

Logistics Part 1

Purchase Orders & Purchase Requisitions

Course 6 in Standard Curriculum

Learning Objectives

- Understand the University's Purchasing Policy governing purchases over \$10,000 (before tax)
- Determine when to create a Purchase Order and Purchase Requisition
- Process Purchase Orders
- Process Lease Orders
- Change Purchase Orders
- Release Purchase Orders with outstanding balances



[Link to Course Material](#)

Housekeeping – All FIS Courses and Workshops

Expectations for FIS Courses:

- Must be able to complete all assigned exercises in the SAP-QT1[HANA] training application.
 - If you are having technical issues, and cannot complete the exercises in class, you have 1 week to complete them. If extensions are necessary, please contact me.
 - The instructor will review all exercises.
- Must attend most of the class. If you miss 20 minutes or more of class you will not be eligible for course credit.



All FIS courses are recorded and will receive a copy of the recording for their record.

Procurement Policy



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



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

Key Terms

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).

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)



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



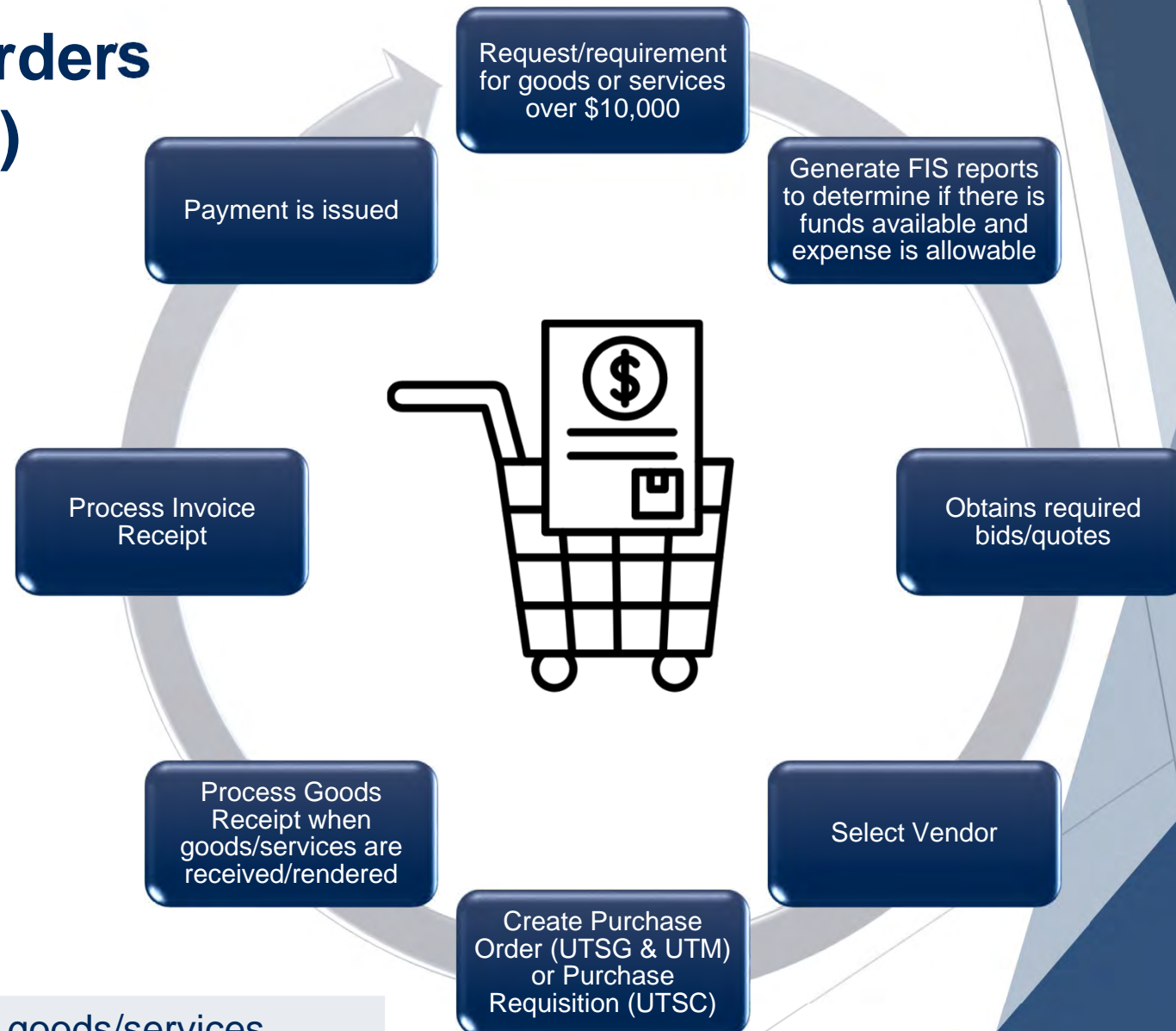
Contact information for Procurement Services at all three campuses.

