



UIUC Purchasing to Payment Overview

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Agenda

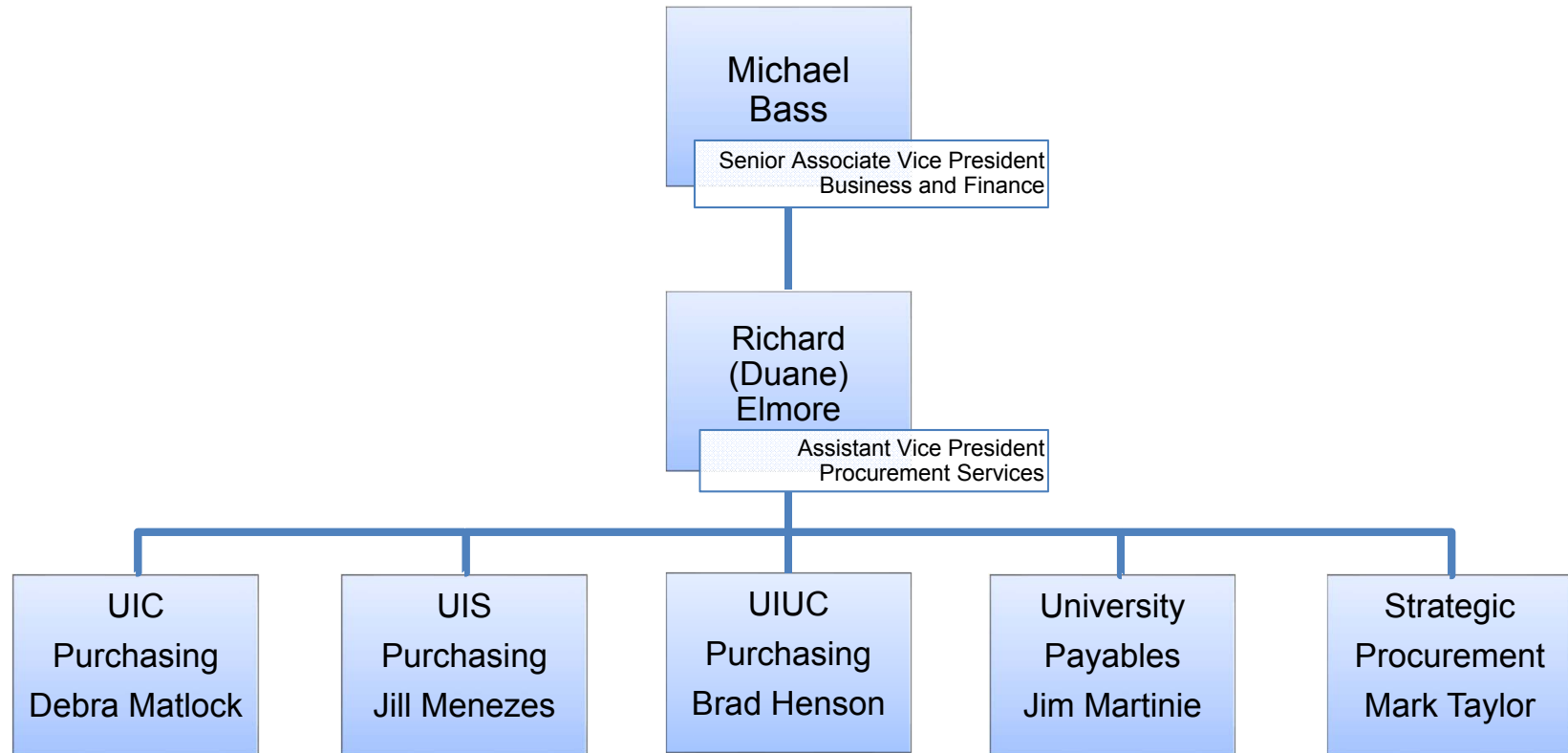
- Procurement Services Organization
- Requisition Processing
- Key Statutes, Rules, & Policies
 - Competitive Solicitations
 - Exemptions/Exceptions/Existing Contracts
 - Financial Disclosures
- Contract Processing



Agenda (continued)

