### Purchasing Glossary

Guide to terms used in iBuyNU and NUFinancials purchasing

<table>
<thead>
<tr>
<th>Term</th>
<th>Definition</th>
</tr>
</thead>
<tbody>
<tr>
<td>Account</td>
<td>An account is a ChartField segment in NUFinancials that identifies the specific type of asset, liability, equity, revenue, or expense in each transaction. For example, accounts receivable, faculty salary, office supplies. Similar to CUFS Object Code, Revenue Source, and Balance Sheet. Note that the term &quot;account&quot; in NUFinancials is NOT equivalent to &quot;account&quot; in CUFS. In NUFinancials, “chart string” is the new terminology for what is known as an “account” in CUFS.</td>
</tr>
</tbody>
</table>
| Approver| A role in workflow that is granted to users as determined by their school/department. Depending on the transaction type, commodity, chart string and/or dollar amount, some financials transactions are also subject to approval by Approvers in central offices such as PRS, ASRSP, and Research Safety. The Approver role is configured by the NUFinancials system administrator. The responsibilities of the Approver role are:  
  - Evaluate financial transactions for:  
    - Compliance with NU financial policies  
    - Completeness  
    - Accuracy  
  - Approve, send back, or hold financial transactions (Approver cannot modify transactions)  
  - Manage workflow in a timely fashion to leverage benefits of automated processing (e.g., requisition to PO on same day now possible)  
  Approvers are notified via email when a transaction is awaiting their approval. Approvers retrieve transactions awaiting their approval from a workflow inbox on the NU portal.  
  See also: Workflow |
| Assignee| Requester in the Shopper’s school/department to whom the Shopper assigns their iBuyNU shopping cart. |

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FMS801 & 803
| Auto-source | In NUFinancials, Automatic Purchasing Sourcing is an automatic process that turns a requisition into a purchase order. Sourcing runs without the need for user interaction on a regular schedule in the background to identify requisitions that have been approved to become purchase orders. For multi-line requisitions that contain items from multiple vendors (as may be the case with requisitions originating from iBuyNU), auto-source splits a single requisition into multiple POs for the appropriate vendors.

Auto-source runs these processes:
• AutoSelect Requisitions
• PO Stage Load
• PO Contracts
• PO Change
• PO Calculations
• Create PO |
<table>
<thead>
<tr>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Batch process</td>
<td>Batch processing is the execution of programs or jobs on a computer without human interaction. Batch jobs are scheduled so they can be run to completion without human interaction, usually at a time of non-peak usage such as overnight. This is in contrast to online or interactive programs which prompt the user for input; or automatic processes which are executed in real time without the need for user interaction.</td>
</tr>
<tr>
<td>BD-1</td>
<td>Purchasing Policy and Procedure at Northwestern University requires that competitive bidding be conducted for purchases of $25,000 or more (it is recommended for purchases of $5,000 or more). The Bid Documentation Form (BD-1) is to be used by departments and schools to document how an award decision is made whenever a competitive solicitation is performed. It must be attached to the requisition so it can be approved by all approvers.</td>
</tr>
<tr>
<td>Bid Documentation</td>
<td>See BD-1</td>
</tr>
</tbody>
</table>
Blanket orders are to be used primarily to make payments for the regular delivery of a consistent quantity of products or for services that are provided on a regular and consistent basis. Specific examples include:

- Equipment maintenance (monthly payments)
- Garbage pick-up (department specific service)
- Coffee service (different amount each month, using a preferred vendor)
- Laboratory Gas (same quantity each month)
- Facilities construction projects
- Rent, utilities

The underlying theme behind most appropriate blanket orders is that there is a contract/agreement in place, reviewed and approved by PRS and/or OGC, or an established template was used.

Blanket orders are not to be used as an open line of credit or to facilitate the use of phone orders (open account with no detail regarding each individual transaction). Blankets orders should also not be used to manage your budget.

