Cornell University
Division of Financial Affairs

Financial Transaction SOP: Purchasing, Vendor (Purchase Order)

SOP Owner: Procurement Services
Version Number, Date Revised: #2, 09/22/14
Date Implemented:
Approval(s):

Standard Operating Procedure

1. **Purpose**

Vendor e-doc (PVEN) is used to search for vendors, create new vendors, or maintain existing vendors. Vendors have many different attributes that may in some cases determine how and when they may be used. Currently, Cornell plans to use two types of vendors: Purchase Order (PO) and Disbursement Voucher (DV). **Note**: at this time creating a PO Vendor will be limited to staff in Procurement Services.

Vendors created using this e-doc are available for use on two other e-docs that allow you to select a vendor: Requisition (REQS) and Disbursement Voucher (DV). Vendor information also appears on other e-docs; i.e., Purchase Order (PO), Payment Request (PREQ), and on the AP feed for Pre-Disbursement Processor (PDP) customers. (**Note**: in order for the AP feed to work, the vendors must exist in the vendor database.)

Payments to students, faculty, and staff will, for the most part, be made without setting them up as vendors, unless they are receiving taxable payments. The Kuali Identity Management (KIM) system will provide address data for employees and students. (For employees, the system is configured to provide the home address.)

2. **Scope**

Vendor e-doc will be open to a defined group of people within the FTCs for the creation of DV vendors. Only SMS staff will set up PO vendors.

3. **Prerequisites** (Forms / Tools)

- KFS access
- KFS "Basics" training
- KFS Purchasing, Process Overview SOP
- KFS Purchasing, Process Overview tutorial
- Purchase Order (PO) e-doc training
- Understanding W-9 requirements:
  W-9 Requirements for Payment Request Vendors

4. **University Policy**

- 3.25, Procurement of Goods and Services

kuali financial system

- 4.7, Retention of University Records
- 5.10, Information Security
- Supply Management Services, Buying Manual,
  Paying for Goods and Services Not Requiring a Purchase Order: 201, 203, 204

Note: Cornell leadership and subject matter experts are reviewing current policy, above, and this SOP will be updated, as necessary, after analysis is complete.

5. Responsibilities

Personnel in the following roles / positions:

- Requestor*
  This is not a system role. Requestor is an optional, additional step whereby a request for an item(s) to be ordered is sent to a Requisition Initiator (*see below*), via the I Want document, an e-SHOP cart, or some other method, who has the authority / ability to initiate the REQS. Requestor is not a KFS-user role, it is locally delegated authority.

- Requisition (REQS) Initiator*
  The Requisition Initiator will fill in the appropriate information in a REQS, to include: the name of the vendor, mailing address, contact name with phone number, fax number, and e-mail address. Upon submission, this will route to Procurement Services, who will complete the vendor setup process. **Note**: Requisition Initiator is responsible for ensuring that a Requestor's request (*see above*) is valid per Procurement Services and Cornell's policy and business rules.

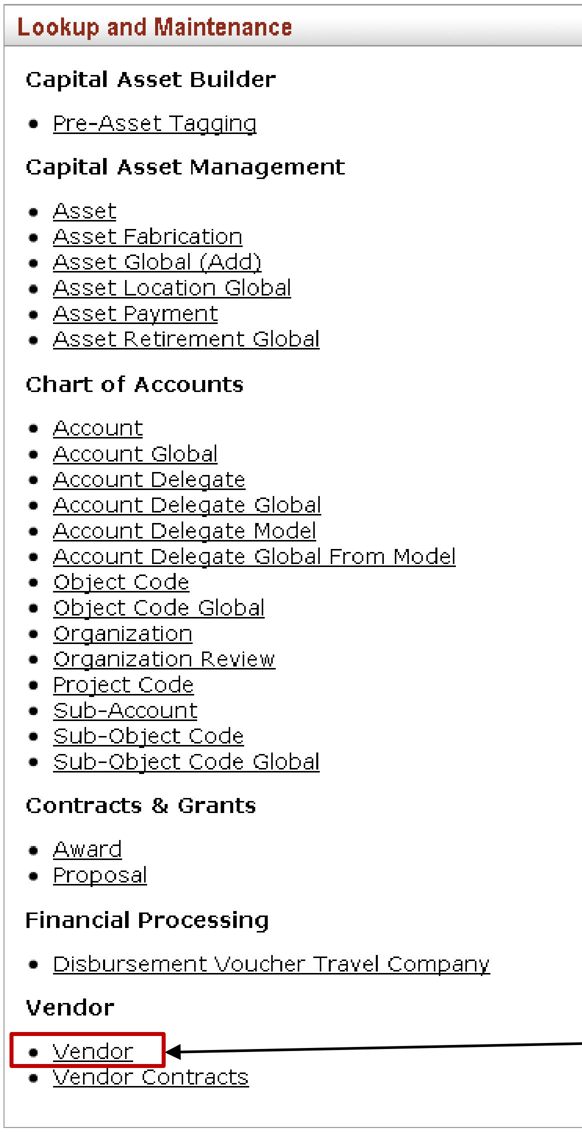
- Vendor Initiator (for PO vendor)
  This role, which will be limited to Procurement Services staff, will create a new vendor record.

  Once the Vendor Initiator fills in the Vendor e-doc, then Vendor Information Form, IRS Form W-9 and any applicable documentation must be attached. **Note**: It will be required that staff in all workflow roles—either inside or outside of the system (i.e., the Requestor)—associated with requesting, initiating, editing, or approving the Vendor e-doc be familiar with CIT security policies regarding sensitive data.

- Vendor Reviewer
  An Procurement Services internal role that will review and approve all new vendors, regardless of type.

* For additional information on the role of the Requestor and Requisition Initiator, see the "Requisition to PO Process" SOP.

6. Procedure



Vendor is located on the Main Menu, Lookup and Maintenance section.

***Figure 1** – Main Menu, Lookup and Maintenance*

First step is to determine whether or not the vendor exists in the KFS vendor database. When you select the Vendor from the main menu, it opens the Vendor Lookup screen. Vendor Lookup screen enables users to search for existing vendors in the vendor database. The search may be based on several criteria, both individually or simultaneously.