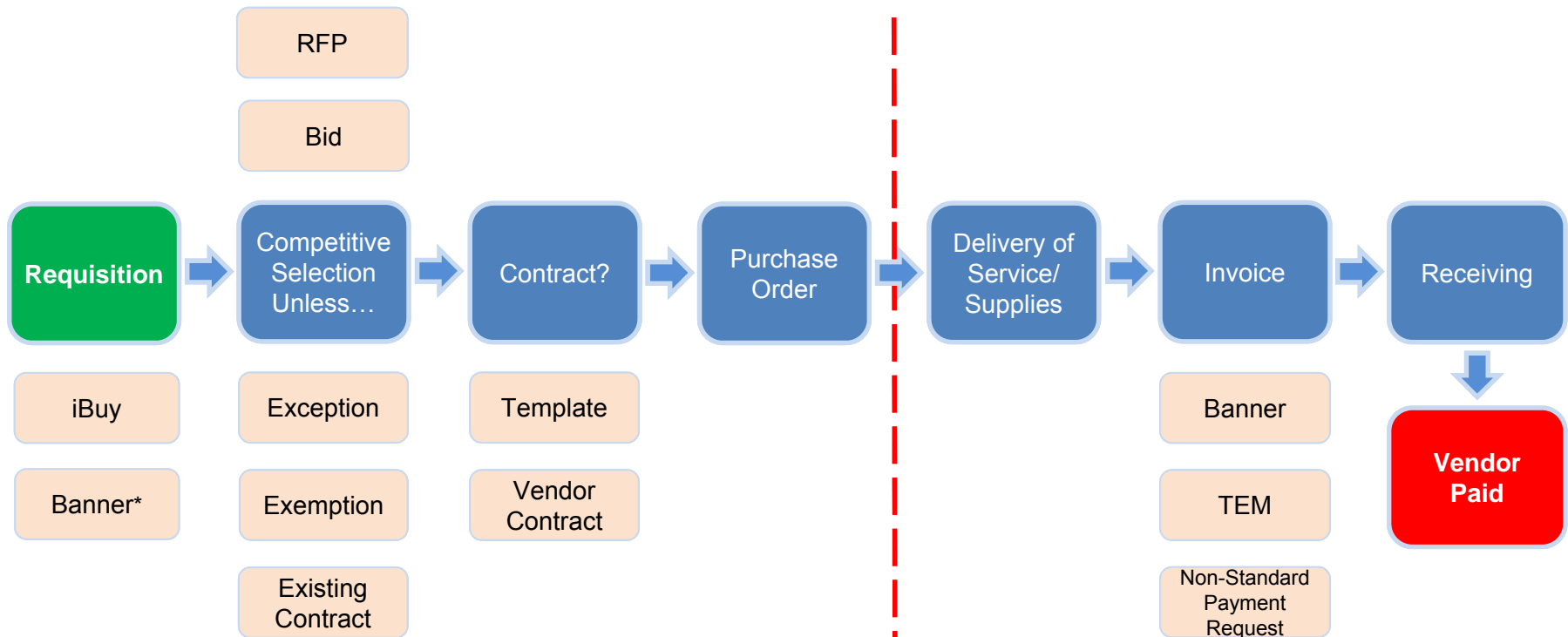
- Non-Conforming Purchases
- UPAY Overview
- Questions

Procurement Services Org Chart



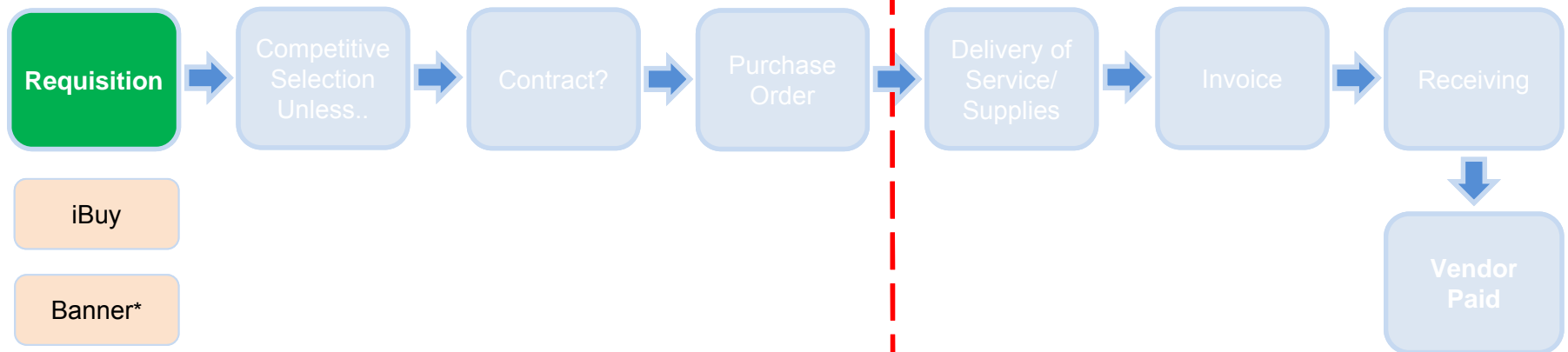
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“Req-to-Check” Roadmap



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Requisition Processing



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Banner Requisition Processing

- What is a Banner Requisition
- Types
 - Regular
 - One-time need
 - Receiving Available
 - Need quantity & unit price (encumbrance)
 - Standing
 - Items needed on Continuous basis
 - No Receiving
 - Encumbrance based on \$ amount of order
- Class Available

Banner Requisition Processing

- Keep in mind when creating a requisition
 - Vendor quote or contract terms and conditions emailed to Urbana Purchasing
 - Document text vs. item text
 - Transaction date
 - Job Aids for Banner Requisitions located at:
<http://www.obfs.uillinois.edu/cms/One.aspx?portalId=909965&pageId=912753#requisitionprocessing>

Requisition Processing

- Banner
 - Regular Order, Standing Order, Solicitations, Contracts, Deposits, Payment terms, etc. Non-conforming orders
- iBuy
 - Standard net 30 payment terms

iBuy Order Processing



- What is iBuy?
- It is an online e-procurement system for purchasing goods and services at the University of Illinois.
- iBuy allows users to shop on-line, select items, place items in an electronic shopping cart, and submit their requisition.
- iBuy combines the use of internet technology with procurement best practices to simplify the purchasing process and reduce costs.
- Class Available

iBuy Order Processing



- Who can use iBuy?
- Those employees who currently use P-Cards and/or requisition/approve purchases in Banner are prime candidates to use iBuy. However, any University employee involved with procuring goods and services in the course of official University business may also use iBuy.
- How to Access
- Access to iBuy must be requested through Unit Security Contacts (USC).
- How to request access and other reference items for iBuy
http://www.obfs.uillinois.edu/iBuy/get_started/

iBuy Order Processing



- Types of iBuy Orders
 - Catalog
 - Hosted
 - Punchout
 - Non-Catalog
 - Non-Catalog Form
 - Route to Purchasing Form

iBuy Order Processing



- When requisition requires competitive solicitation:
 - Use Banner
 - Attach Competitive Solicitation Request Form as an attachment and email to Urbana Purchasing
- When requisition involves a contract process:
 - Use Banner
 - Attach Contract and email to Urbana Purchasing, or if you are in iCS upload to iCS

