



SOP: Purchase to Pay (P2P)
Title: P2P overview for Shoppers & Reviewers – May 2019
Effective Date: 1st Feb 2018

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Scope: Overview of P2P process aimed at Shoppers & Reviewers map

Background

This overview relates to the P2P process map. It focuses on tasks undertaken by the roles external to the finance team but includes both for completeness.

The shopper is responsible to ensure data entered in R12 is correct. Where the end user is not the shopper they are responsible to provide this information.

1. Requirement for Purchase

The Shopper identifies the need for purchasing good / service by considering the following questions:

- Is there a genuine business need for the purchase – have you considered other options which would not require the purchase?
- Is the quantity requested appropriate?
- Is funding available and is the purchase within budget?
- If purchased on a research project, is the purchase in line with funder terms and conditions? Is it an eligible cost?
- Have purchasing procedures been followed i.e. a preferred supplier used where possible, and/or appropriate quotations received or tender process followed and the documentation available?
- If not a preferred supplier, is the supplier appropriate and has appropriate due diligence been carried out? Have payment terms been reviewed and



advance payments checked (an advance payment greater than £50k requires a bank guarantee)?

- Is the unit price appropriate – have you satisfied yourself that this is the best value option?
- Is the item correctly coded and the tax treatment correct – and have you consulted the Finance/VAT team if you have any doubt or do not know?
- Consolidating requests to minimise low value orders, although there is no minimum order value consider materiality.
- Split coding; if an order needs to be split between a Grant and a GL please do so at point of order. Please do not place the whole order upon a Grant then ask for part of the cost to be moved. It should go to the correct place in the first instance.

2. Raise a requisition on R12

If you are not already set up on R12 as a shopper, please contact your departmental Finance Manager to request this. You will need to provide the name of your supervisor who will be responsible for reviewing your requisitions.

2.1 Supplier is selected by the shopper. Wherever possible this should be an internal University department or one of the University's [preferred suppliers](#). (A supplier being available on Oracle does not mean it is preferred supplier. Please check before raising your requisition.)

2.2 If supplier is not available on R12, please refer to the [new supplier set up](#) and contact the [NDM Finance team](#). Due diligence will need to be completed by the NDM Finance Team for new suppliers. Please allow time for this process to be undertaken.

2.3.1 Preferred suppliers

Below £25k – For many routine purchases in this price bracket (such as stationary, science consumables and IT accessories) the purchasing process is simple as online catalogues are available in Oracle financials. The list of preferred suppliers is available [here](#)

Between £25k & £100k – The department must carry out a [tender](#) or complete the [tender exemption process](#) to justify exemption from this.

Over £100k – The purchasing department must carry out tender. Please refer to the relevant [category buyer](#).



2.3.2 Other suppliers

If you are using a non-preferred supplier due to a lower price, Shoppers should inform Purchasing where a preferred supplier are more expensive for like for like items so that this can be followed up.

Below £1k – confirmation of the price must be sought from the supplier prior to raising a purchase order. Best practice is to obtain evidence e.g. a screenshot from a catalogue, email or quote. Where none of these are possible please make a note of the verbal details.

Between £1k & £25k – a minimum of two quotes must be sought in writing or a written justification for exemption. Best practice is to complete the [Tender Exemption Form](#) which covers all required considerations. If a Tender Exemption is completed please attach price confirmation.

Between £25k & £100k – The department must carry out a [tender](#) or complete the [tender exemption process](#) to justify exemption from this.

Over £100k – The purchasing department must carry out tender. Please refer to the relevant [category buyer](#).

Please note, that individuals do not have the authority to sign agreements with suppliers. This must be done by an authorised signatory according to the [authorisation limits](#) which in most cases will be the Business Manager, Purchasing, Research Services or Legal Services.

2.4 The end-user must then submit an order requisition via Oracle financials. Any documentation relevant to step 2.3 are to be attached to the Requisition in R12. Your requisition will be rejected if the correct paperwork is not in place.

2.5 When raising the requisition in R12 please ensure the need-by date is the expected delivery date provided by the supplier. Alternatively if your requisition relates to future dated work then please amend accordingly. The date is very important to the NDM Finance Team as it helps us focus our efforts when following up on open orders. The delivery date for catalogue items will automatically default to requisition date plus 2 days.

2.6 If any of the orders are for radioactive material, only a designated Radiation Protection Supervisor may place order.

2.7 Exemptions from the requirement of purchase orders

Some purchases are exempt from requiring a purchase order. A link to these can be found [here](#). A PO can be raised in advance however please do not raise a PO retrospectively. Invoices still require approval in line with purchasing hierarchy. Please notify the [NDM Finance Team](#) if you have any of these.