Business Process for Orders over \$10,000 (before tax)

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 Requests



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

Transaction Levels and Authority

**COMPETITIVE PROCUREMENT
(Purchasing Goods or Non-Consulting Services)**

THRESHOLDS	PURCHASE ORDER	DOCUMENTATION	ACCOUNTABILITY
\$100,000 +	YES	COMPETITIVE BID PROCESS (e.g., RFP, RFSQ, RFQ)	PROCUREMENT SERVICES
\$50,000 - \$99,999	YES	3 WRITTEN QUOTES (Invitational)	YOUR DEPARTMENT
\$10,000 - \$49,999	YES	2 VERBAL or WRITTEN QUOTES (Informal)	YOUR DEPARTMENT
\$0 - \$9,999	OPTIONAL (Dept. Issued PO)	OPTIONAL	YOUR DEPARTMENT



Learn more about **Procurement Policy thresholds and quotation requirements.**

Alternatives to Competitive Procurement

uSOURCE

The University's online marketplace that provides a one-stop shopping from a pre-determined catalogue of goods from 30+ vendors. These vendors/catalogue items are based on collective agreements.

Pro: saves money and time!

Con: limited to vendors and items specified on the platform.



[Learn more about uSOURCE.](#)



[Learn more about Non-Competitive Procurement Policy](#)

Non-Competitive Procurement

There may be circumstances where competition is *not possible* (e.g. there is only one supplier in the market) in which case, a Procurement Policy Exemptions Justification (**PPEJ form**) must be completed.

Processing Purchase Orders



UTSG & UTM – How does the PO Workflow work?



\$50,000 (before tax) is the threshold that determines if a PO will be routed to campus specific Procurements Services as a part of the Workflow process.

Highlights:

- **Purchase Orders and Lease Orders valued less than \$50,000** will automatically be released, and not be reviewed by Procurement Services.
- Purchase Orders and Lease Orders **equal to or greater than \$50,000 will be automatically electronically routed** to central Procurement Services for compliance review.
- It is mandatory to **attach supporting documentation in AMS** for PO's equal to or greater than **\$25,000**.
- **If reviewed and released** by Procurement Services, the **PO creator will receive an email notification with a soft copy (PDF)** of the PO in the email.
- **If rejected**, the PO creator will receive an email notification with the reasons why. The PO creator will then resolve the issues and re-submit the PO to Procurement Services for review.

Scenarios

1. Standard Purchase Order **valued less than \$25,000 (before tax)**
2. Standard Purchase Order **valued equal to or greater than \$50,000 (before tax)**
3. Lease Order **valued equal to or greater than \$50,000 (before tax)**