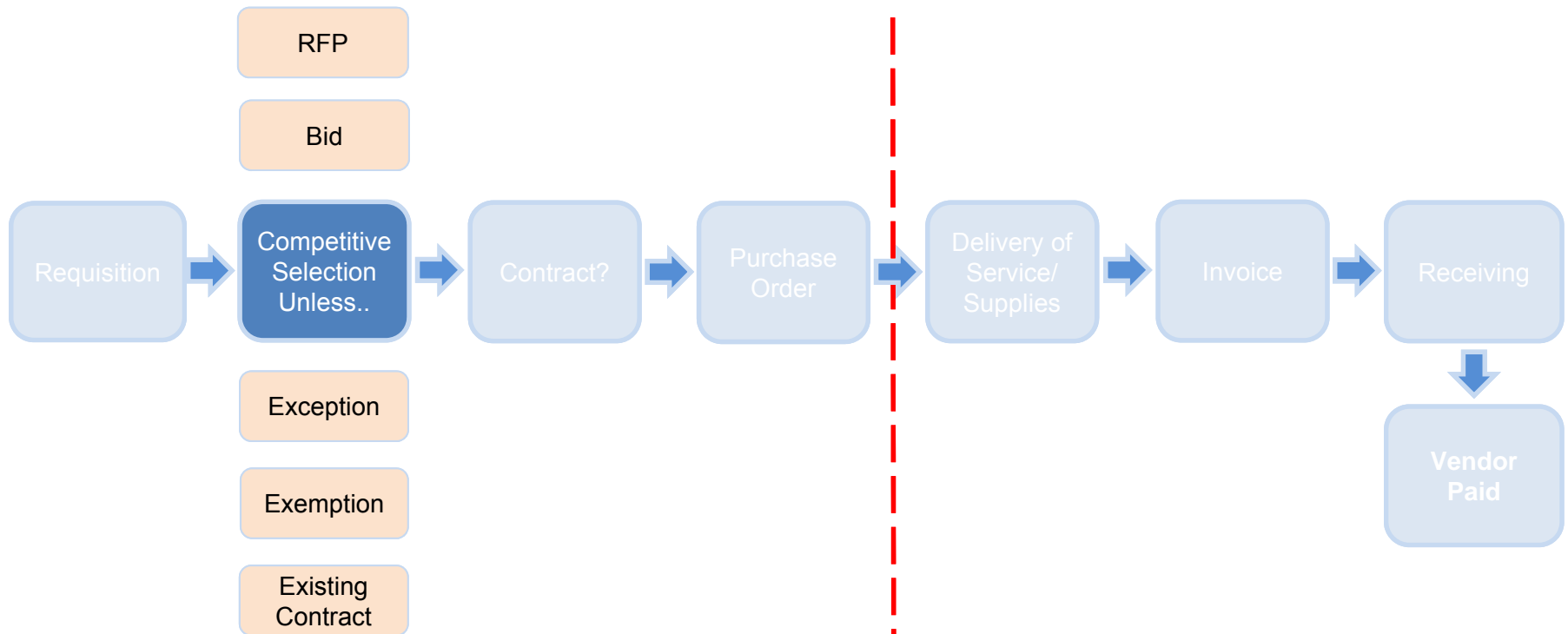
iBuy Order Processing



- Importance of Accounting Date and Delivery Date Fields
 - iBuy/Banner Field Equivalents
 - Accounting Date (iBuy) = Transaction Date (Banner)
 - Requested Delivery Date (iBuy) = Delivery Date (Banner)

iBuy currently only allows net 30 payment terms

Competitive Selection/IL Procurement Code & Rules



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Key Statutes, Rules, & Policies

- IL Procurement Code

IL Compiled Statutes → CHAPTER 30 FINANCE → 30
ILCS 500

- Procurement Rules

Administrative Rules → TITLE 44 → PART 4 Chief
Procurement Officer for Public Institutions of Higher
Education Standard Procurement [AMENDED 1/15/16]

44 IL Adm. Code 4

- OBFS Policies and Procedures Manual

<https://www.obfs.uillinois.edu/bfpp/>

State Oversight of All Procurements

- Executive Ethics Commission (EEC)
 - Chief Procurement Officer (CPO)
 - State Purchasing Officer (SPO)
- Procurement Policy Board (PPB)
 - Statutory right to 30-day review of any bid, proposal, or contract, unless waived
 - Hold public hearings
 - Recommend to void a contract or reject a bid or proposal

Competitive Solicitation Required Unless...