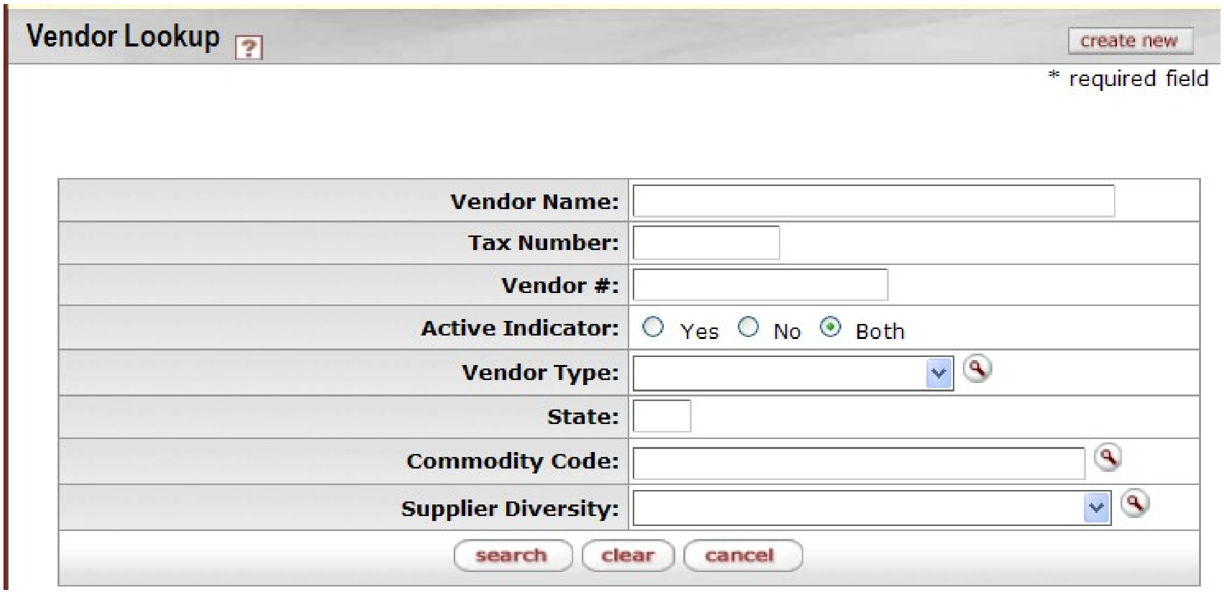


***Figure 2** – Vendor Lookup*

You may search for existing vendors using the following criteria:

- **Vendor Name**: This may be the vendor's legal name or an alias if the vendor has one. *Best Practice recommendation*: the first search that should be conducted is by "vendor name contains." Wild card (*) feature can be utilized when searching for a partial name. (More information on search functionality is included in the Basics series of tutorials.)
- **Vendor #**: This is the number that is assigned to a vendor when it is set up in the KFS vendor database. Although the format is different than the vendor number used by APPS, it serves the same function—it is a unique identifier for the vendor.
- **Active Indicator**: You can use this field to limit your search to include only active vendors, only inactive vendors, or all vendors.
- **Vendor Type**: This field enables you to limit your search to a specific vendor type; e.g., search for type: Purchase Order.
- **State**: This is the state in which the vendor is located.
- **Commodity Code**: These are the commodity codes that have been assigned to a vendor. The codes can be assigned at time of vendor setup, but generally they are assigned when a Requisition (REQS) is submitted.
- **Supplier Diversity**: These are the codes that designate a vendor as a small and / or diverse business.
- **Vendor Contract Number:** If the vendor has a system generated contract number associated with its vendor record, you may search by it using this field.
- **Default Payment Method:** This is method in which the vendor has indicated he would like to receive his payments.

Note: staff will be able to look up vendors who exist in the database; however, certain information on the vendor record (i.e., notes and attachments) will not be available. This is due, per CU-security policy, to the sensitive data that is included.

Ordering from a vendor that is not currently in the system will be done on a Requisition (REQS).

First step (*as outlined above*) is to search for the vendor in the Suggested Vendor field on the Vendor tab. If the vendor is not found and needs to be set up, then the procedure is to use the Requisition e-doc as follows:

- Use the Suggested Vendor field on the Vendor tab to enter the new vendor name.
- Use the other available address fields to enter the vendor's complete mailing address.
- Use the Note Text field on the REQS Notes and Attachments tab (*per Figure 4, below*), to fill in the vendor's contact name, phone number, fax number, and e-mail address.
- Complete the REQS and submit.

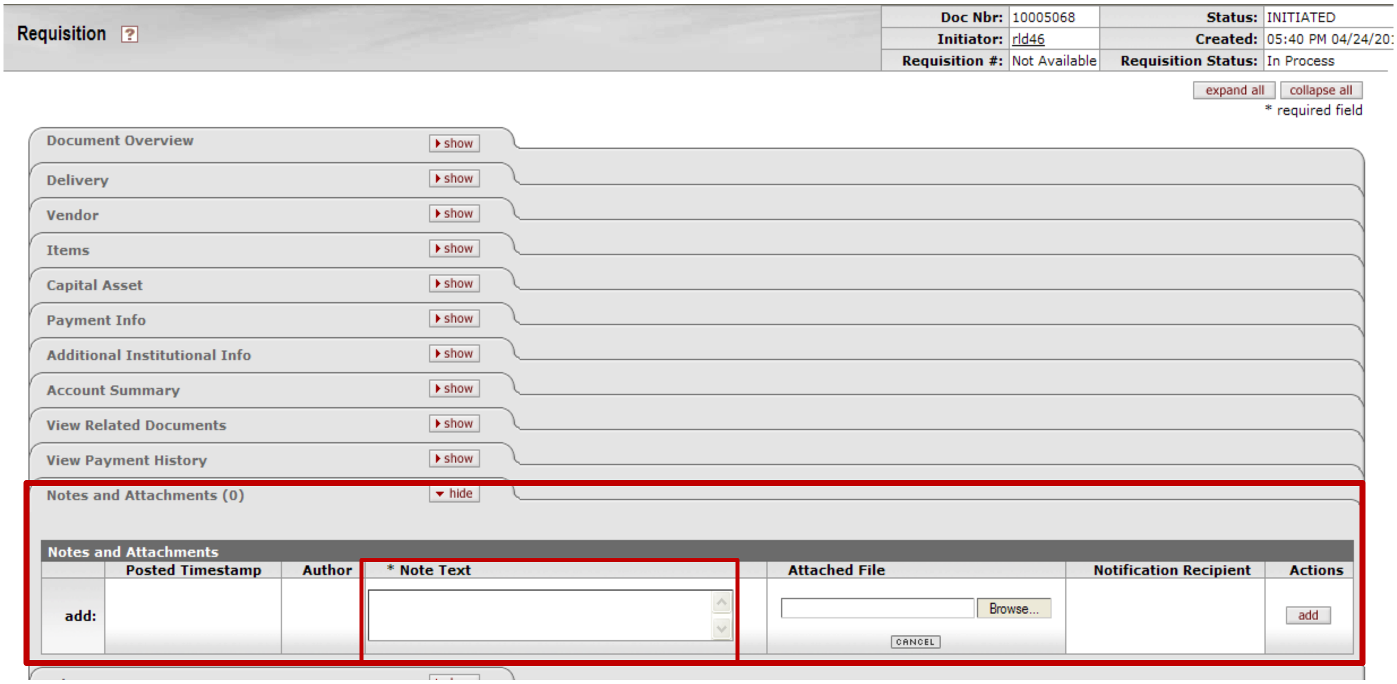


Figure 3 *– Notes and Attachments tab on a REQS e-doc*

The REQS e-doc that is submitted will route to the appropriate fiscal officer; however, there will be a system-generated message: "*Requisition did not become an APO because: Vendor was not selected from the vendor database.*"