Processing Non-Lease POs in AMS

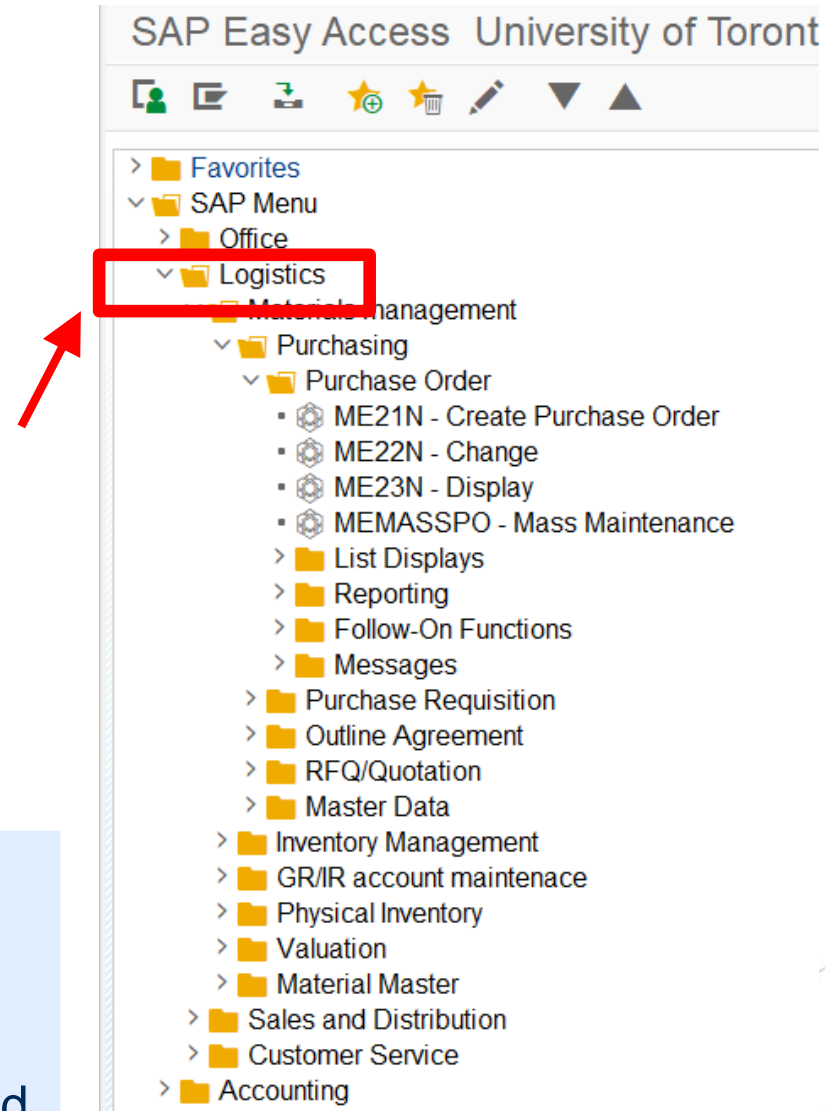
Purchase Orders are processed within the Logistics module in AMS.

Highlights:

- Reserves/commits funds
- Cost can be split
- Use a unique Order/Document Type (WLS)

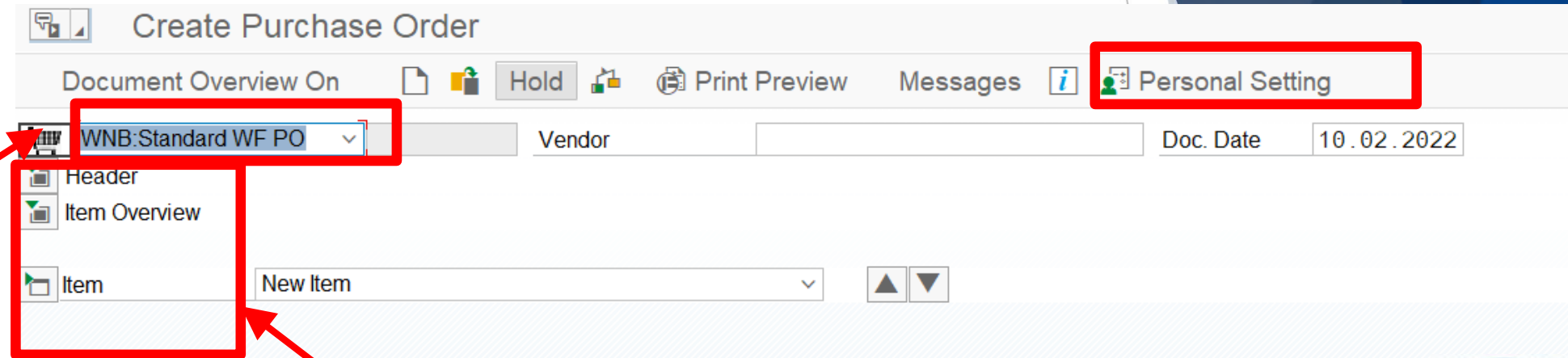
When creating a PO, the vendor **MUST** have a vendor number.

To create a vendor number, complete the **New Supplier Account form**, and forward it to purchasing.help@utoronto.ca.




Characteristics of the PO Create Screen

Within the ME21N – Create Purchase Order screen, you can process standard POs (WNB) and lease Orders (WLS) using the appropriate **Order type**.



The PO screen is separated into three sections:

1. **Header** (i.e. info relevant to the entire order)
2. **Item Overview** (line item breakdown)
3. **Item Details** (enter account codes)



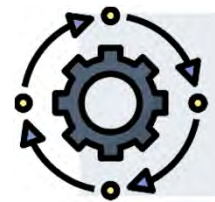
Setting defaults in the **Personal Settings** will save time and keystrokes.