- It's one of the "3 E's"
 - Exception
 - Exemption
 - Existing Contract

Competitive Solicitations

- Invitation for Bid (IFB)
 - Award made to the **lowest price** responsible and responsive bidder
 - Initiated with Banner requisition and completed Competitive Solicitation Request Form (SIF)
- Request for Proposal (RFP)
 - Award considers **technical evaluation factors and then price**
 - Initiated with Banner requisition and completed Competitive Solicitation Request Form (SIF)
- Request for Information (RFI)
 - Formal invitation to provide various types of information to help define scope of potential project
 - Not a vehicle for actual procurement
 - No pricing

Exceptions to requirements for Competitive Procurements

- Illinois Procurement framework requires competitive procurements unless there is an Exception or Exemption
- Exceptions – Article 20
 - Sec. 20-20 Small Purchases
44 IL Adm. Code 4.2020
Sets annual solicitation limit – FY16 is **\$55,800**
(Note FY17 Small Dollar threshold has not been established yet)

Exceptions (continued)

- Sec. 20-25 Sole Source procurements
44 IL Adm. Code 4.2025
Single supplier or sole economically feasible source
- Sec. 20-30 Emergency purchases
44 IL Adm. Code 4.20-30
Public health/safety; protect loss of University property;
prevent/minimize critical University services; ensure integrity of
University records
- Sec. 35-35 Professional and Artistic services
If less than \$20,000, nonrenewable, one year or less in duration
44 IL Adm. Code 4.2035
- Sec. 20-95 Donations
Define source if grant, gift or bequest is majority funding

Exceptions (continued)

- Recap of Small Dollar Purchases

Type of Supply/Service to Purchase	Maximum Dollar Value of a Small Purchase
Professional & Artistic Services	\$19,999 (FY16)
Supplies or Services	\$55,800 (FY16)
Construction	\$78,300 (FY16)

- “Stringing” is prohibited – Do NOT divide or plan procurements to avoid use of competitive procedures

Exemptions from applicability of Procurement Code

- Sec. 1-10 (b) General Exemptions

- (1) Intergovernmental agreements

- (2) Grants

- (3) Purchase of care

- (4) Hiring of an individual as employee and not as an independent contractor

- (5) Collective bargaining agreements

- (6) Purchase of real estate

- (7) Anticipated litigation, enforcement actions, or investigations

- (b)(8) – (12) and (c) – (k) not applicable to University of Illinois

Higher Ed Exemptions from the Procurement Code

- Sec. 1-13 Exemptions for Higher Education
 - Repealed effective 12-31-14; awaiting passage of several pieces of legislation to be reinstated
- Sec. 1-12 Exemptions – Applicability to Artistic or Musical Services
 - Artistic or musical services, performances, or theatrical productions held at a venue operated or leased by a State agency.

Existing Contract?

- Procurement Contracts Search
 - <http://apps.obfs.uillinois.edu/source/>
- iBuy Catalogs (Hosted & Punch-out)
- iCS
- Rules govern Amendments and Renewals
 - Contact UIUC Purchasing for assistance

Competitive Solicitations

- Competitive Solicitation Request Form to be attached to Banner Requisition
 - Replaces old Professional and Artistic Services Information Form (PASIF)
 - Online fillable form
 - Provide adequate information to Purchasing to identify appropriate solicitation method to meet Unit's needs and requirements, University policy, best practices, and Illinois Procurement Code
 - Create clear, precise and complete scope of services
 - Define division of responsibility between the University and vendors

Financial Disclosures

- Financial Disclosures and Conflicts of Interest Form
 - Required at \$50,000 and above
- Certification of No Change
 - Annually for multi-year contracts
- IL Procurement Gateway by CPO
 - Vendor registration will permit single submission