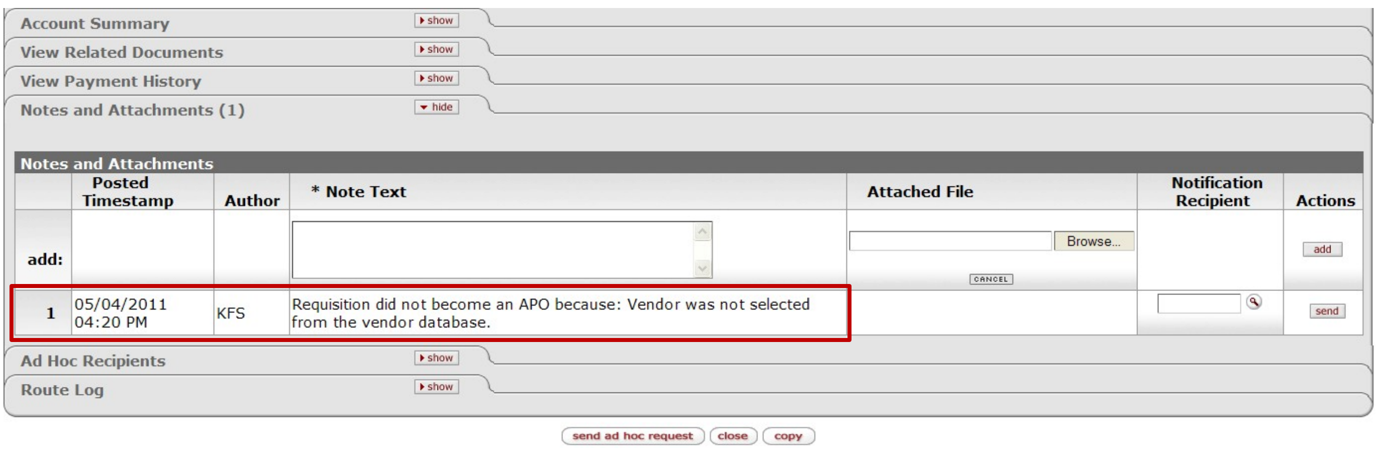


Figure 4 *– System-generated message*

This is what causes the e-doc to route to Procurement Services. (**Note**: if the amount is over the APO threshold, a different system-generated message will appear; but, the e-doc will still route to Procurement Services.)

Note: the following screen shots illustrate the different sections / features on a Vendor e-doc and are for informational purposes only.

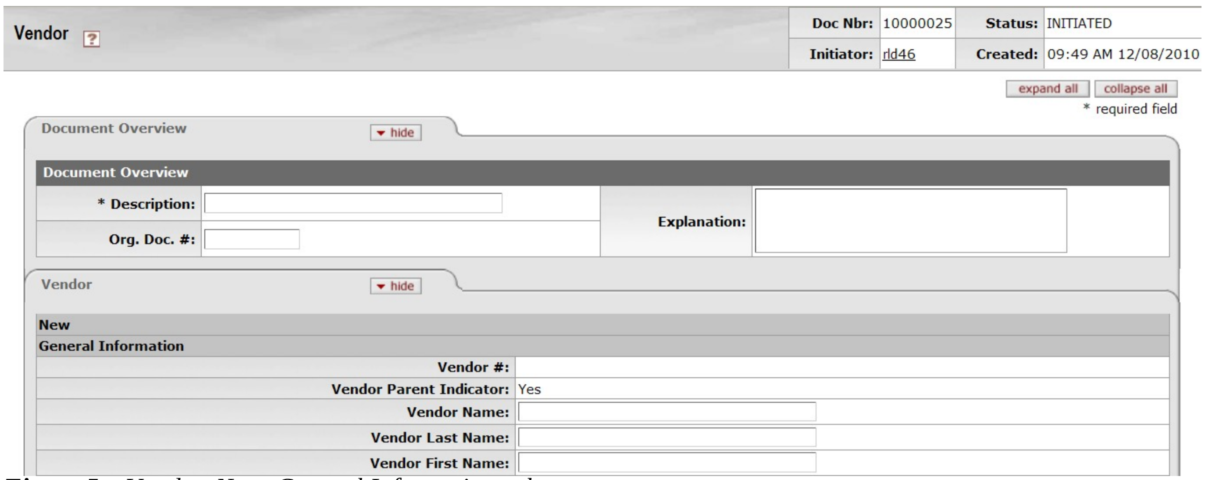


***Figure 5** – Vendor, New, General Information tab*

Table 1 Vendor, New, General Information tab: field definitions

Field Name	*Description (* indicates a required field)*
Vendor #	A unique, system-generated number that identifies this vendor, assigned at the time the e-doc is approved.
Vendor Parent Indicator	System generated (indicates that the particular vendor is the parent company for one or more subsidiaries).
Vendor Name	Used when Vendor Last Name and Vendor First Name fields are blank.
Vendor Last Name	Required if Vendor Name field is blank.
Vendor First Name	Required if Vendor Name field is blank.

Vendor, New, Corporate Information tab Needs new screenshot

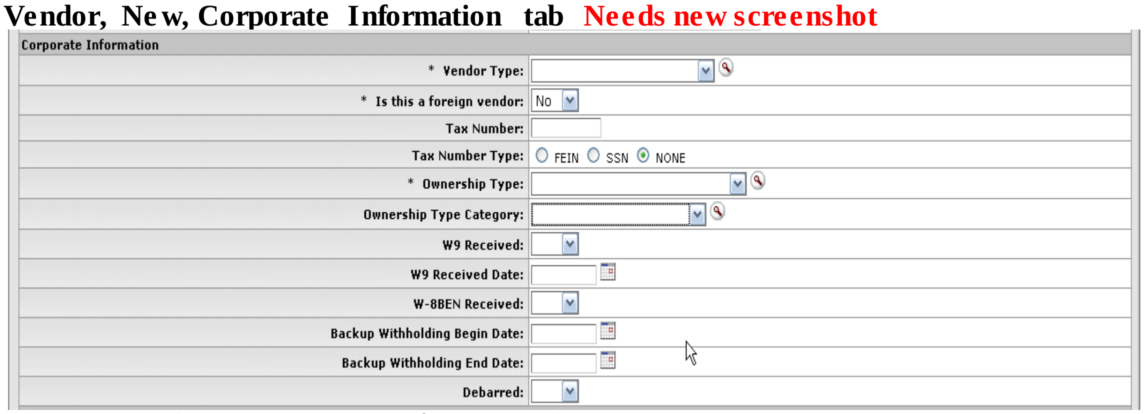


***Figure 6** – Vendor, New, Corporate Information tab*

Table 2 Vendor, New, Corporate Information tab: field definitions

Field Name	*Description (* indicates a required field)*
Vendor Type	* The appropriate vendor type, chosen from the Vendor Type list.
Is this a foreign vendor	* **Yes** indicates that this vendor is identified as foreign. **No** indicates that the vendor is not identified as foreign.
Tax Number	This information is required for non-foreign vendors (conditional requirement). **Note**: this field contains sensitive data, and this information will be masked for staff outside of specified roles.
Tax Number Type	Tax Number Type describes the tax number entered in Tax Number field.
Ownership Type	* Examples: Corporation, Non-Profit, and Sole Proprietor. The ownership type is found on the tax document (i.e., W-9) submitted by the vendor.
Ownership Type Category	The ownership category more specifically identifies the vendor, often indicating the type of services this vendor provides. Examples: Health Care Services or Legal Services.
W-9 Received	Most types of vendors will be required to have a W-9 on file before they are approved for use.
W-9 Received Date	Conditionally required if W-9 received is **Yes**. **Note**: Received date cannot be a date in the future.
W-8BEN Received	Certain types of foreign vendors may be required to have a W-8BEN on file before they are approved for use.
W-8BEN Receive Date	Conditionally required if W-8BEN received is **Yes**. **Note**: Received date cannot be a date in the future.
Chapter 4 Status Code	Not being used at this time. We anticipate that this field will be ready for use in the near future. Instructions will be sent out when it is ready for use.
Foreign Tax Number	This information is required for foreign vendors (conditional requirement). **Note**: this field contains sensitive data, and this information will be masked for staff
Global Intermediary Identification Number	Not being used at this time. We anticipate that this field will be ready for use in the near future. Instructions will be sent out when it is ready for use.
Foreign National Recipient Date of	Not being used at this time. We anticipate that this field will be ready for use in the near future. Instructions will be sent out when it is ready for use.
Backup Withholding Begin Date	This field is informational only.
Backup Withholding End Date	This field is informational only.
Debarred	This designation indicates that Cornell has been barred from doing business with this vendor by the state or federal government. **Yes** in this field will prevent a requisition to the vendor from being processed. **Note**: information in the Notes and Attachments field will indicate why the vendor was debarred and / or the source of the information.