Exercise 1 – Set your Purchase Order Personal Settings

Instructions (approx. 5-10 minutes)

Login into the SAP-QT1 [HANA] application and set your PO personal settings.



[Reference Guide for locating the updating PO Personal Settings](#)



Exercise 2 – Process a Purchase Order (under \$25,000 before tax)

Instructions (approx. 20 minutes)

Process a Workflow PO under \$25,000.



[Reference Guide](#)

Exercise 3 – Process a PO greater than/equal to \$50,000

Instructions (approx. 20 minutes)

Use the reference guide to process a Workflow PO over \$50,000.



[Reference Guide](#)

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.



[Learn more about Procurement Policy governing Leases.](#)

Processing Leases

Information to be included:

1. The **equipment (asset)**
2. The **vendor name, contact information and quotation with terms and conditions of sale**
3. The term of the lease (usually 18-60 months)
Ensure **each fiscal year has its own line on the PO**. The number of payments **PER FISCAL YEAR** is indicated in the PO Quantity field (e.g., 4 quarterly payments, 12 monthly payments).
4. Down payment amount (if required)
5. Choose the preferred **end of lease options**
 - return asset
 - extend lease
 - purchase asset for fair market value or residual value









Header Section for a Lease PO

Set up Workflow Lease PO for the **LIFE of the Lease** to facilitate future payments.

In Header Text – Includes important information for Procurement Services as well as the Vendor

Information to Include in **Text** tab:

- Vendor
- Contact
- Schedule/Agreement #
- Terms
- Start and End Date
- End of lease agreement

Document Overview On   Hold   Print Preview Messages   Personal Setting

WLS:Lease WF Order Vendor 110365 Ricoh Canada Inc. Doc. Date 10.02.2022

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

Header Texts

- Header text
- Header note
- Pricing types
- Deadlines

Vendor: RICOH, Contact: Bill Curan
Schedule#: UT555-425, Aficio MP C2500 Printer
Terms: 3-year lease with quarterly payments
Start Date: March 1, 2022 End Date: Feb 28, 2025
End of Lease Agreement: return to vendor

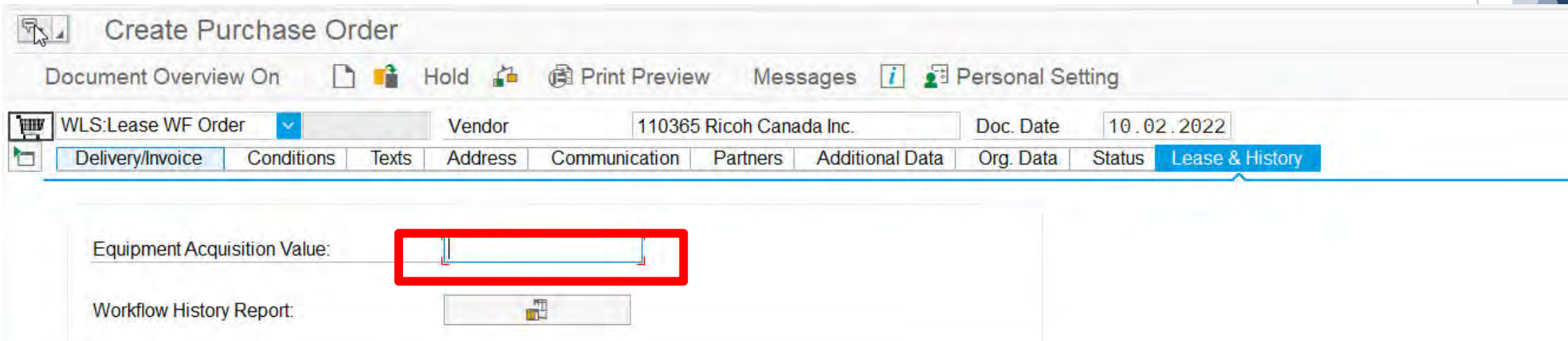
Continuous-text e...



Header Section for a Lease PO (cont'd)

After completing the **Text** tab, enter the cost of the equipment if the department were to purchase it outright in the **Equipment Acquisition Value** field:

NOTE: This can be found in the **Master Lease Agreement** or **Lease Schedule**.