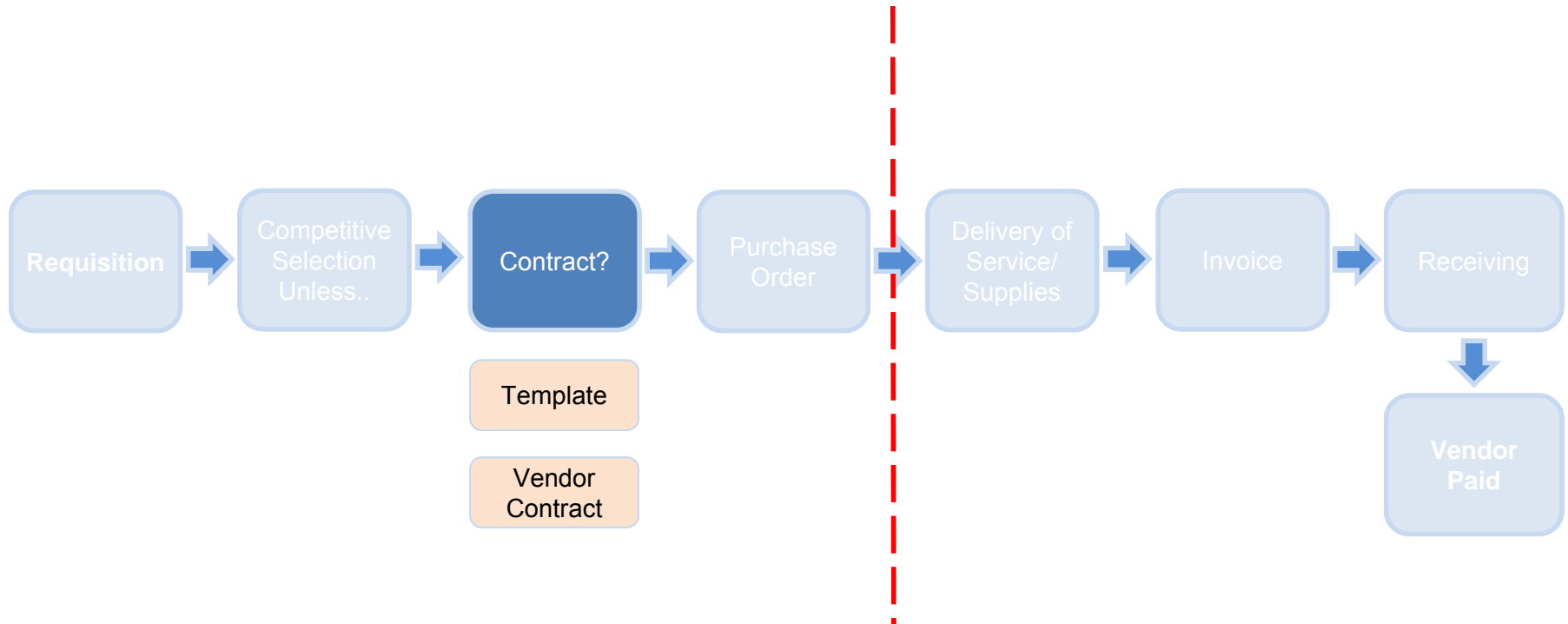
Business Enterprise Program

- Business Enterprise for Minorities, Females and Persons with Disabilities Act 30 ILCS 575
- Amended PA99-462/SB1334 eff. 8/25/15
 - Requires award of 20% of all contracts as aspirational goal
 - Specifically includes public institutions of higher education including community colleges, regardless of source of contract funding
 - Identifies certain types of services for use of BEP firms
 - Competitive solicitations may include Utilization Plan
 - Contact Office of Procurement Diversity
<https://www.obfs.uillinois.edu/Supplier-Diversity/>

Additional Required Approvals

- \$250,000 or more per fiscal year
 - Per State Finance Act
 - In addition to University Comptroller
 - Chief Legal Counsel
 - President
- \$1,000,000 or more per fiscal year
 - Board of Trustees

Contract Processing



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Contract Processing

- If not in iCS, Contract Approval/Routing Form (CARF)
 - <https://www.obfs.uillinois.edu/forms/contracts/>
 - Include source of funding
 - Required Approvals
 - Unit Head
 - Dean/Director (\$50,000 or More)
 - VP/Chancellor/Vice Chancellor (\$150,000 or More)
- Include as Internal Attachment to the Urbana Purchasing email for Banner w/ copy of proposed contract

Contract Processing

- If you are in iCS, upload the contract to iCS
 - Note Banner requisition number
 - Assign to 1_purchasing_reviewer role

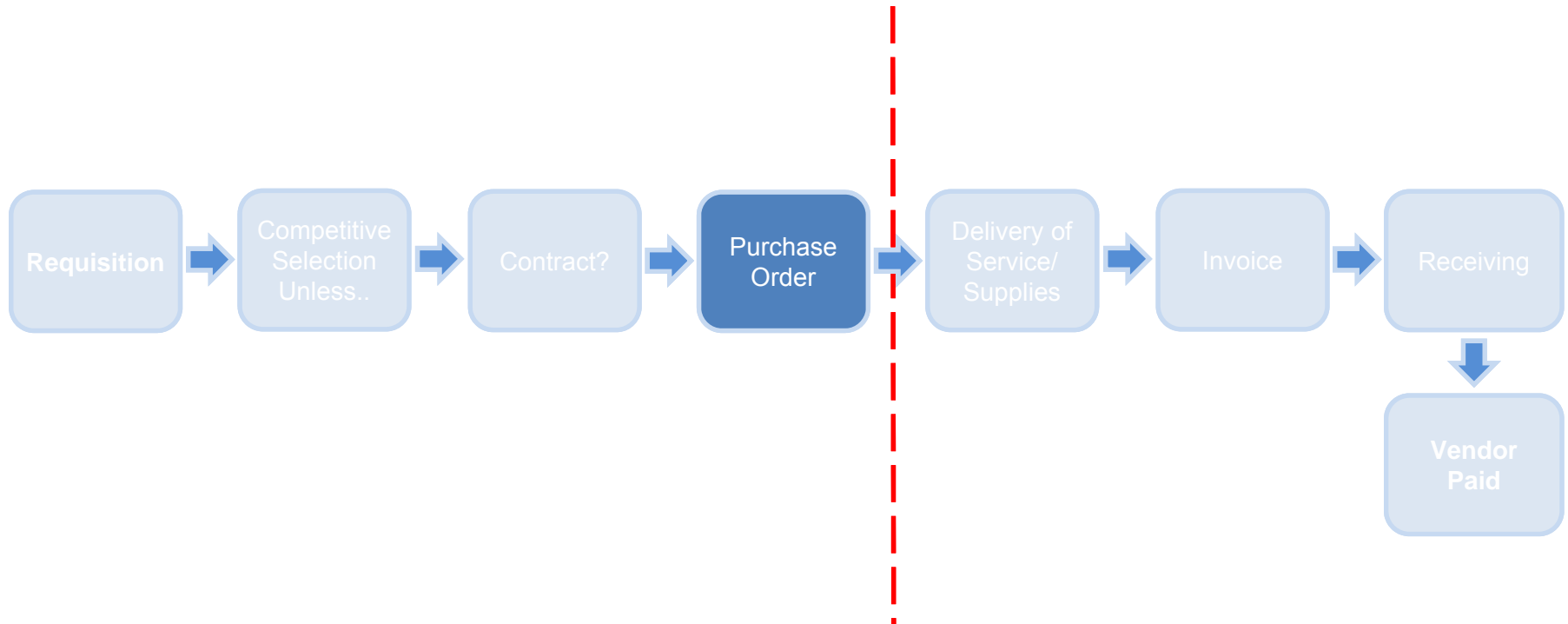
Contract Processing

- Contract Templates
 - <https://www.obfs.uillinois.edu/forms/contracts/>
 - Updated Contract for Services Under \$10k Template (formerly P&A under \$5k)
 - Payment submitted in TEM
 - If no changes, can be executed by Unit Head
 - New template is online fillable form