Blanket orders will be sent to the vendor, so they know the PO number to include on all invoices.

Approval. ALL blanket purchase order requests will be reviewed and must be approved by PRS, regardless of value. In addition, all changes to blanket orders will be processed by PRS.

<table>
<thead>
<tr>
<th>Blanket</th>
<th>Budget check</th>
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</thead>
<tbody>
<tr>
<td><strong>Blanket orders</strong></td>
<td><strong>Process of checking a transaction against a specified chart string or budget.</strong> When a transaction exceeds the available budget amount, the system either stops the transaction and issues an error notice or passes the transaction with a warning notice, depending on the processing rules specified by NU regarding control budget definition, budget attributes, and source transaction type definition. A budget check is performed by the Requester when creating a requisition. See also: Commitment Control</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>CA / TA</th>
<th>Catalog requisition</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Cash Advance / Travel Authorization</strong></td>
<td><strong>A requisition that is initiated for items that are selected from vendors included in the iBuyNU Marketplace (web based ordering experience).</strong></td>
</tr>
</tbody>
</table>
Chart of Accounts

Represents the accounting structure for how NU gathers, stores, combines, and uses financial information. A chart of accounts is used to trace the flow of revenues, expenses, assets, liabilities, and equity.

ChartFields

Accounting codes that make up NU’s chart of accounts in the NUFinancials financial system. ChartFields are used to segregate and categorize transactional and budget data.

Chart string

*Chart string* is the new terminology for what was known in CUFS as fund/area/org. Chart strings are used for purchasing, budgeting, and expenses. ChartField values are combined to create a chart string.

Commitment Control (also called KK)

Enables NU to maintain and track budgetary control over purchasing activities to ensure that resources are not exceeded.

In the context of purchasing, there are 3 steps in commitment control:

Pre-encumbrance (Requisition) → Encumbrance (Purchase Order) → Expenditure (Voucher)

- Pre-encumbrance is posted automatically against the appropriate chart string when requisition is budget checked successfully
- Encumbrance is posted automatically when the requisition becomes a purchase order; pre-encumbrance is relieved
- Expenditure is posted automatically when a voucher is created for payment to a vendor; encumbrance is relieved

The following chart illustrates commitment control transaction flow in purchasing on non-grants accounts.

<table>
<thead>
<tr>
<th>Transaction</th>
<th>Budget</th>
<th>Pre-encumbrance</th>
<th>Encumbrance</th>
<th>Expenditure</th>
<th>Balance</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Budget</td>
<td>100,000</td>
<td></td>
<td></td>
<td></td>
<td>100,000</td>
</tr>
<tr>
<td>2. Requisition</td>
<td></td>
<td>10,000</td>
<td></td>
<td></td>
<td>90,000</td>
</tr>
<tr>
<td>3. Purchase Order</td>
<td></td>
<td>(10,000)</td>
<td>10,000</td>
<td></td>
<td>90,000</td>
</tr>
<tr>
<td>4. Voucher</td>
<td></td>
<td></td>
<td>(10,000)</td>
<td>10,000</td>
<td>90,000</td>
</tr>
</tbody>
</table>
### Dept ID

A ChartField segment in NUFinancials that identifies the lowest level at NU where you manage staff and/or control, secure, or report on budget/activity performance. Dept IDs are not the same as Department, which reflect NU’s organizational structure.

For appropriated funds: Dept ID is the lowest level at NU where staffs and/or budgets are managed, controlled, and reported on.

For non-appropriated funds: a more general Dept ID value can be used to link the entire department's various Grants, Construction, Endowment, Gifts, Designate/Discretionary Projects, Student Loans, and Agency activity as the Project value or Fund/Project value will be the lowest level.

