

# ADVANCED FUNCTIONS AND TROUBLESHOOTING WHEN PROCESSING PURCHASE ORDERS (PO)

Monthly Lunch & Learn Series presented by the **FAST Team**

June 2024



UNIVERSITY OF  
**TORONTO**

Financial Services

# PRESENTER

**RAMES PARAMSOTHY**

SENIOR BUSINESS ANALYST (TRAINING)

Financial Advisory Services & Training (FAST)



# AGENDA

- Defining Purchase Order, Purchase Requisitions and Lease Order
- Reviewing the Purchasing Cycle
- Purchasing Radioisotopes
- Using the Header tab to add additional details
- Locating the Accounting Document for Goods Receipts and Invoice Receipts
- Releasing Reserves/Commitment Tied to Pos
- Process when addressing additional charges not included in the PO



# LEARNING OBJECTIVE



The objective of the session is to explore advanced functions that are available when creating Purchase Orders, as well as tips on how to troubleshoot some common issue.



For more information on the University's Procurement Policy that governs, [please visit the Procurement Services site](#).

For resources to assist with processing Purchase Orders and Purchase Requisitions, [please see these Documentation & Support pages on the Financial Services site](#).

# PROCUREMENT POLICY



The University's Purchasing Policy governs all purchases valued over \$10,000 (before tax) and is administered by Procurement Services.

**For orders less than \$10,000 (before tax), please explore using a Purchasing Card (PCard) or an Accounts Payable invoice.**

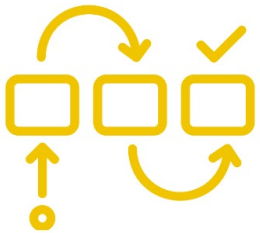
Learn more by watching the [Lunch & Learn on Navigating Payment Options at the University.](#)



Visit the [Procurement Services](#) website to learn more.

## KEY DEFINITIONS

**Purchase Order:** An AMS posting that represents the contract between the University and the vendor and is required for ALL purchases valued over \$10,000 (before tax).



**PO Workflow** is built into SAP and streamlines the Purchase Order process, and automates the Procurement compliance review.

**Purchase Requisition:** An AMS postings that represents a request for approval by another unit.

It is only required:

- When ordering **Radioisotopes/Radioactive** material (all campuses)
- UTSC – orders over \$25,000 (before tax)

# OVERVIEW OF BUSINESS PROCESS FOR ORDERS OVER \$10,000

As a result of the decentralized procurement structure at the University, the business process for high dollar value purchases different between campuses.

St. George and UTM follow the PO WORKFLOW business process and require compliance review for orders over \$50,000.

UTSC creates Purchase Requisitions.



[Learn more about how to purchase goods/services.](#)



# LEASE ORDERS

A Lease is a multi-year commitment to use a piece of equipment (e.g. copiers), without the obligation to purchase it. It provides the University with flexibility to use a product without having to pay full price/fair market value.

Characteristic:

- Typically spans 18 – 60 months
- At the end of lease, department has the choice to either purchase the product at fair market value, extend the lease or return it to vendor
- Has a unique Order Type (WLS) in AMS
- If the Acquisition Value OR the sum of the Lease Value (i.e. all the payments over the life of the lease) is greater than \$50,000, then it is directed to Procurement for review with attachments.





# PURCHASES OF RADIOISOTOPES/RADIOACTIVE MATERIAL



Purchases of radioisotopes/radioactive material require a valid University permit and must be approved by the **Radiation Protection Services (in EHS)** prior to ordering or receiving the material.

## Steps:

1. Department creates the Purchase Requisition (PR). [Click here to see guide.](#)
2. PR is submitted through AMS to the Radiation Protection Authority (UTRPA) department in Environmental Health and Safety (EHS) who is licensed under the Atomic Energy Control Board for approval.
3. Upon approval by UTRPA (usually within 24 hours), the department creates the Purchase Order (PO). [Click here to learn](#) how to adopt a Radioisotope PR into a PO.

# PURCHASE ORDER (PO) WORKFLOW (UNDER \$50,000)

At St. George and UTM campus' orders over \$10,000 (before tax) require a Purchase Order.

For those valued between \$10,000 - \$49,999.99, they get automatically get released, which results in:

1. Funds getting committed against the FM account.
2. A confirmation email with a PDF copy of the PO sent to the processor. The department will then forward this email to the vendor.