Vendor, New, Detail Information tab Need new screenshot

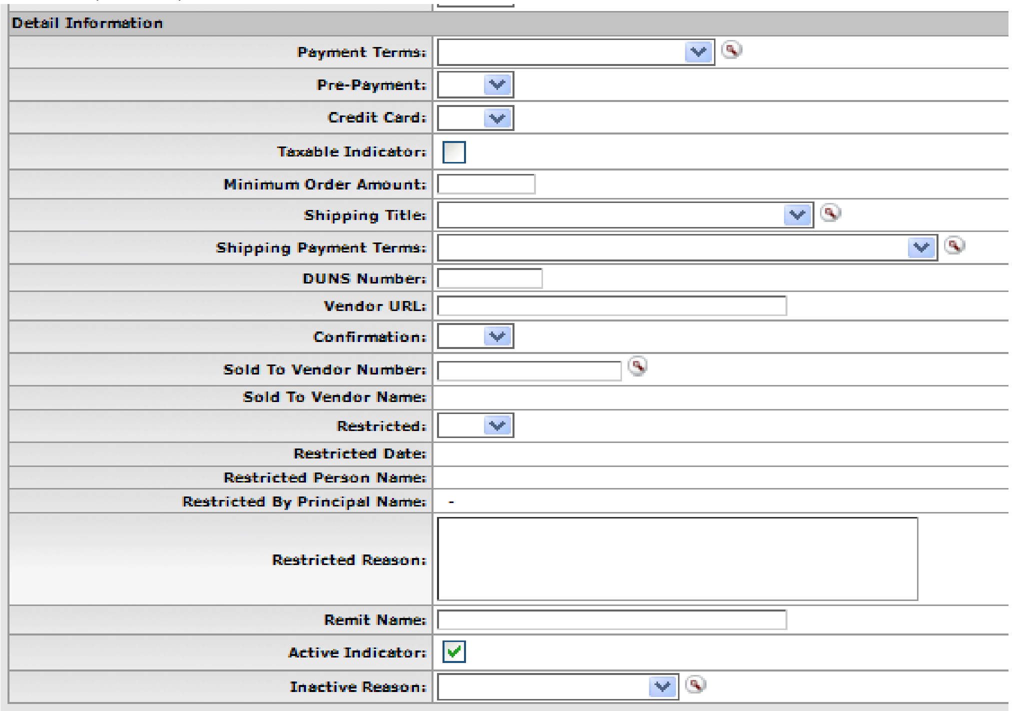


***Figure 7** – Vendor, New, Detail Information tab*

Table 3 Vendor, New, Detail Information tab: field definitions

Field Name	*Description (* indicates a required field)*
Payment Terms	Payment terms include the number of days a payment is due and whether a discount is available for prompt payment. Cornell standard payment terms: net 30 days.
eInvoice Indicator	If the box is checked, it indicates the vendor is doing true e-invoicing with Cornell, utilizing secure FTP transmission of invoices in cXML format.
Pre-Payment	*Currently, CU is not utilizing this functionality.*
Credit Card	Indicates whether or not this vendor accepts credit card payments.
Taxable Indicator	*CU will not utilize this functionality.*
Minimum Order Amount	*This field is for informational purposes.*
Shipping Title	The shipping title determines when ownership of the product takes effect. For example, **Destination** indicates that ownership takes effect when the product arrives at the delivery location.
Shipping Payment Terms	Determines whether Cornell pays for shipping charges.
DUNS Number	DUNS number is a unique identifier for businesses that register with Dun & Bradstreet. This field is **required for e-invoice vendors**.
Vendor URL	Vendor's website, if available.
Confirmation	*Currently, CU is not utilizing this functionality.*
Sold To Vendor Number	Used when one vendor is sold to another vendor.

Sold to Vendor Name	Automatically displayed (system generated).
Restricted	A restricted vendor is ineligible for APOs; thus, all requisitions to a restricted vendor will route to a contract manager.
Restricted Date	Automatically displayed by the system when **Yes** is selected in the Restricted field. System generated.
Restricted Person Name	The system automatically displays name of e-doc initiator when **Yes** is selected for Restricted.
Restricted By Principal Name	Principal name is NetID and person's name.
Restricted Reason	A text description indicating why this vendor is restricted.
Remit Name	*This field is for information purposes only and does not carry forward to payments requests or disbursement vouchers.*
Active Indicator	Box is checked if vendor is active.
Inactive Reason	Examples include: Sold or Out of Business.
Default Payment Method	This is the method in which the vendor has indicated he wishes to receive his payment(s).

Address tab **Needs new screenshot**

The Address tab collects address information for a vendor. There could be different types of addresses, such as one for mailing purchase orders and another for remittance of payments. Vendors of a particular type may be required to have at least one address of a certain type (such as at least one 'remit to' address). Every vendor must have one default address.

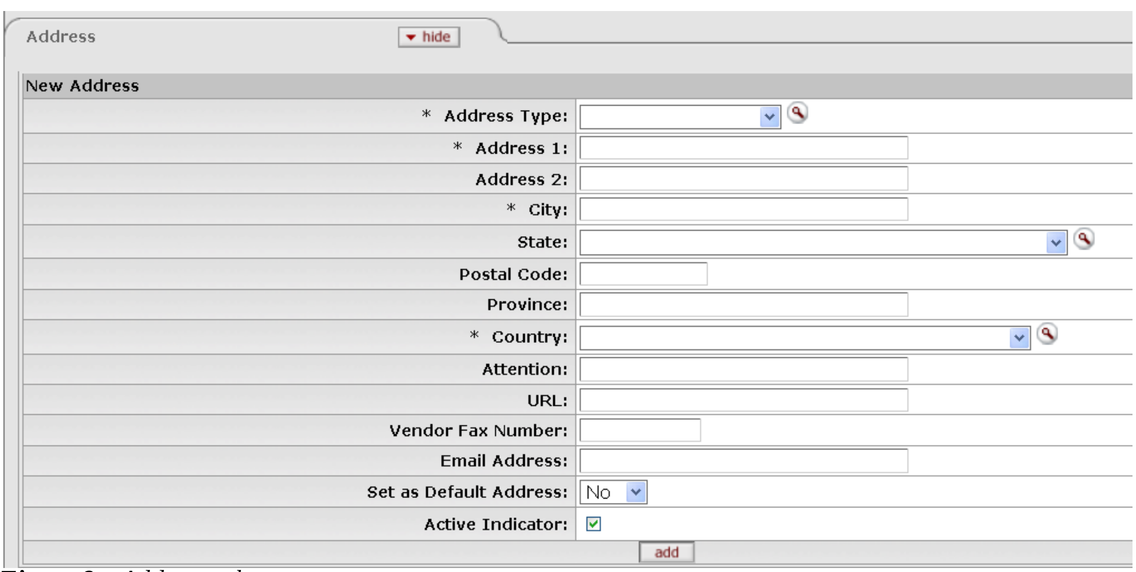


***Figure 8** – Address tab*

Note: a field containing a unique customer address number is being added to the address tab; this SOP will be updated (i.e., information and screenshot) when it is available.