### DPR Form

The Direct Payment Request process is a way to request a check to pay for something when the transaction does not warrant the issuance of an official purchase order to a vendor. Specific examples include:

- Rent, utilities
- Registration fees
- Subscriptions
- Membership dues
- Repairs (unplanned, emergency)
- Research subject fees

The Direct Payment Request process cannot be used to pay invoices for the purchase of products that should have been ordered using a Purchase Order.

The DPR Form shall be filled out, completed, and submitted to Accounts Payable.

### Direct Payment Request

See DPR Form

### Dispatch

Each vendor’s profile will include how they wish to receive purchase orders. Vendors may select Fax, mail, or e-mail. Purchase orders that are issued via fax will be sent through the University’s fax server (which is automated, with no manual intervention required). Orders to vendors included in the iBuyNU Marketplace will be sent through the Marketplace either electronically (CXML) or by fax server.
| eForm | Direct Payment Request  
|       | Change Order Request  
|       | Vendor Add/Update |

| Encumbrance | Funds that have been reserved when a purchase order is processed. Encumbered funds are no longer available for use in other transactions, but also have not been included in the Actual Funds balance because a payment has not yet been generated and the funds have not physically left the account. The purpose of creating an encumbrance is to avoid budget overspending.  
|       | • An encumbrance against the specified chart string or budget is posted automatically by the system when a requisition becomes a purchase order  
|       | • Simultaneously, the pre-encumbrance that was created when the requisition was budget checked is relieved  
|       | • An encumbrance is relieved and expenditure is posted automatically when a voucher is created for payment to a vendor  
|       | *See also: Commitment Control* |

| Fax server | Method of dispatching purchase orders directly from NUFinancials to a vendor's fax machine without need for manual intervention. Dependent on the vendor's ability to receive purchase orders via this method. |

| Fund | A ChartField segment in NUFinancials that is a 3 digit indicator of source of funds (e.g., federal grant, unrestricted gift, endowment income) |

| General Ledger (GL) | Accounting module in NUFinancials that serves as the core of the financial management system. The General Ledger module is where budget journal entries are created and maintained. Various modules such as Purchasing, Expenses, and Accounts Payable feed into and receive data from the GL module. |
### Hosted Catalog

A catalog that is established by PRS on behalf of a preferred vendor that is included in the iBuyNU Marketplace. All item detail is sent to PRS in spreadsheet format that is then turned into a catalog that is placed in the Marketplace.

Features of a hosted catalog include:
- Shopping experience is contained within iBuyNU
- Retains the look and feel of iBuyNU
- Searchable simultaneously across multiple catalogs
- Can generate side-by-side product comparisons
- Hosted items can be edited in cart until submitted for requisition

Orders to vendors that are included in the iBuyNU Marketplace using a hosted strategy will generally receive their orders via fax server.

### iBuyNU Marketplace

The iBuyNU Marketplace is a tool that provides departments and schools with the most streamlined, cost effective way to order from preferred vendors. It provides end users with a web based ordering experience. Departments and schools will be shopping on, in many cases, the vendor's actual web site configured for NU. Orders can be dispatched electronically and invoices can also be received by Accounts Payable electronically.

The iBuyNU Marketplace is strategically managed by PRS and there are many factors that go into determining whether a particular vendor is enabled.

Only preferred vendors, where PRS has established a formal contract or agreement with on behalf of the University, will be considered for enablement in iBuyNU.

### Manage Requisitions

Page in NUFinancials that is unique for each requester, to provide them with a means to appropriately track all of their procurement transactions.

### See: Commitment Control

### See: iBuyNU Marketplace
## Matching
Matching is an automatic process that compares Vouchers with Purchase Orders and Receipts to ensure the timely payment of goods and services ordered and received. Matching occurs at the line item level. The system performs the following types of matches:

### 2-way match
- Applies to all catalog orders (items found in iBuyNU marketplace of preferred vendors)
- Requires Voucher & Purchase Order (Receipt *not* required)

### 3-way match
- Applies to all non-catalog orders (items not found in iBuyNU) including blanket and service requisitions
- Requires Voucher, Purchase Order & Receipt

**If matching is successful and within tolerance levels:**
System sets status of voucher to Matched and voucher is available for payment in the next voucher posting process. Once voucher is paid, payment is posted and purchase order status is *Complete* (similar to *Closed* in CUFS).

