



Barry Swanson
Chief Procurement Officer

Purchasing Newsletter – July 2017

New Chief Procurement Officer

The new Chief Procurement Officer (CPO) for the University of Kentucky is Barry Swanson. He comes to UK from the University of Kansas (KU), where he was Associate Vice Provost for campus operations and CPO.

Barry joined KU in 1998 as Director of Purchasing. He also served as the Associate Comptroller with responsibility for payroll, bursar, central accounting, financial management, and financial systems at KU.

He has served as chair of the purchasing committee for the Midwestern Higher Education Compact and as the Kansas Board of Regents representative on the State Use Committee. He has also served as the District V Representative on the National Association of Educational Procurement (NAEP) National Board of Directors and as co-president of the NAEP Great Plains Region. Barry currently serves as first vice-president on the Board of Directors for Educational and Institutional (E&I) Cooperative Services, the largest, member-owned educational purchasing cooperative in the nation.

Barry is a graduate of the University of Kansas with degrees in history and political science. He also has a juris doctor degree from the Washburn University School of Law. Additional information about Barry can be found at [UKnow](#). Barry replaces Bill Harris, who retired from the university in June.

Importance of Procurement Role Combinations

When assigning or structuring procurement responsibilities within your department or unit, keep in mind the concept of “checks and balances”. Role combinations – the total number and types of procurement roles – are limited in nature to order to prevent potential fraudulent activity. This prevents a single person from having the capability to order, approve, and receive goods or services without engagement of other parties. Proper assignment and management of role combinations is central to checks and balances within any organization.

A roles combination matrix, showing all possible roles a single person may hold, is available on the Purchasing [website](#). A strategic, best-practice roles plan for a department or unit maximizes the number of persons holding various roles to ensure coverage and backup support as needed, while ensuring no single person violates a role combination limitation.

Reminder: Timely Creation of Goods Confirmations/Receipts

Please remember to create the Goods Confirmation/Receipt as soon as possible after satisfactory receipt of goods or services. The Goods Confirmation/Receipt releases the invoice payment to the vendor as well as closes portions of the transaction against the cost object (cost center or WBS-grant). Timely creation of Goods Confirmations/Receipts improves vendor payment processes/credit ratings, strengthens cost-object accounting and tracking, and reduces workload on Purchasing/Accounts Payable staff.

Goods Confirmations/Receipts are required for all items ordered via purchase order except office supplies from the OfficeMax e-catalog.

Vendor Performance Form

Departments that have performance issues with suppliers may at any time contact Purchasing for assistance or guidance. This could include delays in delivery, incorrect items or services delivered, inadequate fulfillment of an agreement, etc. The division maintains a [Vendor Contract Performance Evaluation Report](#) on the University Forms website. The form can be used for either positive or negative feedback regarding supplier performance. Departments can also email Purchasing with any issue at srmhelp@uky.edu or UKPurchasing@uky.edu.

New OfficeMax/Office Depot Employee Purchase Program Discount Card

As a value-added feature of the University's exclusive contract with OfficeMax/Office Depot, University employees are eligible for discounted/contract pricing for personal purchases of office supplies. A customized personal purchase card is available by request from OfficeMax/Office Depot; contact Ken Lennon, email kenneth.lennonii@officedepot.com. The card must be presented at checkout in a local OfficeMax/Office Depot store. Lamination of the store purchasing card is also available upon request.

New Help Card for Returning Goods

A [Quick Reference Card](#) is available for Goods Confirmers to use with physical return of goods. While a Goods Cancellation is to correct accounting errors or undo a confirmation created in error, a Return of Goods should be used when unneeded, damaged, or incorrect items are physically returned to a supplier.

A reference card is also available for [Return of Goods for SAP users](#) using T-code MIGO within hospital areas.

Reminder To Close Encumbrances When Items Are Returned and Credited

Remember when an item is canceled from a purchase order or returned/credited with the vendor, it must also be closed within the system by the Purchasing buyer. Otherwise, the amount remains as an open *encumbrance* – an amount reserved against the department's cost center or grant that cannot be used otherwise.

Example: A laboratory may return supplies with a cost of \$100 to the vendor that were incorrectly ordered. The vendor takes receipt of the return goods and issues a credit. In order for the \$100 to be released to the department's cost object, the Purchasing buyer must be notified to close the transaction.

Requests to close encumbrances can be sent to srmhelp@uky.edu. Be sure to include the PO number and specific line item that needs closed. Once the Purchasing buyer closes the transaction, the encumbrance is released back to the cost center or grant and can be used for other purchases. In order to keep cost objects and reporting current, it is important to close encumbrances as soon as goods are canceled and/or credited.