Table 4 Address tab: field definitions

Field Name	*Description (* indicates a required field)*
Address Type	* An address type.
Address 1	* The first line of the address information.
Address 2	The second line of the address information.
City	* City name
State	The state where the vendor is located: applies to U.S. addresses only.
Postal Code	Postal code for this address.
Province	Province name for this address (example: a Canadian or Australian address). *(This field's functionality is being modified.)*
Country	* Country where the vendor is located.
Attention	If applicable, this indicates to whose attention relevant materials should be directed.
URL	The URL associated with a vendor address.
Vendor Fax Number	The vendor fax number.
E-mail Address	Appropriate e-mail address.
Set as Default Address	Every PO vendor must have one default PO address and one default Remit address. **Note**: you may not set a default Tax address.
Active Indicator	If box is checked, vendor is active.
Method of PO Transmission	This field determines how a PO will be transmitted to a vendor. **Note:** this only applies to PO vendors.

Contact tab

The Contact tab collects contact information for a vendor. There are different types of contacts, such as sales, technical, and customer service representatives.

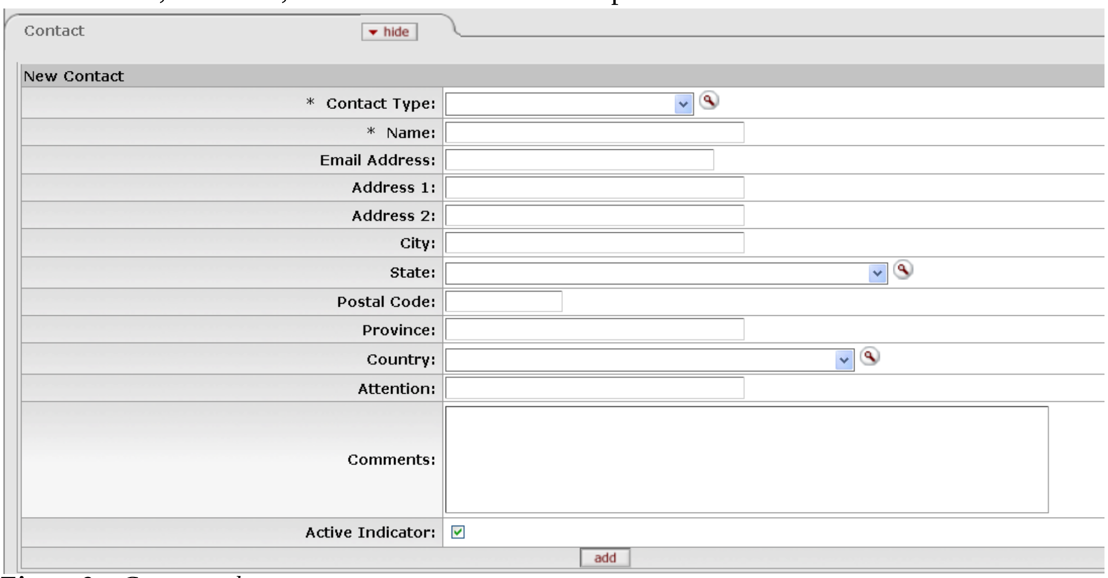


***Figure 9** – Contact tab*

Table 5 Contact tab: field definitions

Field Name	*Description (* indicates a required field)*
Contact Type	* Contact type (i.e., Accounts Receivable, Customer Service, Sales, etc.)
Name	* Name of the contact.
E-mail Address	The e-mail address for this contact.
Address 1	First line of the address information for this contact.
Address 2	Second line of the address information for this contact.
City	City name for this contact.
State	State for this contact.
Postal Code	Postal code for this contact.
Province	Province name for this contact's address (example: a Canadian or Australian address). *(This field's functionality is being modified.)*
Country	Country for this contact.
Attention	If "Attention" information is necessary / available.
Comments	Additional comments about this contact.
Active Indicator	If active, box is checked.

Supplier Diversity tab

The Supplier Diversity tab is used to indicate if any recognized supplier diversity categories apply to this vendor. The Small Business Administration has defined supplier diversity categories that may be based on size (small business), ownership (woman or minority owned), and / or geographical location (local).

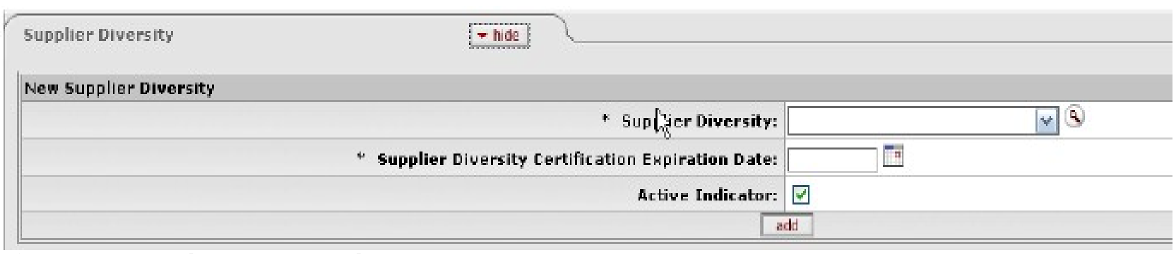


Figure 10 *– Supplier Diversity tab*

Table 6 Supplier Diversity, New tab: field definitions

Field Name	*Description (* indicates a required field)*
Supplier Diversity	* If Supplier Diversity tab is used, indicates the category of supplier diversity.
Supplier Diversity Certification Expiration Date	* Indicates the date that the certification expires; this date can only be a date in the future. **Note**: Cornell is required to recertify small and diverse businesses on an annual basis.
Active Indicator	If active, box is checked.

Shipping Special Conditions tab

Shipping Special Conditions tab is used to indicate whether Accounts Payable is allowed to pay for additional freight charged when the vendor invoices for goods or services. Examples: Radioactive, Hazmat, or Live Animal.

Figure 11 *– Shipping Special Conditions tab*

Table 7 Shipping Special Conditions tab: field definitions

Field Name	*Description (* indicates a required field)*
Shipping Special Condition	*CU will not utilize this functionality at this time.*
Active Indicator	

Vendor Commodity Codes tab

The Vendor Commodity Codes tab assigns commodity codes to a vendor. The Purchasing Department assigns commodity codes to vendors in order to track spending by category. A vendor may be assigned multiple commodity codes. For example, a local company that both prints and designs documents might have two different commodity codes, one for printing and one for design.