# PURCHASE ORDER (PO) WORKFLOW (GREATER THAN OR EQUAL TO \$50,000)

## ***What about POs valued equal to or greater than \$50,000 (before tax)?***

These Purchase Orders (and leases) get routed to their respective Procurement Services departments (i.e. UTM or Central) for compliance review.

To enable Procurement Services to conduct their review, they require departments to attach relevant supporting documentation to the Purchase Order in AMS.

This includes:

- Quotations/Contracts
- Procurement Policy Exemption Justification (PPEJ) form
- Invoices
- Lease Agreements

Once the PO is saved with the attachments, it will be automatically sent to Procurement. If the PO is released, the processor will receive an email with the PDF of the PO. However, if it is rejected the processor will be notified of the reason and **MUST** resolve the issue prior to it being released.

# RESOLVING A REJECTED PO

## Sample Notification (sent to PO creator)

Vendor Name

PO Document #

Reason(s) for Rejection

Additional Comments/Information about Rejection Reason

Tue 11/14/2017 9:36 AM  
John Doe  
Patrick Cassidy & Associates Inc PO: 4500157512 approval request has been rejected  
To: Eric Foremski

Document: 4500157512

Rejected by: John Doe  
Rejection Reasons:  
1) - Competitive quotes missing or not comparable  
2) - Additional comments

Additional Information  
Please attach a third quote

Please take the necessary actions as noted above and return as soon as possible.

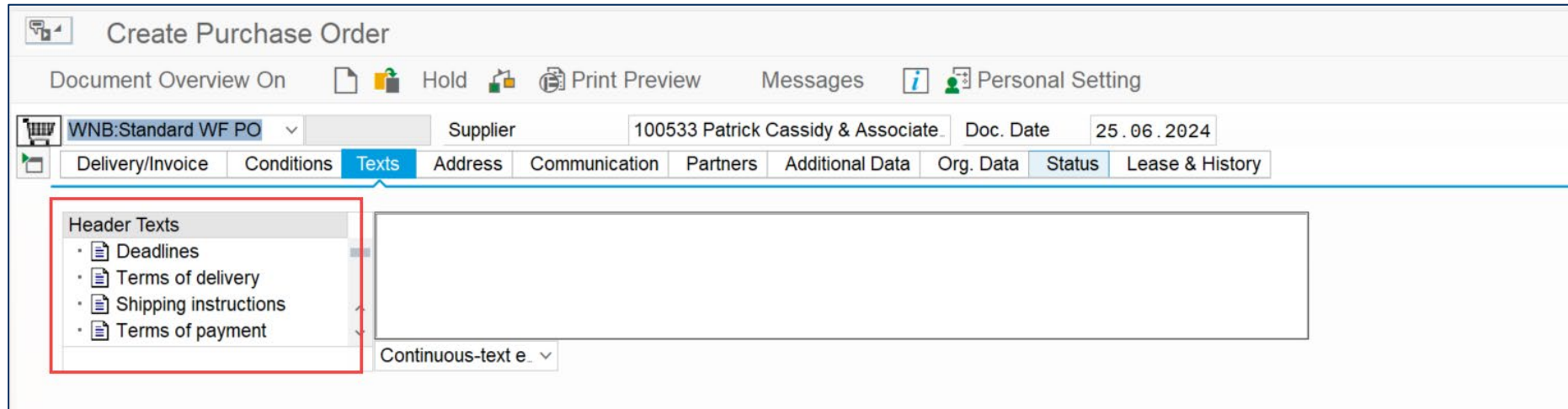
If you have any questions, John can be reached at [JOHN.DOE@UTORONTO.CA](mailto:JOHN.DOE@UTORONTO.CA)

In the notification email to processor, there will be a note identifying the reason for the rejection. Common reasons include missing quotations or PPEJ form.

To resolve, this and to have the PO reassessed by Procurement Services, proceed to the SAP Inbox. [Refer to this simulation for instructions.](#)

**IMPORTANT:** DO NOT use the ME22N – Purchase Order Change screen to resolve rejected POs. If you use ME22N, the Purchase Order will not be resent to Procurement Services and resultantly it will be stuck in limbo.