Contract Processing

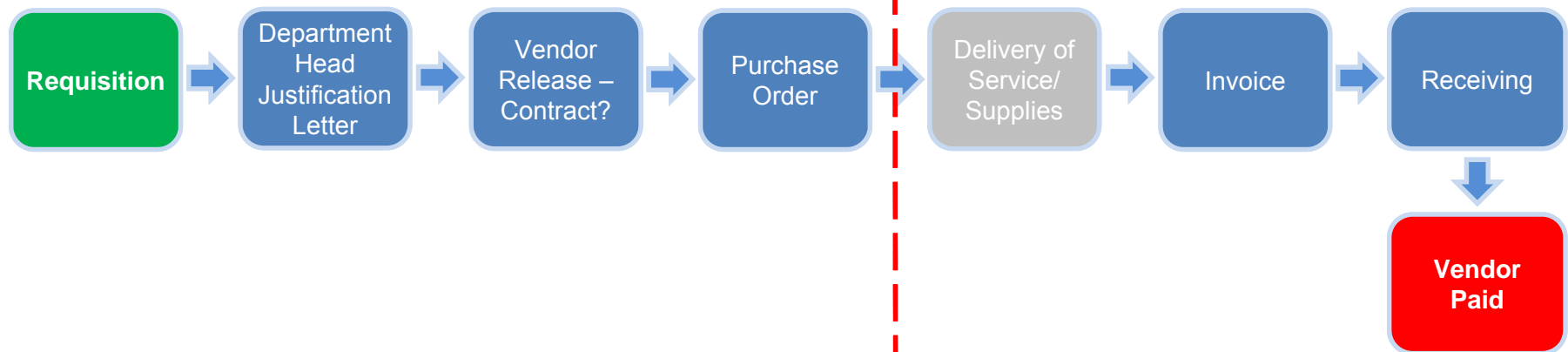
- Vendor Contracts (iCS or CARF)
 - Purchasing works with vendor, end user/unit to review/negotiate terms
 - Also will work with University Legal Counsel, Risk Management, Public Affairs, etc., as needed
 - Longer timeframes to process

Purchase Order Processing



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Non-Conforming Purchases



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Non-Conforming Purchases

- Definition: The purchase request is submitted after goods are ordered or work has started, or after invoice received
- Consequences
 - Delayed payment or no payment to vendor
 - Department Head must confirm what is being done to prevent recurrence
 - Potential hearing with Procurement Policy Board



Tips/Best Practices

- Initiate purchasing processes as soon as possible after the need is identified and **before** giving Vendor go-ahead
- Take advantage of existing contracts whenever possible
- Work with vendors that will accept the standard university contract template(s)

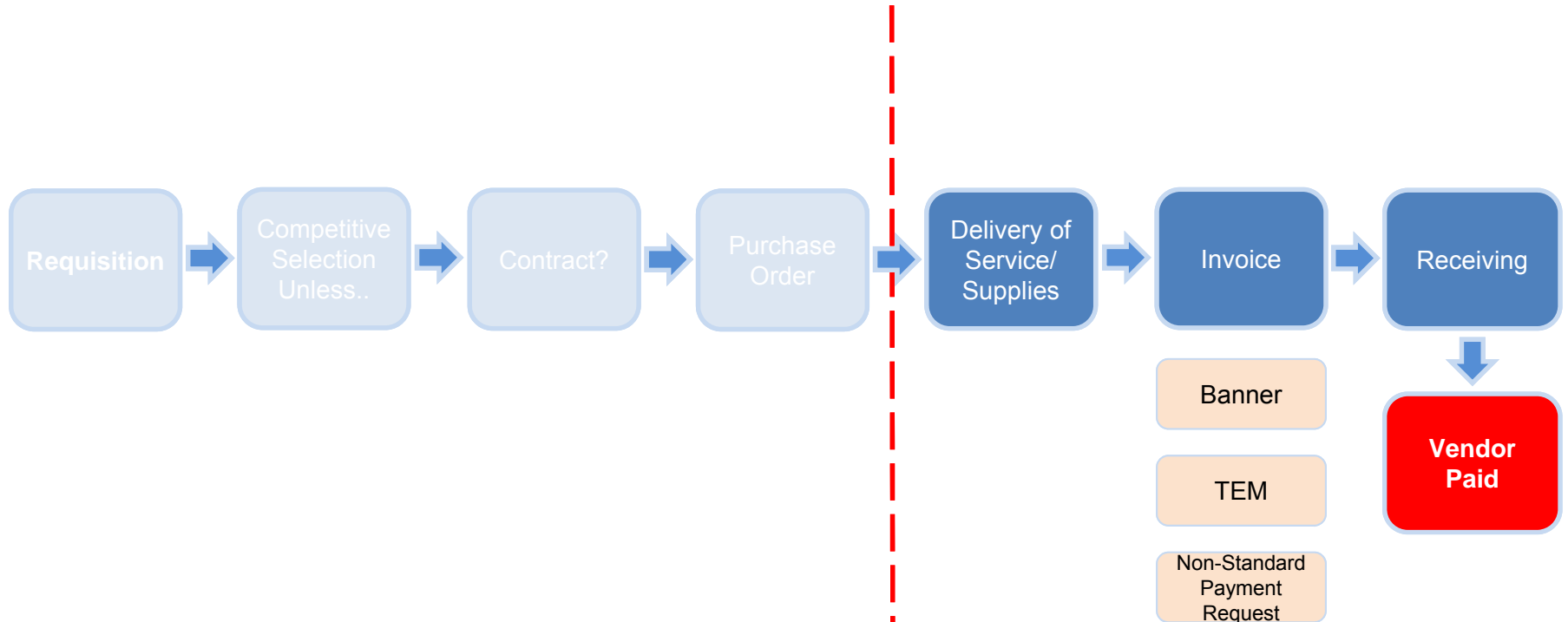
Tips/Best Practices (continued)