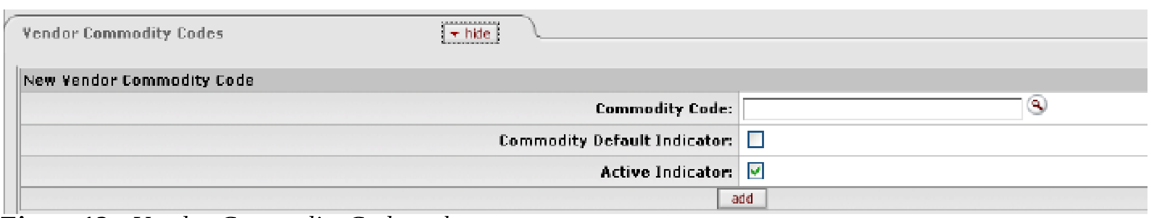


Figure 12 *– Vendor Commodity Codes tab*

Table 8 Vendor Commodity Codes tab: field definitions

Field Name	*Description (* indicates a required field)*
Commodity Code	Commodity code will be system generated based on the commodity code used on a REQS. (A Contract Manager may also add a commodity code to the vendor e-doc.) **Note:** all e-SHOP vendors will have a default commodity code set on their vendor records.
Commodity Default Indicator	
Active Indicator	

Search Alias tab

Search Alias tab is used to define other names that may be used when searching for this vendor.

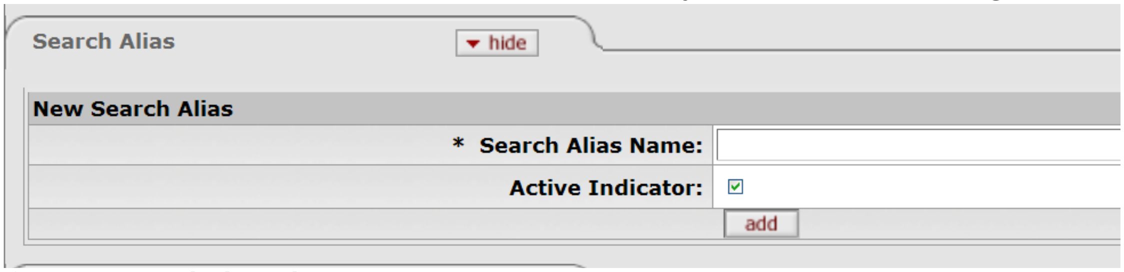


Figure 13 *– Search Alias tab*

Table 9 Search Alias tab: field definitions

Field Name	*Description (* indicates a required field)*
Search Alias Name	* An alternate name that may be use to search for a vendor. **Training Issue**
Active Indicator	If active, box is checked.

Vendor Phone Number tab

Collects phone numbers for this vendor. It may be used to define various types of phone numbers.

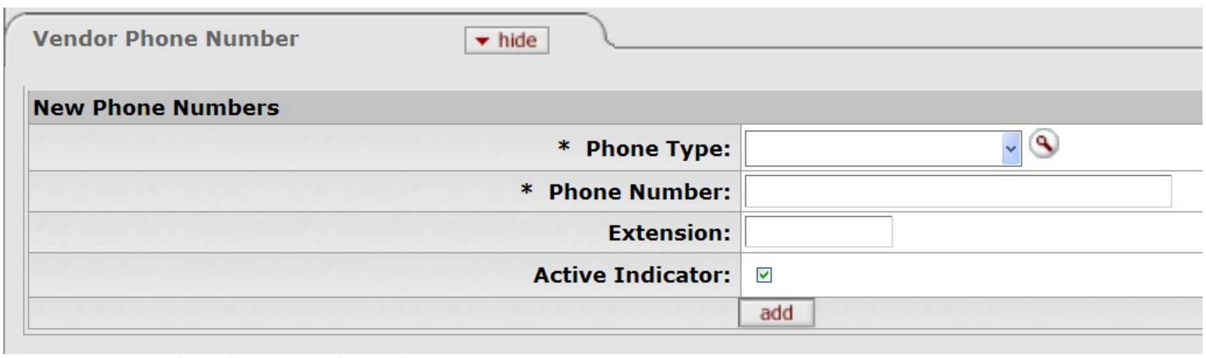


Figure 14 *– Vendor Phone Number tab*

Table 10 Vendor Phone Number tab: field definitions

Field Name	*Description (* indicates a required field)*
Phone Type	* The phone type; e.g., Toll Free, Mobile, and Purchase Order.
Phone Number	* The phone number.
Extension	The extension for the phone number.
Active Indicator	If active, box is checked.

Customer Number tab

The Customer Number tab collects information about numbers the vendor uses to identify Cornell as a customer.

Note: CU will not be utilizing the Customer Number tab functionality at this time.

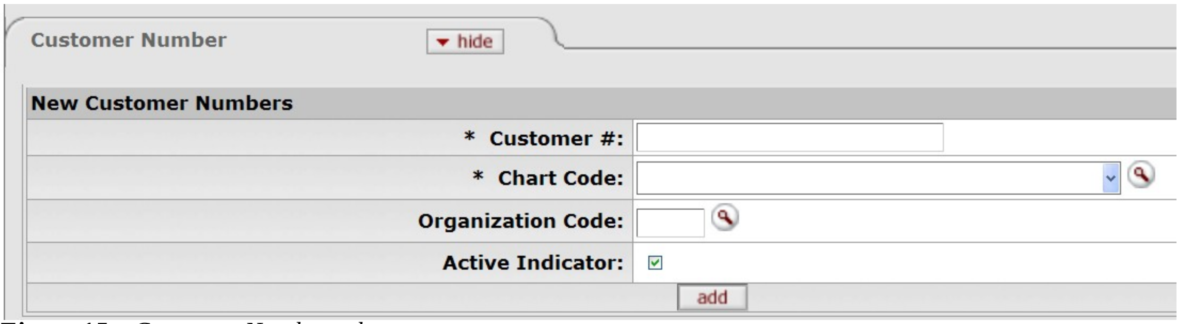


***Figure 15** – Customer Number tab*

Insurance Tracking tab

Enter insurance tracking information, if applicable.

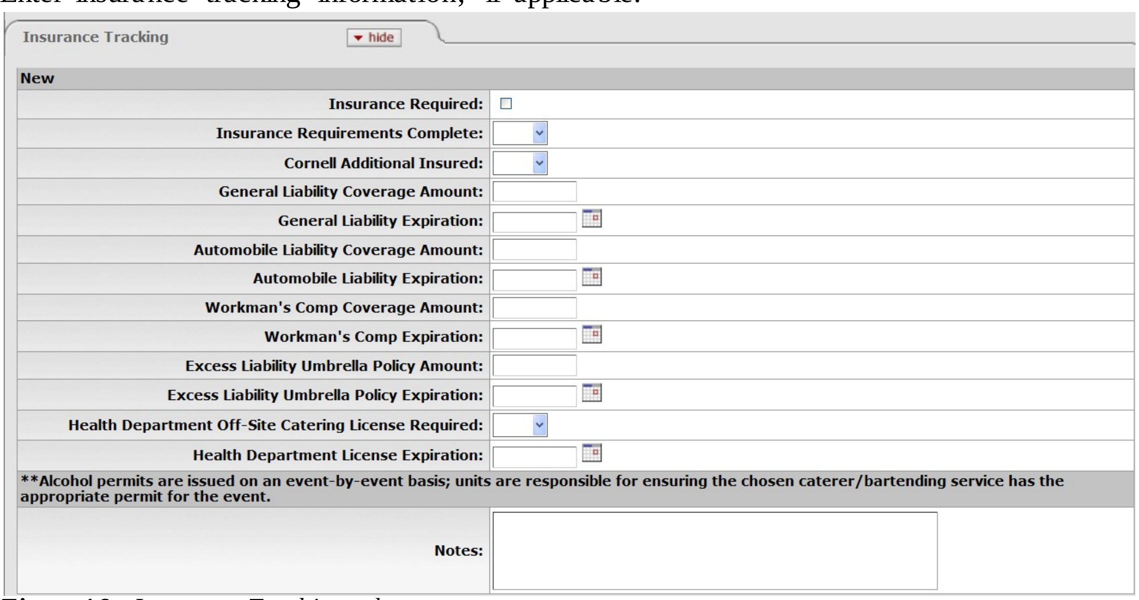


***Figure 16** – Insurance Tracking tab*

Table 11 Insurance Tracking tab: field definitions

Field Name	*Description (* indicates a required field)*
Insurance Required	Will depend on the goods / services the vendor is providing or if the vendor will be “on campus” to provide the services. **Note:** this box should only be checked by Procurement Services staff.
Insurance Requirements Complete	Indicates that all insurance requirements have been met. **Note:** this field should only be set by Procurement Services staff.
Cornell Additional	CU must be named as the additional insured on the certificate of insurance.