# ADVANCED FUNCTIONS WHEN PROCESSING PURCHASE ORDERS (HEADER TAB - TEXTS)



The Header tab has a number of sub-tabs that can be used to record information related to the order. [Click here to watch a simulation to learn more.](#)

Let's start with the Texts sub-tab:

- Pricing types
- Deadlines
- Shipping Instructions
- Warranties
- Miscellaneous/general information (using Header Text)
- Internal notes for other University staff (e.g., Procurement) using the Header Note

Information/text included in these sections can be added/printed onto the Purchase Order/Contract that is sent to the supplier.

# ADVANCED FUNCTIONS WHEN PROCESSING PURCHASE ORDERS (PARTNERS TAB)


Some suppliers, particularly non-CAD vendors, may have a separate vendor account for Purchase Orders (i.e. PO ONLY), and one for invoice payments (i.e., A/P ONLY). This often occurs if a company's procurement office is physically located in a different address than their accounts receivable department.

In these circumstances, departments can be proactive and indicate both vendor numbers in the Purchase Order. This saves time and effort later in the process.

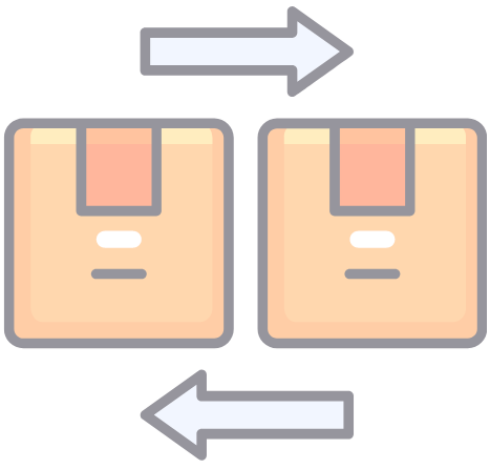
WNB:Standard WF PO    Supplier: 311870 / Advanced Cell Diagnostics, I.    Doc. Date: 25.06.2024

Delivery/Invoice    Conditions    Texts    Address    Communication    **Partners**    Additional Data    Org. Data    Status    Lease & History

F...	Name	Number	Name	D
PI	Invoice presented by	311871	Advanced Cell Diagnostics	<input type="checkbox"/>
				<input type="checkbox"/>
				<input type="checkbox"/>
				<input type="checkbox"/>
				<input type="checkbox"/>

 [Click here to learn more.](#)

# MAKING CHANGES TO PURCHASE ORDER AFTER ACTIVITY



Once there has been activity against a Purchase Order, such as partial deliveries and payments, it may be challenging to determine the correct way to update the Purchase Order if changes are necessary.

Let's explore how to make changes at various stages of the order.



[Watch this simulation](#) to learn more how to make changes to Purchase Orders.

## PURCHASE ORDERS WITH NO ACTIVITY

If no Goods Receipts or Invoice Receipts have been processed against a Purchase Order, departments can change most fields in the PO, except for the vendor account.

Some examples of allowable changes include:

- Adding new lines/items
- Change account assignments (e.g., GL, Funds Center)
- Release PO line-item reserves
- Change line-item Quantity or Net Price



[Watch this simulation](#) to learn more how to make changes to Purchase Orders.



# GOODS RECEIPT BUT NO INVOICE RECEIPT



Once an order for goods/services are delivered and the departments posts the corresponding Goods Receipt(s), but no payment has been issued (i.e. Invoice Receipt), the options for changing a Purchase Order are more limited.

**NOTE:** In most instances after a Goods Receipt is posted, it results in the reserve being converted to an actual expense against the Funds Center or Funds Center/Fund.

## Changes to the PO, excluding line(s) that have GRs:

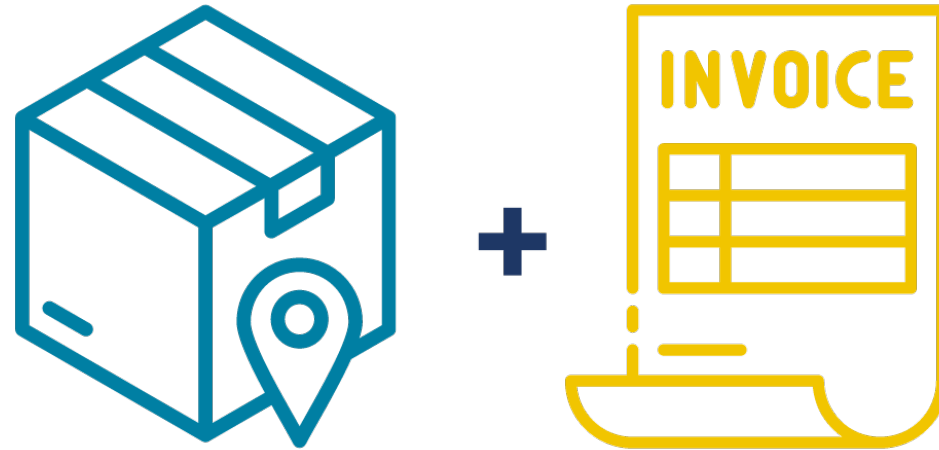
- add new line-items
- release remaining reserves
- change **Net Price, Quantity** and account assignments