- Tips to avoid non-conforming orders
 - Training and education to everyone in your unit that is involved in the procurement function, including faculty and staff
 - Make sure vendor understands not to deliver goods/services prior to receiving a purchase order or they might not get paid

Tips/Best Practices (continued)

- The quality of responses received from a competitive solicitation is directly related to the quality and completeness of the solicitation document, specifically the scope of work or specifications; this requires a collaboration between the unit and Purchasing
- Contact UIUC Purchasing for assistance

UPAY



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OBFS University Payables

- Also known as UPAY
- Centralized unit responsible for all non-payroll payment:
 - Payments to vendors
 - Reimbursements to employees

OBFS University Payables

- UPAY is divided into several different sections:
 - Payment Operations
 - Travel Management Office
 - Card Services
 - Analytics & Operations
 - Customer Service
 - Vendor Maintenance

OBFS Website

- The OBFS website contains valuable information pertaining to:
 - OBFS Policies & Procedures Manual
 - Log-in options
 - Job aids and Training Materials
 - Course and Webinar Registrations
 - Additional Resources

<https://www.obfs.uillinois.edu/>

About OBFS

Who To Ask

Forms

News Center

Training Center

Jobs

Site Map

Accounting & Financial Reporting

Reports, Banner Account Codes, UFAS to Banner Crosswalks, Year-End Procedures, FCIAA, Reference Materials

Audit/Internal Controls

Employee & Supervisor Responsibility, Internal & External Audits

Budgeting

Budget Development Tips, Adjustment Requests, Budget Memo Log, Chicago Campus, Springfield Campus, Urbana-Champaign Campus

Business Travel

Advances, Contracted Travel Agency, Reimbursement Rates, Foreign Travel, Travel Resources, TEM Resource Page

Capital Programs & Real Estate Services

Applications [↗](#), Faculty and Staff [↗](#), Landlord Submittals [↗](#), University Leasing Process [↗](#), Training [↗](#)

Card Services

Department Card Managers (DCM), Purchasing Card (P-Card), Travel Card (T-Card)

Cash Handling

Chicago Campus, Springfield Campus, Urbana Campus

Contract

Business Development Services - UIC:

Government Costing

OMB Uniform Guidance, Rate Schedules (F&A, Fringe Benefits, Tuition), Facilities & Administrative, Tuition Remission, Fringe Benefit Rates, Service Activities, CASB Disclosure Statements, Higher Education Research and Development (HERD) Survey, Costing at a National Level, Historical Summary Reports

Grants & Sponsored Projects

OMB Uniform Guidance, Effort Reporting, Rate Schedules (F&A, Fringe Benefits, Tuition), Banner Index Codes, Month-End Reporting, Audit Reports, Expenditure Reports, Essentials of Post-Award Administration, Links & Resources

iBuy (online purchasing)

What's New, Overview, Get Started, Reporting, Training Resources, About the Project

Payments

Payments to Vendors, Payments to Students, Payments to Non-Employees (Honorarium), Employee Reimbursements, TEM Resource Page, Payables Processing Status

Payments to Foreign Nationals

University Payroll Services,
[↗](#) Payment Eligibility Grid,
[↗](#) Payments to Employees,
[↗](#) Payments to Non-Employees,
[↗](#) Travel and Expense Reimbursements,
[↗](#) Other Payments, Tax Status Review
Appointments [↗](#)

Share:    

Log in to:

Choose the application

OBFS Initiatives

- Transparency Commitment

Resources:

- Banner Alerts & Resources
- Benefits Information
- Calendars, OBFS
- Conferences
- Human Resources [↗](#)
- i-card [↗](#)
- Identity Theft (Red Flags Rule)
- Office of Treasury Operations [↗](#)
- Orientation for New Business and Finance Employees
- OBFS Policies & Procedures Manual
- U of I Phonebook [↗](#)
- Web Sites & Applications

Information for:

- Business Managers
- [↗](#) OBFS Employees Intranet [↗](#)
- Students
- Vendors

Current Announcements

- March Training Sessions
New training opportunities

Vendor Selection

- Is a vital piece of the process that needs to occur before making a purchase
 - Verify vendor is established in Banner
 - Verify remit address is available under vendor id
 - Selecting an incorrect vendor id can affect 1099 reporting and/or delay payment

Purchase Order Invoices

- Vendors mail invoices to:
 - University of Illinois
Invoice Processing Center
P.O. Box 820
Rantoul, IL 61866
- Invoices must contain the following information:
 - Purchase Order Number
 - Unique Invoice Number
 - Date
 - Remit Address
 - Detailed Billing

Banner Document Management (BDM)

- Gives you the ability to:
 - Review invoice image
 - Multiple search fields available:
 - Banner Transaction number (I number)
 - Purchase order number
 - Invoice number
 - Invoice amount



Unit Action

- For PO Payments
 - Receipt Required
 - Placed on Hold
- UPAY sends automated email messages

Purchase Order Invoice Holds

- Reasons why PO invoices may be placed on hold:
 - Over tolerance
 - Non-conforming
 - Item Add
 - Incomplete information (line item detail)
 - Over \$50K

