

Requisition Processing

Authority This Guide Memo is under the authority of the Provost.

Summary This Guide Memo provides an overview of the procurement process. University departments are encouraged to contact Procurement early in the acquisition process. Procurement buyers can help develop technical specifications and provide product descriptions, estimates of cost or price and lists of suppliers.

Section headings are:

1. PROCUREMENT SYSTEMS
2. REQUISITION ROUTING
3. VENDOR SELECTION
4. PURCHASE ORDERS AND CONTRACTS
5. DELIVERY AND RECEIVING
6. CONTRACT ADMINISTRATION

1. PROCUREMENT SYSTEMS

The University has implemented the Oracle Financials systems to manage its financial transactions. All acquisition transactions, including purchase requisitions, reimbursement requests, purchase orders, invoices, and payments must be entered in the Oracle Financials system. Administrative staff typically use the Oracle iProcurement system for requisition entry and lookup, and the Reportmart system for general financial reporting needs. This system is referred to simply as "Oracle Financials" elsewhere in this and other Guide Memos.

- a. **Preparing Transactions** – Online transactions must be prepared by a person with a SUNet ID and appropriate authority to access to online systems. Stanford faculty, staff, and students acting in an administrative capacity all have access to the online acquisition systems.
- b. **Approvals** – Every requisition is electronically stored and routed on the computer system to a designated person who is an authorized approver for the account to be charged for the acquisition of products or services.
- c. **Transaction Processing** – Business transactions are processed through Oracle Financials electronically, which includes forwarding or returning purchase requisitions to personnel with signature authority, obtaining authorized approvals electronically, sending appropriate notifications to users, printing hardcopy of documentation and payment for products and services.
- d. **Getting Started** – To help employees gain familiarity with the system, classes are offered periodically. Online tutorials are also available.

2. REQUISITION ROUTING

- a. **Approvals** – In addition to departmental approval, schools may require Dean's Office approval for purchases. A requisition will also be automatically routed to other offices if their approval is needed. For example, Capital Accounting and Budgeting approves financed purchases (see Guide Memo 53, Financing of Purchases, <http://adminguide.stanford.edu/53.pdf>).

When a requisition has received all required approvals, it is automatically routed to Procurement.

- b. **Attachments** – Attachments for requisitions are normally forwarded to Procurement by University department courier, through ID Mail or by FAX. Departments should enter the requisition number on the attachment(s) to facilitate matching the attachment to the purchase requisition.

3. VENDOR SELECTION

- a. **Information Source** – Departments may obtain information about vendors through the b Oracle Financials systems.
- b. **Soliciting Suppliers** – After an online requisition is made available to Procurement, Procurement works with the requesting department in considering potential suppliers. If written bids, quotations or proposals are appropriate, Procurement prepares and communicates solicitations to prospective suppliers. Procurement and the department select the supplier based on Stanford's policies.
- c. **External Affirmative Action** – The University is committed to doing business with small businesses and other targeted concerns when they can supply products or services that meet the University's needs (see Guide Memo 58, External Affirmative Action, <http://adminguide.stanford.edu/58.pdf>).

4. PURCHASE ORDERS AND CONTRACTS

Procurement is authorized to assign a contract number to formal contracts and a purchase order number to oral and written orders. Unless otherwise authorized by the Board of Trustees or delegated authority from the Director of Procurement, no other University department may assign contract or purchase order numbers in acquisition of products or services.

Procurement numbers serve as a common identification between University records and those of the supplier, and they aid in relating the transaction to other papers and files.

- a. **Purchase Order** – When a Procurement buyer places a single order with the selected supplier for an acquisition, that transaction is a purchase order. If a written purchase order is needed, Procurement prepares one and sends it to the supplier.
- b. **Contracts** – A written contract may be appropriate instead of a purchase order in the following circumstances:
 - The nature of the work and obligations of the parties must be set out in detail and specificity.
 - Payment terms are complicated and require special handling.
 - Equipment being acquired is unusual, unique or special. Examples include situations where design, engineering, testing or other special factors might be risks of the transaction.
 - For consulting services.
 - For research.
 - For construction or installation of fixtures which may expose Stanford to liability to third parties.
 - For blanket orders (see Guide Memo 54.2, Blanket Purchase Orders, http://adminguide.stanford.edu/54_2.pdf).
 - For license agreements, rentals and leases (see Guide Memo 54.3, Leases and Loans, http://adminguide.stanford.edu/54_3.pdf).
- c. **Modifications** – When the product, service or terms of acquisition must be changed for the acquisition to meet the University's needs, the department is responsible for initiating an online requisition to authorize the change. Requisitions for change or modification should be promptly processed by University departments. A failure to do so may result in no delivery of the product or service or nonpayment of the supplier.

5. DELIVERY AND RECEIVING

a. Delivery Points –

- (1) **General Shipments** – Most campus shipments are delivered directly to the ordering department by the supplier or shipper. If there are questions or special requirements concerning a delivery, a Procurement buyer can advise on the appropriate manner, place and terms of delivery to be included in an order.
- (2) **Radioactive Shipments** – Radioactive materials may not be delivered directly to any department. All shipments of radioactive material go to the Hospital dock at 820 Quarry Road for examination by Health Physics and verification of a CRA (Controlled Radiation Authorization) number. After examination by Health Physics, delivery is made or the materials may be picked up by the requesting department.
- (3) **Biohazard Shipments** – Biohazardous material may be delivered directly to University departments; however, each department is responsible for ensuring that a department representative is available to receive the shipment and for ensuring that safe handling of such products occurs upon delivery.

- b. **Certification of Receipt or Acceptance** – Receipt of goods or services is entered into the online systems. Receiving transactions are used by Accounts Payable to determine eligibility of a particular invoice for payment. Special circumstances may occasionally require more complex procedures. Requestors should work with the cognizant Buyer and Accounts Payable representative to accommodate any special needs.

6. CONTRACT ADMINISTRATION

Procurement works with departments and suppliers throughout the acquisition process to ensure the supplier and Stanford comply with their mutual obligations.

- a. **Expediting** – Procurement can expedite orders when notified by a department or supplier that an order needs special attention, i.e., a delivery failed to come in as expected, etc.
- b. **Claims** – The University department is primarily responsible for administering shipping claims. If Procurement was involved in the transaction, Procurement can, upon request, assist departments in handling damage claims, return or repair of defective items, and/or return of the item delivered when the wrong product was shipped. For losses or damage over \$1,000, the Risk Management Office may be contacted for assistance.
- c. **U.S. Customs** – Procurement assists departments in complying with U.S. Customs, filling out, signing and submitting applications for duty-free entry of scientific instruments, and permits for importation of organisms and biological vectors. Note: Procurement uses the services of Stanford's exclusive customs broker and preferred vendor for logistics services, and encourages University departments to do the same. Contact Procurement for more information.