2.8 Quotes – if you have received a quotation please place a non-catalogue request, you will need to mention the quotation number within the item description field and also the supplier item field to ensure this is honoured. Please ensure the quote is valid and in date, expired quotes will not be accepted.

2.9 Does the requisition exceed £100k, if so, have Purchasing been involved?

2.10 Please ensure you have multiple lines for multiple deliverables, for example a standing order for Jun19, Jul19 & Aug19 would need 3x lines. You won't be able to make the need-by date multiple but please make a note in the "notes to finance" section and the NDM Finance Team can update this for you.

2.11 Contract value; please ensure the requisition is raised for the full contractual value. This ensures the requisition is approved by an approver who has the relevant approval limit. Examples include deposit and balance for venue hire, consultancy agreement, these will need a line for each deliverable.

3. Supplier due diligence (non-preferred/ new suppliers):

New supplier; the NDM Finance Team will carry out due diligence checks with the intended supplier for review and approval by the Business Manager.

Existing non-preferred suppliers; it is the department's responsibility to ensure the relevant due diligence is in place for the goods or services being purchased.

4. PI/Budget holder Reviewer Validation.

In some cases R12 has been set up with certain project and cost centre reviewer approvers. Their role is to ensure the purchase requirement is necessary and appropriate and to ensure the requisition has been correctly coded. This reviewer should also check that sufficient funds are available to make the purchase.

5. Initial Finance Review

Finance preparer can only process requisitions where the University's [purchasing policy](#) has been followed. Any requisitions which are incorrectly coded or do not meet the required guidelines will be rejected back to the end-user with a follow up email detailing required action to be taken. Mostly the finance preparer will ensure the requisition has been correctly structured with the correct price input. They also validate codes and VAT treatment. Assets will also be identified at this stage and added to the departmental register.

6. Approval

Requisitions go through a series of approvals based on the value of the order. Please allow time for your order to be approved. Broadly speaking orders under £1k should be approved within 24 hours; orders over £1k may take up to 5 working days due to the number of approvers in the chain. Please factor this in to your timelines. If something is urgent, please contact the [NDM Finance Team](#).



5.1 For clarity, purchases with non-preferred suppliers less than £25K will be considered to be on the University's terms and conditions as referenced on the back of the Purchase Order.

Supplier notifications (i.e. acknowledgments) from suppliers that state they do not agree or that the order will be processed on their terms and conditions will need to be referred to Purchasing. Therefore, all supplier acknowledgements should be channelled through departmental finance teams and it is recommend that you use the finance@ndm.ox.ac.uk email address when placing orders or completing supplier set ups.

Purchasing will review all deviations to terms and conditions to assess risk and acceptability. Orders will only be delayed on instruction from Purchasing, who will contact the supplier and the Business Manager directly. The Shopper will be notified. As per point 2.3, orders above £25k should be conducted via a tender process and therefore terms and conditions acceptable to the University will be agreed prior to the PO being issued.

The exception to this is where the purchase of services of any value are required. This should be raised with the Business Manager prior to putting any requisition on Oracle and a decision will be made whether the terms and conditions need to be discussed and agreed with the supplier in advance.

7. Purchase Order creation

Once the requisition has been approved it will turn into a purchase order when the Oracle Financials system updates. This happens three times a day, around 11am, 3pm and 5pm. Depending on how the individual suppliers have been set up on Oracle will depend on how the purchase orders are sent. The majority of purchase orders are sent automatically to the suppliers electronically. Only on receipt of this PO should the supplier be instructed to begin work or deliver goods. This PO should be quoted on their purchase invoice. No verbal orders should be placed prior to the PO being raised. This action helps to ensure that all purchases are on University's terms and conditions.

8. Supplier Acknowledgment.

On receipt of our PO the supplier will normally send an acknowledgement confirming price and delivery date (see note 5.1 above). This information should be sent to the [NDM Finance Team](#) to validate to Oracle and be held in the PO folder in case of disputes.

9. Goods Receipt in R12

Receipting should either be done by Goods In or the Shopper as soon as the service is completed or goods received. This process enables the purchase invoice to be automatically paid on receipt and therefore items should only be booked in where there is no dispute. If you are unsure how to receipt in R12 please contact the [NDM Finance Team](#) where we can action this on your behalf.

10. Purchase Invoices



Invoices should be sent directly to the [NDM Finance Team](#) for processing. Any delays may result in late payments and potentially supplier account stops.

11. Weekly review of open PO's and AP invoices on hold

This is undertaken by the Finance Team via the XL connect dashboard. This review relies on having an accurate delivery date (step 2.5) and aims to avoid late supplier payments.

<https://www1.admin.ox.ac.uk/finance/ppt/purchasing>