**If matching is not successful or is not within tolerance levels:**
System flags exceptions. Match exceptions are workflowed to Accounts Payable for resolution. If a match exception is due to a missing Receipt, the *Requester* is notified via email that a Receipt needs to be created.

*See Also: Tolerance*

### Non-catalog requisition
A requisition that is initiated for items from vendors who are NOT included in the iBuyNU Marketplace (manual entry).

### Procurement Card (P-card)
The procurement card is a very important component of the procurement environment here at NU. It is to be used primarily for purchases less than $500 when the items needed cannot be purchased from a preferred vendor in iBuyNU and when the purchase is low risk (the transaction doesn’t warrant the issuance of an official purchase order to a vendor). Specific examples include:

- Registration fees
- Subscriptions
- Membership dues
| NUFinancials | Oracle-owned enterprise management software selected by NU for financials, including Chart of Accounts, General Ledger, Post-Award Grants, and Supply Chain (purchasing and accounts payable). PeopleSoft is currently used by NU for HRIS (Human Resources) and SES (Student). |
| Online Voucher | Module in NUFinancials used for the prescribed policy uses of the Direct Payment Request, Visitor’s Expense Report and the Contracted Services Form for U.S. Residents. |
| Pre-encumbrance | Funds that have been reserved pending approval when a requisition is budget checked and submitted. |
| | • A pre-encumbrance is posted automatically against the appropriate chart string when a requisition is budget checked successfully |
| | • A pre-encumbrance is relieved and an encumbrance is posted automatically when the requisition becomes a purchase order |
| | • An encumbrance is relieved and expenditure is posted automatically when a voucher is created for payment to a vendor |
| See also: Commitment Control |
| Preferred vendor | Preferred Vendor relationships at Northwestern are established one of two ways: |
| | A contract is established based on the results of a formal competitive bid process managed by PRS. Current providers of these products/services on campus are invited to submit a proposal. The vendor(s) that are awarded contracts were determined to represent the best value to the University. Department and school representatives (some of your peers) are involved in the evaluation and decision making process. |

- Emergencies (products or services)
- Internet orders (only when item needed cannot be found from any other source)

Please note that individual limits can be set by each department or school for each of their procurement card holders (both an amount per transaction limit as well as a monthly total limit). Contact Financial Operations for more information about obtaining a Procurement Card.

P-card may be used in lieu of petty cash. Not to be used for travel.
A **pricing agreement** is established based on a negotiation between PRS and the vendor. These agreements are established because it has been determined to be in the best interest of the University to establish a relationship with these vendors. Some of the reasons are that there is a strong University preference for the product or service offered by a particular vendor, the product or service needed is proprietary, unique, or exclusive in nature, the individual amount per transaction may be very low, etc.

Departments and schools are strongly encouraged to utilize Preferred Vendors for the following reasons:

It has been determined that Preferred Vendors deliver the best overall value to the University based on price, delivery capabilities, quality, past performance, training, financial stability, etc.

Consolidation of usage drives up volume, which is what provides incentive for vendors to offer the best possible price to the University.

The price on contract is the actual price departments and schools will pay (all savings are realized by the ordering departments and schools). If pricing is ever improved, everyone benefits.

It minimizes duplication of effort. Departments and schools are not required to solicit other bids when choosing to utilize a Preferred Vendor because this activity has already been performed by PRS and the terms and conditions have already been established.

Service levels are higher because these vendors have more of a commitment to the University and the contract or agreement allows us to build a relationship with them. PRS is monitoring the performance of preferred vendors to make sure they are complying with the requirements of the contract or agreement. PRS is able to hold these vendors more accountable in order to make sure the products and services being provided meet the expectations of departments and schools.