## Allowable Changes to PO line-item(s) with deliveries/Goods Receipts:

- PO Quantity (can increase, but only decrease UPTO quantity delivered)
- Net Price
- Release remaining reserve

**IF** the Goods Receipt(s) are reversed, the account assignments can all be changed.

# CHANGES TO PO AFTER **BOTH** GOODS RECEIPT AND INVOICE RECEIPT ARE POSTED



Once both a Goods Receipt and Invoice Receipt have been posted the only changes that can be made to that particular line-item in the post is to release any remaining reserve using one of the [two methods indicated in this article](#).

**NOTE:** The status and changes that can be made will vary depending on the activity in each line item.



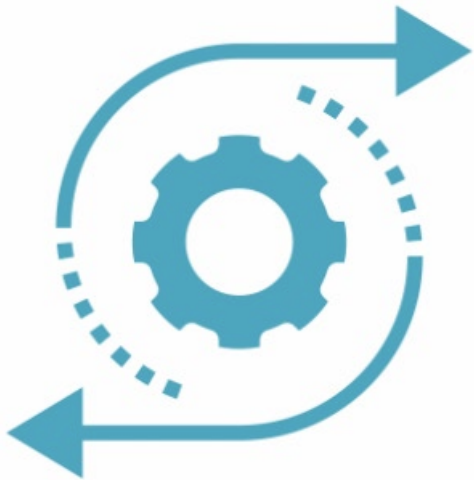
For more information, [please see this simulation](#).

# HISTORY OF CHANGES TO A PURCHASE ORDER

Many changes can occur against a Purchase Order over its lifespan, which can be over multiple fiscal years.

**In ME23N – Purchase Order Display**, departments can view historical:

- changes to the purchase order reserve. [See this article to learn how.](#)
- non-reserve changes to the PO header and line-items. [Click here to learn more.](#)



For more related article, [visit the FSD Knowledge Centre.](#)

# LOCATING THE ACCOUNTING DOCUMENT # FOR GOODS RECEIPTS AND INVOICES



Since Purchase Orders involves interactions between two AMS modules (Logistics and FIS), there are often 2 document numbers that departments need to note. These are important both for month-end reconciliation and tracking the status of the payment.

[Click here to learn how to locate the Accounting Document through the PO History tab.](#)

## RELEASING PURCHASE ORDER RESERVES

When a Purchase Order is created, it reserves available funds in the FM account and ensure that funds are available to pay for the goods/services outlined in the contract.

This is reserve will continue to get carried forward into subsequent fiscal years, unless either it is created against a grant Fund which ends OR the department [manually releases the reserve](#).



**Quick Tip:** Review your PO reserves regularly to identify any PO's that will no longer receive any deliveries but have outstanding commitments that can be released.

For reports that can assist in reviewing outstanding commitments against multiple PO's, [please see this simulation](#).

# PURCHASE ORDER COMMITMENTS STUCK IN PRIOR FISCAL YEARS



There are instances where Purchase Orders reserves may be stuck in a prior fiscal year, preventing departments from processing against them or release any outstanding amount.

Scenarios include:

- Purchase Order created against a Fund that ended in a prior fiscal year. As a result that PO will not get carried forward. [Click here to learn how to resolve this issue](#) and who to contact in VPRI and EASI.
- Purchase Orders created in the current fiscal year, but using a Document Date in a prior fiscal year. This occasionally happens at the beginning of a new FY in May. [Read this article to learn how to resolve this issue if it ever occurs.](#)

# PURCHASE ORDERS FOR EQUIPMENT/SERVICES THAT SPAN MULTIPLE FISCAL YEARS

The screenshot shows the SAP 'Create Purchase Order' interface. The document type is 'WNB:Standard WF PO' (highlighted in red). The supplier is '135054 AC Waste Services Inc.' and the document date is '26.06.2024'. The table below lists four service years, each with a quantity of 1 and a net price of 1.00 CAD (highlighted in red).

