

Procurement Terminology

Account Distribution

The account distribution functionality permits agencies to distribute expensed commodities and services across multiple General Ledger accounts. This functionality gives the user the ability to define multiple expense accounts for a single procurement line item without splitting the line into numerous lines on the Purchase Order.

Account Numbers

- Account numbers are a combination of a business unit and an object account.
- These are used for payment and commitment of funds.
- They must be included on procurement documents for non-stock purchases.
- If you have questions regarding valid account numbers for your agency, contact your accounting personnel. Each agency has unique account numbers.

Address Book Records and Certain Search Types

- Address Book (A/B) records exist in the system. Some Procurement fields are linked to specific address book records. Each State of Nebraska employee has an Address Book record. The A/B number associated with this record is tied to Approval Routes.
- Different Search Types exist in the address book to enable end-users to narrow their searches for specific records.
- The following Search Types are the most often used in Procurement:
 - "V" – to identify vendors/suppliers to receive procurement documents
 - "F" – to identify “ship to” locations for goods and/or services
 - "S" – to identify the address to which invoices should be mailed from the vendor
 - "E" & "B" – to identify the person responsible for a purchase
 - “PP” – to identify the vendor payee/payable

Approval Routes

The procurement module is based on the flow of information from the end user through predefined approvers. Once a Purchase Requisition is approved, it is eligible for processing to another document (Requisition, Quotation Request, Contract or Purchase Order.)

After a Purchase Order or Contract is generated, it must also flow through pre-defined approvers(s).

Approval Routes are based on a series of approval levels that are defined by both the Agency and State of Nebraska requirements (statute, executive order, and purchasing authority.)

The system approval flow is based on dollar authority. It is up to each agency to determine who will have the authority to initiate specific documents and what dollar authority the individual will have. Once the individual enters a requisition, contract, or purchase order that exceeds the dollar authority, the agency must determine if an approver is needed and the associated dollar authority for each approver by each document type.

It is highly recommended that each agency evaluate approval procedures for each purchase flow and determine if each document type in the flow needs to be approved multiple times by the same approver.

Procurement Terminology

- Approval routes are tied to Purchase Requisitions, Contracts, and Purchase Orders and a specific end-user.
- Approval routes are used to allow an end user to create a specific document type. If the end user does not have an approval route for a specific document that he/she attempts to create, the system will alert them with an error that states “Invalid Approval Route Code.”
- Approvals of documents can be audited to identify when and who approved the documents.
- If a document's key data field is modified after it has been approved, it will need to be approved again.
- Example:
Document Type: OR, Purchase Requisition
End User: Address Book Record Number: 123456 (Jane Smith)

Jane is allowed to enter orders up to \$500. At \$500, her supervisor Jack Frost (A/B # 654321) needs to approve the order.

At \$10,000 the purchase requisition routes automatically to AS Materiel Division, State Purchasing Bureau.

Business Unit

A business unit is a cost center that is unique to an agency. Object accounts are tied to a business unit for management of funds.

Commodity and Service

- Commodities: Any equipment, materials, or supply
- Commodity Description: Detailed descriptions of the items to be purchased. These could include whatever information is necessary to obtain the desired quality, type, color, size, shape or special characteristic necessary to perform the work intended or produce the desired results.
- Service Contract: Any contract that directly engages the time or effort of an independent contractor whose purpose is to perform an identifiable task, study, or report rather than to furnish an end item of supply, goods, equipment, or material.

Commodity Codes and Relationships to Vendors

- Commodity Codes are system of words and numbers designated to identify and list commodities or services by classes and subclasses. These identify types of commodities and services that the State of Nebraska may purchase.
- Vendors that want to receive bid opportunities from the State of Nebraska can register the commodities and services they provide with AS Materiel Division, State Purchasing Bureau.
- If an agency needs a particular commodity or service, they can identify the Commodity Code that represents the commodity or service. Once this has been identified, the system provides a cross-reference between the Commodity Code and the vendors that have registered with the State Purchasing Bureau to receive bid opportunities.
- 3-Digit Class Code – This is mandatory in the Report Code 1 field in the Procurement System. The 3-Digit class code has a brief general description. This level contains 201 Commodity (Product) Classes and 53 Services Classes totaling 254 Classes. The 3-Digit Code is primarily

Procurement Terminology

used to generate periodic expenditure history by department for fiscal planning, budget execution, and accounting.