Insured	
General Liability Coverage Amount	The amount of general liability coverage the vendor carries.
General Liability Expiration	Expiration date (must be a date in the future).
Workers' Compensation Coverage Amount	The amount of workers' compensation coverage the vendor carries.
Workers' Compensation Expiration	Expiration date (must be a date in the future).
Excess Liability Umbrella Policy Amount	The amount of excess liability umbrella policy coverage the vendor carries.
Excess Liability Umbrella Policy Expiration	Expiration date (must be a date in the future).
Health Department Off-Site Catering License Required	License is required for catering vendors.
Health Department License Expiration	Expiration date (must be a date in the future).
Notes	Text box

Credit Card Merchant Name tab

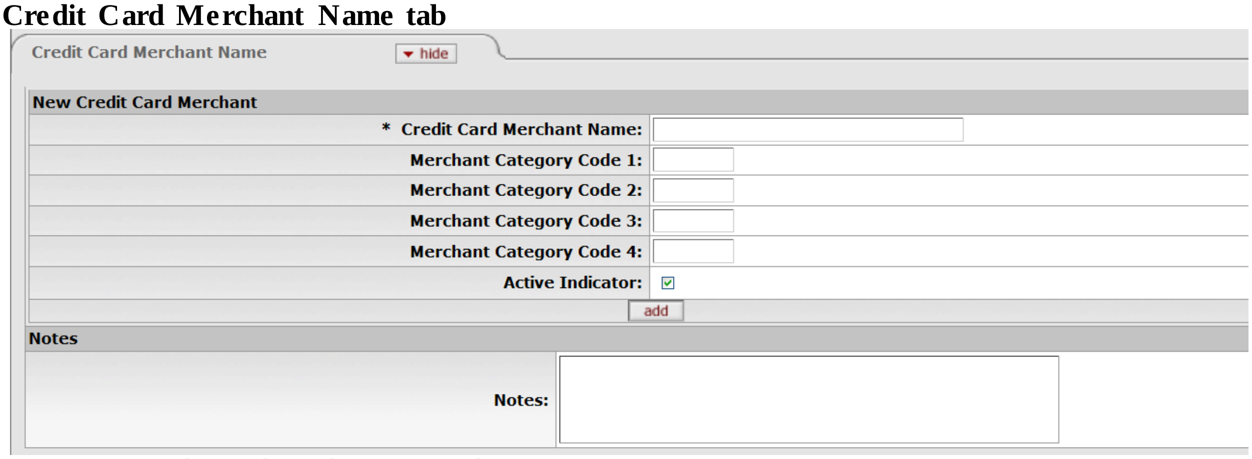


Figure 17 *– Credit Card Merchant Name tab*

Table 12 New Credit Card Merchant Name tab: field definitions

Field Name	*Description (* indicates a required field)*
Credit Card Merchant Name	* The credit card merchant name as it appears on their credit card statement.
Merchant Category Code 1	The merchant category code as assigned by vendor's bank.
Merchant Category Code 2	The additional merchant category code as assigned by vendor's bank, where applicable.
Merchant Category Code 3	The additional merchant category code as assigned by vendor's bank, where applicable.
Merchant Category Code 4	The additional merchant category code as assigned by vendor's bank, where applicable.
Active Indicator	If active, box is checked.
Notes	Text box

Contracts tab **Needs new screenshot showing Vendor Contract Number**

The Contracts tab collects information about contracts with this vendor. It includes information such as who manages the contract, when it begins and ends, or any special payment or shipping terms that may specifically apply to the vendor.

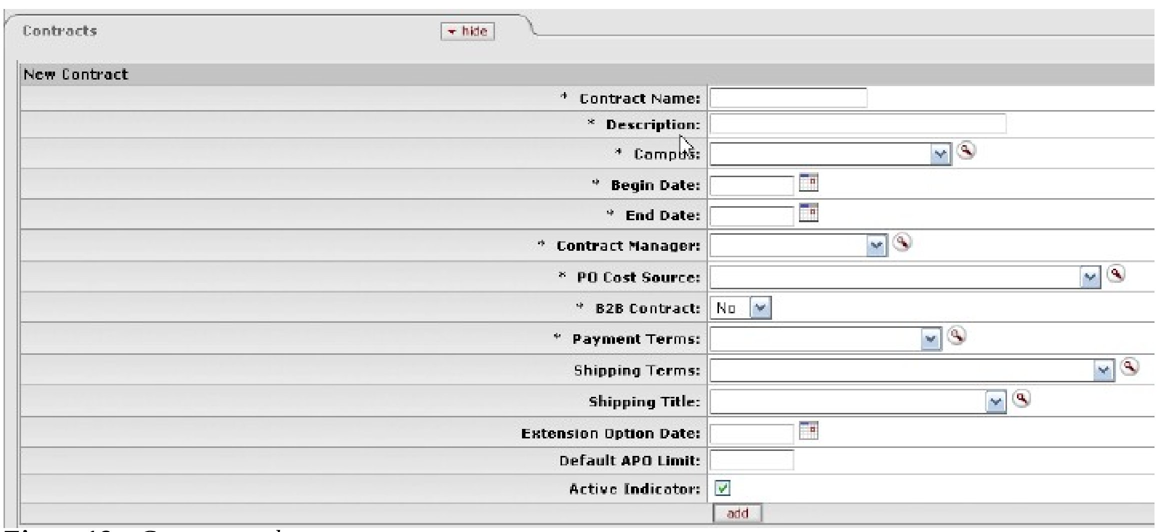


***Figure 18** – Contracts tab*

Table 13 Contracts tab: field definitions

Field Name	*Description (* indicates a required field)*
Vendor Contract Number	This is a unique system-generated number associated with each vendor contract.
Contract Name	* The name used to identify this vendor contract.
Description	* A text description that describes the contract.

Campus	* Which campus this contract is associated with.
Begin Date	* The effective date of the contract.
End Date	* The expiration date of the contract.
Contract Manager	* The name of the person who manages this contract.
PO Cost Source	* A cost source for this contract. (Cost Source is where the pricing is coming from; i.e., estimate, quote, pricing agreement.)
B2B Contract	* B2B contract indicates that the contract is with a contracted supplier.
Payment Terms	* Payment terms include the number of days a payment is due and whether a discount is available for prompt payment. **Note**: standard Purchase Order payment terms will be set to net 30.
Shipping Terms	The shipping terms for this contract
Shipping Title	The shipping title determines when ownership of the product takes effect. For example, 'Destination' indicates that ownership takes effect when the product arrives at the delivery location.
Extension Option Date	Date up until a contract may be extended
Default APO Limit	Upper dollar amount for which automatic purchase orders (APOs) under this contract may be created. **Note**: amount will be $10,000.00.
Active Indicator	If active, box is checked.