Item	S.	Itm	A	Material	Short Text	PO Quantity	O...	Deliv. Date	Net Price	Curr...	Per	O...	Matl Group	Plant	Stor. Location	Reqmt No.
		1	K		Service Year 1		12EA	02.07.2024	1,000.00	CAD	1	EA	Water Treat.	U OF T, FAC. OF D.	DENTISTRY	
		2	K		Service Year 2		12EA	02.07.2025	1.00	CAD	1	EA	Water Treat.	U OF T, FAC. OF D.	DENTISTRY	
		3	K		Service Year 3		12EA	02.07.2026	1.00	CAD	1	EA	Water Treat.	U OF T, FAC. OF D.	DENTISTRY	
		4	K		Service Year 4		12EA	02.07.2027	1.00	CAD	1	EA	Water Treat.	U OF T, FAC. OF D.	DENTISTRY	

Similar to Lease Orders, departments may enter into multi-year agreements services/goods.

In these circumstances, departments could create a WNB type Purchase Order, but structure it similar to a Lease Order. This would facilitate NOT reserving funds in the current fiscal budget for payments/deliveries that will occur in future fiscal years (i.e. separating lines for each fiscal year and entering \$1 in Net Price for all future fiscal years).

# WHAT IF THE PO INVOICE AMOUNT IS DIFFERENT THAN THE PURCHASE ORDER/CONTRACT?

The Purchase Order is a contract/binding agreement, and in most situations quantity and price should not change. If changes are necessary, they should be reflected in the Purchase Order before the subsequent Goods Receipt(s) and invoice are posted.

If the Invoice amount exceeds the Purchase Order amount, begin by contacting the supplier to correct the invoice and send a replacement invoice.

If the invoice is correct and it exceeds the purchase order amount by less than 10%

AMS will:

- post the transaction

The department should:

- follow its own procedures for approval of the excess amount,
- [process the invoice for payment](#)

If the invoice is correct and it exceeds the purchase order amount by 10% or more:

FIS will:

- issue a warning message,
- automatically block the invoice from further processing,
- allow the invoice to be processed when the block is removed.

The department should:

- follow its own procedures for approval of the excess amount,
- [remove the payment block.](#)
- process the invoice for payment.
- [For entry into FIS, refer to the appropriate](#)



# ACCOUNTING FOR ADDITIONAL EXPENSES NOT INCLUDED IN PO INVOICE

There may be expenses on the PO Invoice that could not have been known at the time of the quote.

For example, with lease agreements there may be a per copy charge on the invoice based on periodic usage.

To facilitate this, use the G/L Account tab in the [MIRO – Create Invoice Receipt screen](#).

Enter Incoming Invoice: Company Code UOFT

Show PO structure Show worklist Hold Simulate Messages Help

Transaction Invoice Balance 0.00 CAD

Basic Data Payment Details Tax Contacts Note

Invoice date	20.06.2024	Reference	2433243
Posting Date	26.06.2024	Period	2
Amount	678.00	CAD	<input checked="" type="checkbox"/> Calculate Tax
Tax Amount	78.00		
Text	2425424, Lease Invoice #1		
Paymt terms	25 Days net		
Baseline Date	20.06.2024		
Company Code	UOFT University of Toronto		

Vendor 0000110365  
Ricoh Canada Inc.  
100-5560 Explorer Dr  
Mississauga ON L4W 5M3  
905-795-9659 905-795-5732

PO Reference **G/L Account**

Layout

Status	G/L acct	Short Text	D/C	Business ...	Cost center	Order	Funds center	Fund	Commitment itm	Assignment
✓	837200	Printg/Photocopy	Debit	1000	11040		100654		SER-PRINTING	



To learn how to use the G/L Account tab, [please see this simulation](#).

## WHO DO I CONTACT?



For questions/clarification on questions related to processing and troubleshooting Purchase Orders, Purchase Requisitions, Goods Receipts and Invoice Receipts, contact your [FAST Team representative](#).

For questions regarding Procurement Policy, and related Procurement form/templates, please contact [purchasing.help@utoronto.ca](mailto:purchasing.help@utoronto.ca).





THANK YOU!