- **5-Digit Class-Item Code**

The 5-Digit class-item code is an expanded version of the 3-Digit class code. Currently, it contains over 7,600 descriptions. This level categorizes vendors by class-item to allow your procurement software to automate bidder selection, vendor performance reports, and minority business and HUB reports by code. Purchase history can be captured at this level as well.

- **11-Digit Class-Item-Group-Detail Code**

The 11-Digit Code is used to identify stock items in your supply inventory. This level of the code currently contains over 214,000 descriptions which gives you a great amount of flexibility when adding a new item to a Branch/Plant.

Document/Order Types

- In the system Procurement, document/order types are 2-letter codes that are assigned to procurement documents. These document/order types are unique and identify the purpose of a transaction.
- Menus have been designed to describe the type of purchase so end users are not required to know document/order types.
- The following is a list of document/order types for standard Non-Stock (Commodity and/or Service) purchases:

Note: The following document types are based on standard commodities and/or services. Document types for “Exception Orders” may be processed differently. They are the exception rather than the rule.

- Purchase Requisition – OR, O3, O5, Z6
- Quotation Request – OF, OQ, Z1
- Contract – OC, O4
- Purchase Order – OG, OP, O9, Z8, O6, OU, ZO
- Deviation Request – O8
- Pre-requisition 07
- Exceptions: OI, ON, OO, OT, OW (listed in Exception Orders)

Exception Orders

- Exception orders require special processing and routing based on State Statute, Executive Orders, and/or Direct Purchase Authority Letters from AS Materiel Division Administrator. Dollar levels are predefined to ensure that purchasing documents route through appropriate agencies/divisions.
- The following is a list of document/order types for exception orders:
 - Communications Equipment (OT)
 - Copiers and Printing Equipment (OW)
 - Firearms (OW)
 - Information Management Items (ON/O6)
 - Mailing Equipment (OW)
 - Motor Vehicles (OI/OU)
 - Restricted Orders (OO/ZO)
 - Furniture not from CSI (OW)
- Outside Printing Services (OW)
- Request for commodity contract less than \$10,000 (OW)

Procurement Terminology

Inventory Number for Non-Stock

Non-Stock purchases do not require an inventory number; the inventory number field will be used to identify the "type" of item being purchased through the use of a commodity code. For details on how to find a commodity code reference Training Guide: *Inquiring on Commodity Codes*.

Line Types

- Purchasing documents consist of a single order header and multiple line items. Each line on an order must have a line type that tells the system how to process the line.
- Line Types:
 - J – Affects General Ledger accounts and is used in Financials
 - S – Affects Inventory module and associated accounts and is for stocked items
 - N – Used to order Non Stock commodities for a warehouse
 - T – "Text", provides a location for information on a purchasing document. It is not tied to any accounting.

Next Numbers

The system automatically assigns numbers to procurement documents. The numbers will be assigned, in sequence, across all State agencies and will be associated with a specific document type.

Non-Stock, Stock, and Fixed Assets

- Non-Stock items: Items that will not be warehoused and retained for distribution later. These items will not be managed in the the system Inventory module. The majority of the State's purchases fall into this category. This training will focus on this type of purchasing.
- Stock items: Items that will be warehoused and managed within the the system Inventory module.
- Fixed Assets: Those items that have been reported annually by agencies to AS Materiel Division as "inventory". These items are purchased as Non-Stock items.