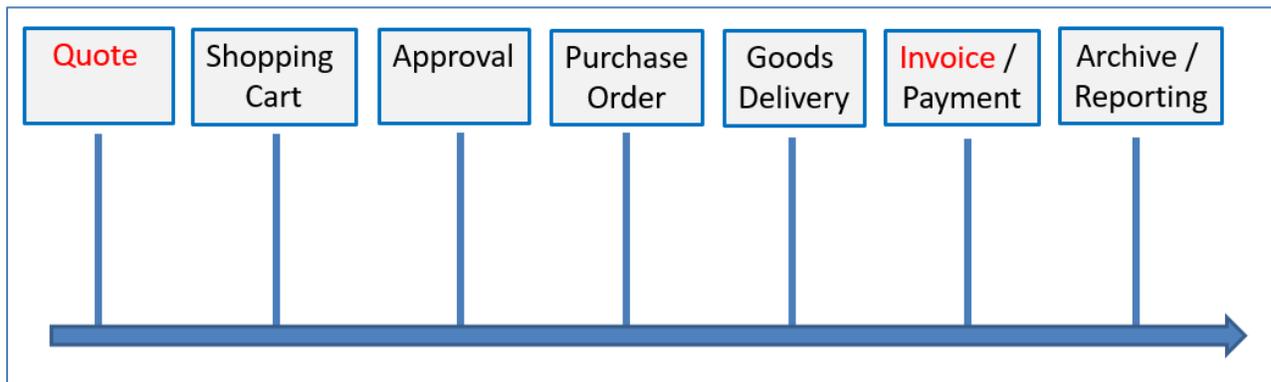
Purchasing Frequently Asked Questions

Question: What is the difference between a quote and an invoice?

Answer: The quote and invoice are two components of the larger Procure-to-Pay (P2P) process. Also known as Source-to-Settle, or simply Req-to-Check, a variant of this business concept is universal to organizational procurement. Prior to entry of a Free Text Shopping Cart/Requisition, the supplier provides a formal quotation. The quote should clearly list the item(s) offered for purchase with their product numbers, description, price each, quantities, and extended pricing, preferably on the vendor's customized form or letterhead. The quote should preferably have a formal quotation number along with name, phone, and email for the salesperson to receive the purchase order. The Shopper attaches the quote to the Free Text Shopping Cart/Requisition as support documentation. The integrity of the quotation is very important; in the event of a conflict, what was offered and accepted on the quote will govern the resolution process.

An invoice is a separate document and submitted for billing/payment purposes after the goods or services are delivered. A quote cannot be used in lieu of the invoice for requesting payment.

In summary, both the quote and the invoice are required to conduct a correct, full-process transaction. Note: Fixed catalog products within e-catalogs do not require quotes. Some e-catalogs are capable of processing customized or special quotes.



Question: When do I use Split Accounting and where does it go on my Shopping Cart?

Answer: The majority of Shopping Carts are purchased against a single cost center or WBS-grant number. If needed the Shopper can “split” the cost of the purchase across multiple cost objects, assigning the cost, either by percentage or dollars, to the goods or services. For instance, if a new microscope costs \$10,000, the Shopper may want to assign 25% to each of two cost centers and the remaining 50% to a WBS-grant. This is accomplished using tools available within Account Assignment. Shoppers can form split accounting within Set Values/Account Assignment at the top of their Shopping Cart or assign individually to specific lines within the bottom Details section.

The (middle) Item Overview section of a cart is used for the actual description of goods for purchase and represents the information that goes to the vendor. The Item Overview section cannot be used to assign split accounting.

Steps for performing split accounting are available in the [Shopper's Supplementary Materials](#), slides 18-20.

Incorrect:

The graphic below shows the Shopper used the (middle) Item Overview section to assign split accounting which is incorrect. This section can only have the line items for purchase.

▼ Item Overview						
Details Add Item Copy Paste Duplicate Delete						
Line Number	Item Type	Description	Product Category	Quantity	Unit	Net Price / Limit
▪ 1	Material	Charge cost center 1013198060	41100000	1.000		2,500.00
▪ 2	Material	Charge cost center 1215505110	41100000	1.000		2,500.00
▪ 3	Material	Charge WBS 3200000812	41100000	1.000		5,000.00
▪	Undefined Item Type		99999999	1.000		0.00
▪	Undefined Item Type		99999999	1.000		0.00
▪	Undefined Item Type		99999999	1.000		0.00

Correct:

This graphic shows correct formatting of the item for purchase and split accounting. The item is detailed in the Item Overview section, which will transmit to the vendor. The Shopper correctly split their desired accounting structure in the (bottom) Details section on the Account Assignment tab.

▼ Item Overview						
Details Add Item Copy Paste Duplicate Delete						
Line Number	Item Type	Description	Product Category	Quantity	Unit	Net Price / Limit
▪ 1	Material	Laboratory Microscope XLT-1500	41100000	1	EA	10,000.00
▪	Undefined Item Type		99999999	1.000		0.00
▪	Undefined Item Type		99999999	1.000		0.00
▪	Undefined Item Type		99999999	1.000		0.00
▪	Undefined Item Type		99999999	1.000		0.00

Details for item 1 Laboratory Microscope XLT-1500				
Item Data	Account Assignment	Notes and Attachments	Delivery Address/Performance Location	Source
You can see who bears the costs and, if necessary, you can distribute the cost to several cost centres				
Cost Distribution	Percentage	Details	Add Line	Copy
		Paste	Duplicate	Delete
		Split Distribution	Change All Iter	
Number	Accounting Line Number	Percentage	Account Assignment Category	Cost Object
0001		25.00	Cost Center	1013198060
0002		25.00	Cost Center	1215505110
0003		50.00	WBS element	3200000812

Self-enroll to Receive Purchasing ListServ Notifications:

Follow these instructions to self-enroll to the Purchasing ListServ and receive procurement-related updates and news. Send e-mail to LISTSERV@lsv.uky.edu with the following text in the message body:

subscribe UKPURCHNEWS Yourfirstname Yourlastname

The subject line should be blank as well as the rest of the body of the email. You may unsubscribe in the same manner, by changing "subscribe" to "unsubscribe" and following the remaining directions.