The screenshot shows the 'Create Purchase Order' interface. At the top, there are navigation icons and the title 'Create Purchase Order'. Below this is a toolbar with 'Document Overview On', 'Hold', 'Print Preview', 'Messages', and 'Personal Setting'. The main header area contains a dropdown menu set to 'WLS:Lease WF Order', a 'Vendor' field with '110365 Ricoh Canada Inc.', and a 'Doc. Date' field with '10.02.2022'. A horizontal menu below the header includes 'Delivery/Invoice', 'Conditions', 'Texts', 'Address', 'Communication', 'Partners', 'Additional Data', 'Org. Data', 'Status', and 'Lease & History'. The 'Lease & History' tab is selected. In the main content area, the 'Equipment Acquisition Value:' label is followed by an empty text input field, which is highlighted with a red rectangular border. Below this is a 'Workflow History Report:' label with a small icon.



Item Overview Section for a Lease PO

In Item Overview:

- Short Text** – Description of lease item, Lease Schedule/Agreement #, fiscal year of payment, payment frequency (e.g., quarterly, monthly)
- PO Quantity** – Payments per **Fiscal Year**
- Unit** - Enter “**EA**” to indicate EACH
- Delivery Date** – Day/Month and Year of annual lease start date

S...	Itm	A	Material	Short Text	PO Quantity	Ql In Deliv. Date	Net Price	C
		K		Aficio MP C2500 Printer UT555-425 FY2023	1	01.03.2022	4500	CA
		K		Aficio MP C2500 Printer UT555-425 FY2024	4	01.03.2023		1 CA
		K		Aficio MP C2500 Printer UT555-425 FY2025	4	01.03.2024		1 CA
		K		Aficio MP C2500 Printer UT555-425 FY2026	3	01.03.2025		1 CA



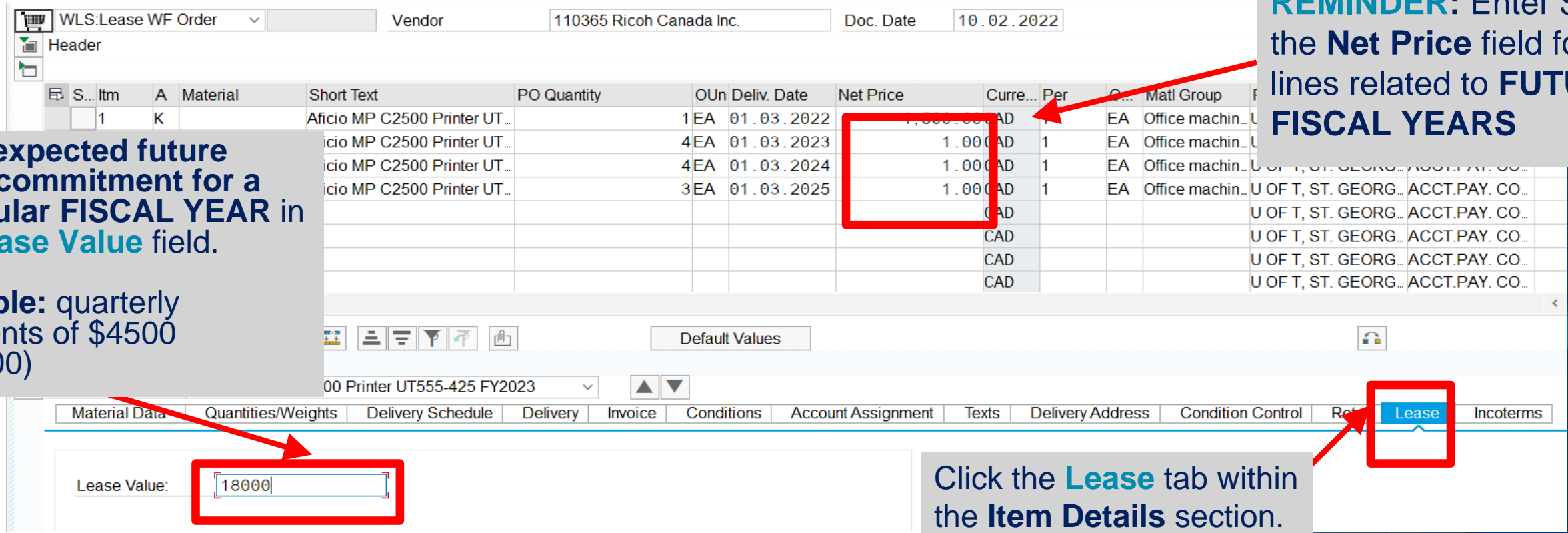
Item Details Section for a Lease PO

In Item Details enter the expected future lease commitment for all future years in the **Lease Value** field for all line items.

