------------------|
| Purchase Order Processing | January – March 2017 |

| SUPPLIERS | INPUTS | PROCESS | OUTPUTS | CUSTOMERS |
|---|---|---|--|---|
| <u>Who</u> provides input to the process | <u>What</u> goes into the process | <u>How</u> the inputs are transformed to outputs | <u>What</u> comes out of the process | <u>Who</u> received the outputs of the process |
| University System department OBFS Purchasing Vendor Board of Trustees University President University Chief Legal Counsel Strategic Procurement State Procurement Office | Department approved requisition w/ SPRequest Supporting documentation for requisition Supporting documentation for solicitation | Receives Approved Requisition Review requisition for completeness Obtain additional documentation Create Purchase Order Complete Purchase Order | Completed and Approved Purchase order Purchase Order supporting documentation | Vendor University System Department University Payables |

Chapter 18: Future State Requirements

This is a comprehensive list of functional requirements and technical requirements for the future state of the Purchase Order Processing process. Excluded from this list are any requirements for functionality outside of the scope of this specific process, such as security, accessibility, etc., which will be handled in a different process.

- Training Videos
- One system that contains and process all requisitions, PO's and supporting documents
- System that vendors can submit info, quotes, vendor forms and contact info
- Automated communication between Departments, Purchasing and Vendors, Payables (for special payment requests)
- A system that allows for approved POs to be automatically routed to the vendor and/or internal customers via either email, fax and cXML
- A system that allows users the ability to up load documents during the Requisition/PO processing
- System that allows for communication and status updates on each transaction
- Communication Log with recent communications w/ department, vendor etc. To provide status update when needed
- Needs the ability to process standing orders all the way through payables
- More entry fields/smart forms and prompts – payment and special payment option at the requisition level

Chapter 19: Subject Matter Expert Team

The following individuals participated on the Subject Matter Expert Team of the BPI process purchase orders project:

| Name | University/Department | Title |
|--------------------------|--|------------------------------------|
| Susie Baker | UIUC OBFS Payables | Assoc Director of Payment Services |
| Jennifer Black | Crop Sciences | Accountant Tech III |
| Angela Ennis | UIUC Office of Dean of Students | Admin. Assistant |
| Marcus George | Research Resources Center | Account Tech II |
| David Girard | Hospital Materials Mgmt | Purchasing Manager |
| Holly Highland | UIUC Purchasing | Contract Coordinator |
| Ed Hill | UIUC AITS | Enterprise System Specialist |
| Barbara LeGrant | UIUC OBFS Business Solutions & Support | Assistant Director |
| Antonette Peppers | UIUC Information Sciences | Staff Clerk |
| Jill Ralph | Specialized Care for Children | Purchasing Officer |
| Susan Record | Illini Union | Asst. Director |
| Kunal Shah | UIC OBFS Purchasing | Contract Coordinator |

Chapter 20: Campus Focus Group Participants

The following list of individual participated in a Campus Focus Group meeting either during the current state and/or the future state of the BPI Process Purchase Order process project.

| Name | University |
|------------------|------------|
| Penny Benner | UIUC |
| Jackie Billhymer | UIUC |
| Ann Cole | UIS |
| Carly Contri | UIC |
| Jim Fricke | UIC |
| Wendy Gochanour | UIS |
| Toni Langdon | UIS |
| Denise Lee | UIC |
| Andrea Lile | UIUC |
| June Luna | UIUC |
| Jason McArthur | UIUC |
| Daniel Murphy | UIC |
| Lynette Riddle | UIS |
| Dan Sleezer | UIC |
| Myra Sully | UIUC |
| Allison Thornley | UIS |
| Joann Walker | UIUC |

Appendix A: Business Glossary

University Department System

All Universities and their extensions offices, and University System Offices

University

Each University

Stringing

According to 44ILAC 4.2005S “General Provisions”;

Stringing

Dividing or planning procurements to avoid use of competitive procedures (stringing) is prohibited. Periodic purchases of similar supplies from several different vendors to maintain inventory is not stringing unless the purchases are planned to avoid use of competitive procedures. When the university or SPO identifies three or more purchases of the same item or similar items with a total value exceeding the small purchase limit during any 12 month period, the university purchasing director and the SPO shall jointly determine whether the circumstances, including, but not limited to, frequency of purchases, cost of individual purchases and future needs, warrant issuing a competitive or other consolidated procurement.

Small Dollar

Under the competitive solicitation threshold