Over Tolerance

- 10% or \$150, whichever is triggered first
 - Standing PO's – tolerance calculated on total of PO
 - Regular PO's – tolerance calculated on the line
 - No tolerance on quantity or bid orders

Rejected Purchase Order Invoices

- Payables is unable to determine the owner of the invoice
- Payables is unable to return the invoice to the vendor



TEM Resource Page

- First place you should go if you have a question
- Best source for the most up-to-date TEM information
- Over 50 job aids covering everything from advances to workflow statuses

TEM Resource Page

- Listen to previously conducted webinars
- Register for Open Labs and Webinars
- <http://www.obfs.uillinois.edu/tem-resources/>

Reasons an ER is Rejected

- Incorrect Business Purpose (using “Employee Travel” instead of “Arranged Travel”)
- Incorrect Banner UIN Number and/or incorrect/expired/inactive address type/sequence
- Incorrect Expense Types (using “General Services” as a “catch all” expense type)
- Incomplete/illegible back-up documentation (Proof of Conference Lodging not included, T-Card transaction not attached)
- Incomplete Business Justification for expense
- Incorrect use of Honorarium

Honorarium Payment

- Honorariums should be used when:
 - One-time payment
 - \$5,000 or less
 - Not an employee of the University
 - Event is special and non-recurring
 - Vendor not expecting payment

Tips to reduce ER rejections & delays

- Be familiar with policies before starting the ER
- Call or email beforehand if questions
- Choose the purpose carefully
- Provide business purpose/benefit
- Attach receipts and any other documentation
 - Check the view receipts icon after scanning for legibility and completeness

Tips to reduce ER rejects & delays

- Be as complete and thorough as possible
- Use Banner Form FTMVEND to verify the address field is not checked as inactive. Be sure to read FOATEXT.
- Use the correct expense type for the expense and do not lump expenses together.
 - Be aware that certain expense types have different IRS tax reporting requirements.
 - Work with UAFR to determine best expense types to use for various purposes.

IRS Accountable Plan

The University is subject to the IRS Accountable Plan Rules which define the circumstances under which reimbursements are considered non-taxable income.

These are:

- The expense must have served a business purpose
- The employee has submitted receipts substantiating the date, time, place, and amount within a reasonable amount of time (defined as 60 days)
- The employee returns excess advances or reimbursements within a reasonable amount of time (defined as 120 days)

IRS Accountable Plan (additional info)

If all three rules for the accountable plan are met, reimbursements will not be included as income on your W2.

The IRS publication can be found:

https://www.irs.gov/publications/p463/ch06.html#en_US_2014_publink100034114

Definition: Business Purpose

- The business purpose should state both “what” and “why”. The more details provided, the better.
- Examples of inadequate business purpose:
 - “SSWR Conference”
 - “Attended conference”
 - “External Hard Drive”
 - “Meal with colleagues”
- Examples of adequate business purpose:
 - “Presented a paper at the Exotic Animal Symposium to share research with colleagues and encourage collaboration in future research projects.”
 - “Business meal with John Q. Smith – guest speaker from Purdue University and Jane Q. Smith – Asst. Prof. U of I”
 - “Portable USB Flash Drive needed for field research when away from the office.”

Business Purpose (additional info)

- The University is in the business of research and education, so explanations and descriptions can/should be made in that context
- Use of acronyms and abbreviations should be minimized:
 - Payables staff is not well versed in everything
 - Respect the context of subsequent reviewers (audit, grant's etc.)
- Cross reference notes and receipts when appropriate

Why all the detail??

- More info (at the beginning) provides for the most efficient subsequent:
 - Grant review
 - Audits
 - FOAI's
- More details improves documentation trail and history without relying on memory
- Detailed descriptions create better chances of consistent treatment
- See: [News center article \(11/25/15\) :](https://apps.obfs.uillinois.edu/news/dsp_News.cfm?FY=2016&A=66880187-22B3-4DEF-896B-3758C540FE99)
https://apps.obfs.uillinois.edu/news/dsp_News.cfm?FY=2016&A=66880187-22B3-4DEF-896B-3758C540FE99

Payments to Vendors

- Check Runs
 - Bank DA (local funds) Wednesday
 - Bank 13 (state funds) Wednesday & Friday
- ACH (Direct Deposit)
 - Available to vendors
 - Payments paid per terms established on the purchase order
 - Non-PO invoices are paid per the terms established on the vendor record



Card Services

- UPAY Card Services oversee and administer the University card programs
 - Purchasing Card (P-card)
 - Travel Card (T-card)
- Unit approval and card training must be occur before card will be issued



Use Your T-Card

- The T-card should be used by employees to purchase qualified travel expenses, and business meals
- Relieves the employee from significant out of pocket expenses



Use Your P-card

- The P-card should be used by employees to purchase qualified supplies and/or small equipment costing \$4,999 or less
- P-card should be used at the point of sale and not used to pay for an item tied to a purchase order

Card Services Training

- All applicants must complete the web-based training that covers P-Card or T-Card policies, and must pass the certification quiz before UPAY Card Services will process an application and issue a P-Card or T-Card.

For Additional Information

University Payables Customer Service
Illini Plaza Building Suite 210, MC-660
1817 South Neil Street
Champaign, IL 61820

obfsupay@uillinois.edu

217-333-6583
888-872-9953

<https://www.obfs.uillinois.edu/>

For Additional Information (continued)

- Purchases Who To Ask
 - <https://www.obfs.uillinois.edu/purchases/who-to-ask/>
- Illinois Procurement Bulletin – Public Institutions of Higher Education
 - <https://www.procure.stateuniv.state.il.us>



Questions?