REMINDER: Enter \$1 in the **Net Price** field for all lines related to **FUTURE FISCAL YEARS**

Enter **expected future lease commitment for a particular FISCAL YEAR** in the **Lease Value** field.

Example: quarterly payments of \$4500 (\$18000)



S... Itm	A	Material	Short Text	PO Quantity	OUn Deliv. Date	Net Price	Curre...	Per	Matl Group
1	K		Aficio MP C2500 Printer UT...	1	EA 01.03.2022	1,800.00 CAD			EA Office machin...
			Aficio MP C2500 Printer UT...	4	EA 01.03.2023	1.00 CAD		1	EA Office machin...
			Aficio MP C2500 Printer UT...	4	EA 01.03.2024	1.00 CAD		1	EA Office machin...
			Aficio MP C2500 Printer UT...	3	EA 01.03.2025	1.00 CAD		1	EA Office machin...

Material Data | Quantities/Weights | Delivery Schedule | Delivery | Invoice | Conditions | Account Assignment | Texts | Delivery Address | Condition Control | **Lease** | Incoterms

Lease Value:

Click the **Lease** tab within the **Item Details** section.

NOTE: This step is done for **ALL** lines.



Exercise 4 – Process a Lease PO

Instructions (approx. 25 minutes)

Process a Workflow Lease PO over \$50,000.



[Reference Guide](#)

Status of Submitted Purchase Orders over 25K

- 1. Released:** Procurement Services has reviewed all supporting documentation and released the Purchase Order **after initial submission, OR after re-submission of a PO that was initially rejected.**

Processor will also receive a confirmation email with a PDF copy of the Purchase Order to send to the Vendor.

- 2. Rejected:** Procurement Services has rejected the submitted Purchase Order, and notified department by email.

Proceed to the SAP Inbox to determine reason for rejection, and address issues so that PO can be re-submitted to Procurement Services for review.

Using the SAP Inbox to Resolve PO Issues

What is the SAP Inbox (i.e., SAP Business Workplace)?

A mailbox within AMS used for workflow communication.

When will you need to access the SAP Inbox?

ONLY to amend a rejected PO, and once the issue has been resolved indicate the reason for re-submission.

Once re-submitted through the SAP Inbox, the PO will be re-routed back to Procurement Services for review and release.

PO Rejection Notification

Sample Notification

(sent to PO creator)

Vendor Name



Tue 11/14/2017 9:36 AM

John Doe

Patrick Cassidy & Associates Inc - PO: 4500157512 approval request has been rejected

To: Eric Forems

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

PO Document #

Reason(s) for
Rejection

Additional
Comments/Information
about Rejection Reason

Exercise 5 – Resolve a Rejected PO

Instructions (approx. 5 minutes)

Your Lease PO has been rejected. Resolve the rejected PO in the SAP Inbox.



[Reference Guide](#)

Exercise 6 – Create a PO using Repeat Account Assignments

Instructions (approx. 15 minutes)

Reduce keystrokes and create a PO using repeat account assignments.



[Reference Guide](#)

Exercise 7 – Create a PO using Multiple Account Assignments

Instructions (approx. 15 minutes)

Share the cost of large dollar value goods/services by creating a PO using multiple account assignments.



[Reference Guide](#)

Exercise 8 – Release Outstanding Reserve in a PO

Instructions (approx. 5 minutes)

Using Finalize/Cancel or delete (i.e. trash can) approach to release reserves attached to the PO creating in exercise 2.



[Reference Guide](#)

Making Changes to POs

The changes you can make to the PO depend on when activity has occurred against the line item.

1. If no activity has occurred, all fields can be changed EXCEPT the Vendor.
2. If a goods receipt has been processed, you can:
 - Reverse the GR and update the PO
 - Increase the quantity
 - Add new lines
3. If a goods receipt AND invoice have been processed, you can:
 - Cancel the Invoice
 - Reverse the goods receipt
 - Add new lines
 - **Cancel the PO reserve if there are outstanding items that will not be received**



Learning Objectives

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- Determine when to create a Purchase Order and Purchase Requisition
- Process Purchase Orders
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- Change Purchase Orders
- Release Purchase Orders with outstanding balances



[Link to Course Material](#)

Contact Information & Additional Resources



- **FAST General Mailbox** – fast.help@utoronto.ca
- [Faculty FAST Team Representatives List](#)

- [GTFM Policy – Purchasing & Payments to Vendors](#)
- [Knowledge Centre](#)
- [Documentation & Support](#)



We are always looking for ways to improve.

[Click here](#) and take a moment to complete our course evaluation.