Procurement Documents

- Pre-Requisition: A document used to request commodities or services from a field location.
- Purchase Requisition: Document used in the system to initiate the purchase of a commodity and/or service. Account numbers are associated with the items when a purchase requisition is created (accounts can be changed if necessary throughout the procurement process.) This document does not encumber/commit funds and is not "budget checked". Once a requisition has been entered, it will most likely become either a Quotation Request, Contract or a Purchase Order. Based on the dollar value and the type of purchase that will result, the requisition can follow multiple routes.
- Quotation Request: In the system "Quotation Request" represents an Invitation to Bid or a Request for Proposal (RFP) depending on the type of purchase. A Quotation Request is distributed to provide vendors an opportunity to bid. It is highly recommended by the AS Materiel Division, State Purchasing Bureau, that agencies solicit for a minimum of three bids on purchases between \$2000 and \$9,999.99. When commodity purchases exceed \$10,000 and are not associated with contracts, the State Purchasing Bureau will process the Quotation Request.
- Purchase Order: A document used to commit funds to the purchase of a commodity and/or service. Non-inventory commodities and services are encumbered when using a Purchase Order.

Procurement Terminology

Agencies can create a Purchase Order up to \$9,999.99 for commodities and service contracts with commodities. The AS Materiel Division, State Purchasing Bureau, will create Purchase Orders \$10,000 and over for commodities and service contracts with commodities. Dollar amounts are based on items that are not purchased off of an existing State of Nebraska contract.

- **Contract:** A document used to provide the State of Nebraska with competitively priced commodities and/or services based on anticipated purchase volumes. Contracts for commodities are not encumbered. Agencies may create Service Contracts for any dollar amount. They may also choose to have the AS Materiel Division, State Purchasing Bureau, create a Service Contract. The State Purchasing Bureau is responsible for creating and maintaining ALL Commodity Contracts. When purchasing a commodity and/or service, an agency must first determine if they are available from an existing contract.
- **Blanket Order For Stock:** An order that commits the purchaser to take delivery of specified products for restocking a Branch/Plant. The Blanket Order for Stock is a copy of the commodity contract with stock specific fields.
- **Grants:** A contribution of assets (usually by cash) by one government entity (or other organization) to another. Most often, these contributions are made to local governments from the state and federal governments. Grants are usually made for specified purposes.
- **Capital Projects:** Projects that purchase or construct capital assets. Typically, a capital project encompasses a purchase of land and/or the construction of a building or facility.

Report Codes

- Report Codes provide a centralized purchasing area with a method to review the types of purchases made across multiple agencies, boards, and commissions.
- Within the Procurement System, there are four Report Codes:
 - 3-Digit NIGP – three-digit commodity classification code
 - Three-character classification for TEXT "TXT"
 - NIGP Sub – two-digit commodity code suffix
 - Dev Request– Commodities and Services
 - Exception Orders
 - Emergency Purchases
 - DPA
 - Statewide Contract Use
 - TPA
 - GSA Contract
 - Restrictive
 - Sole Source
 - Bid Under 15 Days
 - Deviation Process (Sole Availability, Uniqueness of the Service, Emergency Service)
 - Report Code 4 – Used ONLY for Purchasing for Inventory; Identifies Master Planning Family

Revising Documents

A modification made to a document is termed a revision. Revisions are tracked in the system and are based on the number of instances an order is modified, not the number of fields modified.

Status Codes

Procurement Terminology

The the system Procurement module is based on a sequence of events for each document. The events have specific codes associated to them. The sequence of events ensures that certain steps occur before others when processing procurement documents.

Status	Description
100	Enter Purchase Requisition
110	Approved/MRP Requisition
120	Print Purchase Requisition
125	Generate Quote from Requisition
140	Enter Request for Bid/Quote
160	Print Request for Bid/Quote
180	Enter Supplier Bid
200	Print Bid/Quote Confirmation
210	Enter Contract Order
213	Contract Approval
215	Release from Contract
220	Enter Purchase Order
230	Approval Process #1
280	PO Approved
380	Purchase Receiver Printed
400	PO Partially Received
999	Complete - Ready to Purge or Cancelled