Create Division
Division refers to group entities under the same corporate office with the same Tax ID ('parent vendor'). This feature might be used to add information about separate divisions or branches without having to duplicate the corporate information. A division has a different name from the parent. **Note**: in order to be recognized as a division, the child must be using the same tax identification number as the parent.

Needs new screenshot

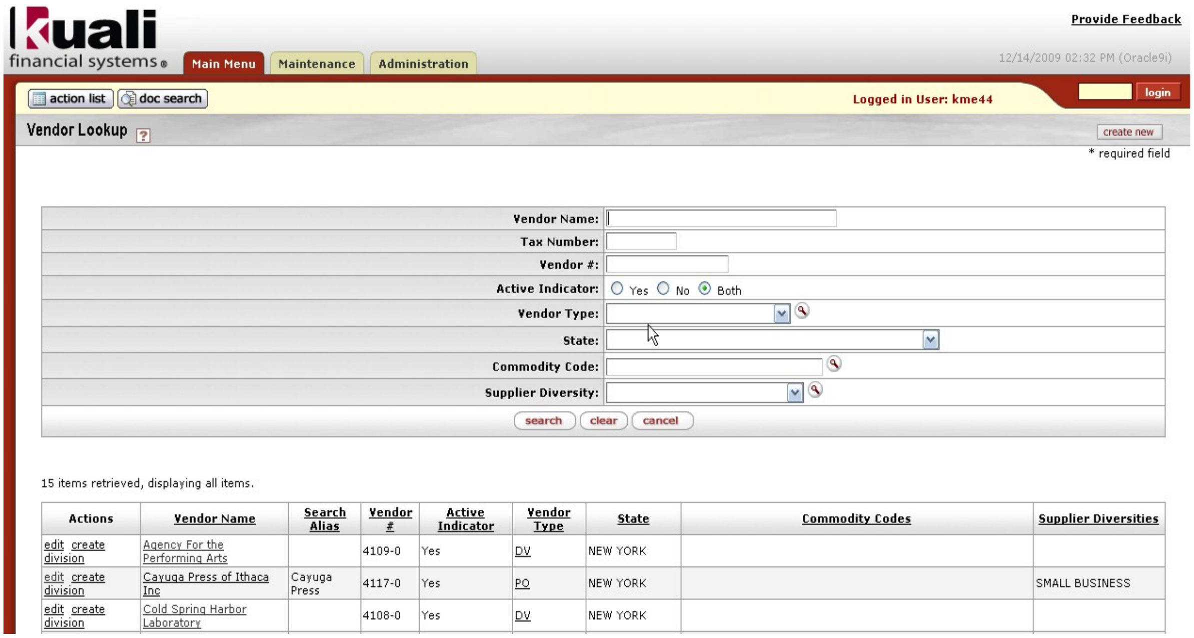


***Figure 19** – Create division*

Collections

Allows multiple sets of information ('Collections').

***Figure 20** – Example: Collections feature*

Workflow

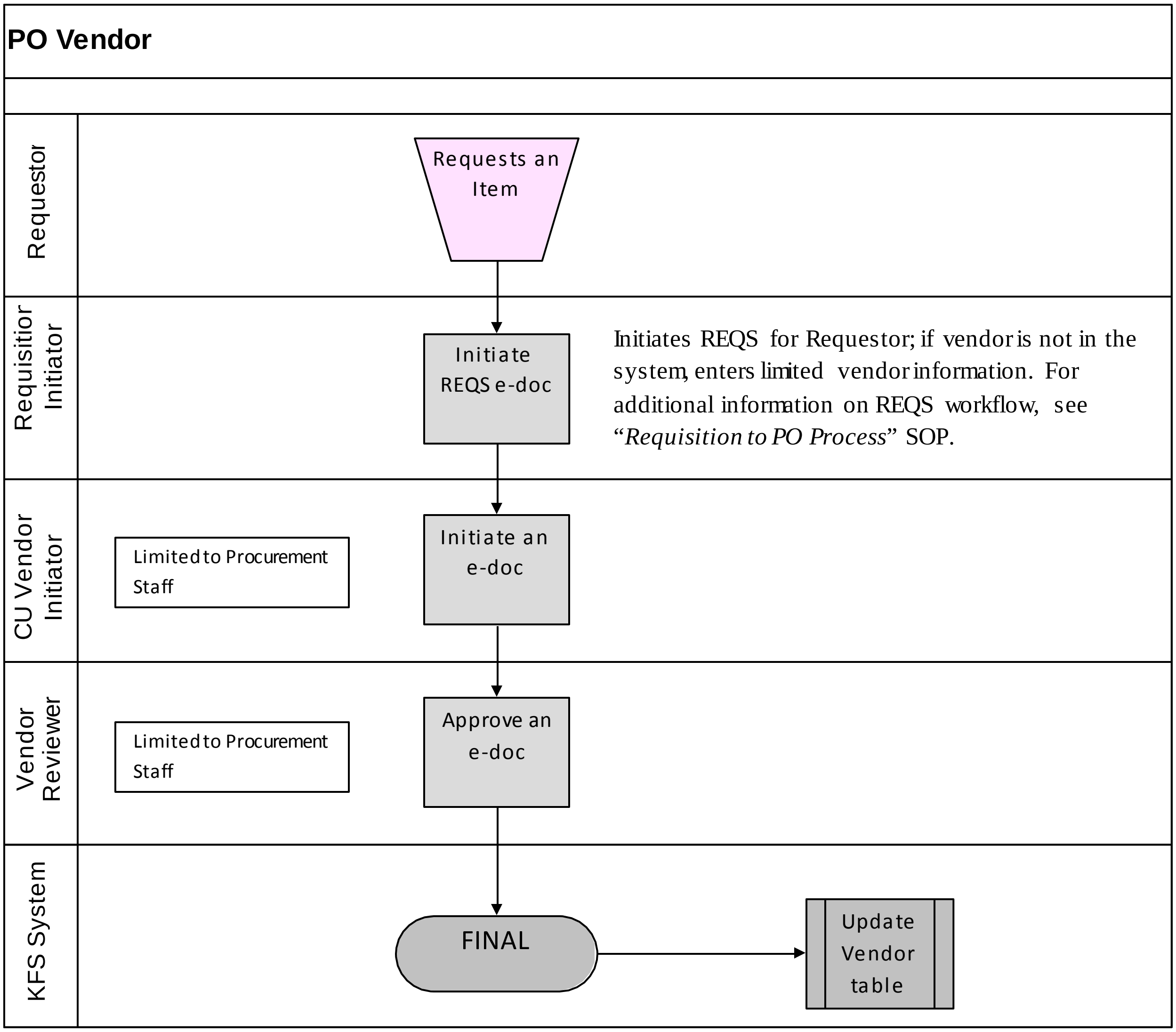


***Figure 21** – PO Vendor workflow*

Note: both **CU Vendor Initiator** and **Vendor Reviewer** roles are limited to SMS staff.

7. Definitions

[KFS at Cornell Glossary]
[KFS Acronym Glossary]

8. References

[Basics Tutorials]