It is much easier to order from preferred vendors, especially those with catalogs enabled in the iBuyNU Marketplace.

A list of Preferred Vendors is maintained on the PRS website.

| PPS       | Procurement and Payment Services, which is the single point of contact at NU for all central procurement activities. |
### Punchout

For many vendors included in the iBuyNU Marketplace, PRS has decided that it is more advantageous to allow departments and schools to connect to the contractor’s actual website catalog that has been configured specifically to NU’s contract (products available, pricing, etc.). Orders to vendors that are included in the iBuyNU Marketplace using a punchout strategy will generally receive their orders electronically.

Features of a punchout include:
- Shopping experience links from iBuyNU to vendor website for shopping and cart creation, then cart is transferred back to iBuyNU
- Punchouts have the look and feel, functionality, terminology, etc. specific to each vendor’s website
- Punchout items may or may not be edited in cart until submitted for requisition, depending on the punchout vendor’s rules

### Purchase Order

Once a requisition is successfully budget checked, submitted, and approved, a purchase order is generated that is sent to the vendor and reflects specifically what is being ordered. Purchase orders are automatically issued and dispatched multiple times per day.

A purchase order number is system-generated and begins with PUR. Vendors must have a PUR number before delivery of goods or services can occur.

### Requester

A role in NUFinancials that is available to users as determined by the school/department and configured by the NUFinancials system administrator. The functions of the Requester role are:

- Create requisitions in NUFinancials
- Enter chart strings for requisitions
- Budget check requisitions
- Submit requisitions for approval
- Track status of requisitions
- Edit requisitions / submit change order requests (if necessary)
- Enter PO receipts for non-catalog orders when goods/services are received
| **Requisition** | A purchase request subject to approval based on NU workflow rules. Creating a requisition is the first step in the procurement process. A requisition is created and submitted by a Requester. When submitted, a requisition ID number (i.e., unique identifier) is generated by the system; requisition ID numbers begin with REQ. Once approved, a requisition becomes a purchase order (PO) and a purchase order ID number (i.e., unique identifier) is generated by the system. PO ID numbers begin with PUR. A REQ number cannot be used in lieu of a PUR number for purchasing. There are 2 types of requisitions: catalog (items found in iBuyNU) and non-catalog (items not found in iBuyNU). |
| **SciQuest** | The software that is used to power the iBuyNU Marketplace. |
| **Shopper** | A role in iBuyNU for those that do not have security as a Requester. It allows anyone with the Shopper role access to enjoy a web based ordering experience from preferred vendors. The functions of the Shopper role are:  
- Shop for items in iBuyNU  
- Create cart in iBuyNU  
- Assign cart in iBuyNU to school/department Requester |
| **Sourcing workbench** | Used by PRS to troubleshoot requisitions that may fail to auto-source. Also used to review and update sourcing information, or correct errors that may result from the sourcing process. |
| **Special requisition type** | Blanket, one time service, grant subcontract |
**SSJ-1 Form**

This process can only be used if a single vendor is uniquely qualified to meet the department/school's procurement objective. To be considered a sole source and therefore exempt from the bid process, one of the following conditions must be met:

- The actual product or service needed is the only one that will meet the department/school's need and it can only be purchased from one source (manufacturer or distributor).
- The product or service must match or be compatible with current equipment or services.
- An unusual or compelling urgency exists.
- Product needed is specifically required for use in conjunction with grant or contract.
- Service needed is controlled/mandated by the local utility or government.
- Contract is for professional or artistic services.

The **Sole Source Justification Form (SSJ-1)** must be completed, submitted, and approved prior to the purchase order being issued.

**Tolerance**

Tolerance is specified to allow for an acceptable and reasonable price difference between the ordered price and the price on the invoice. For example, the price on the PO and invoice can vary by the designated tolerance amount or percentage and still be approved for payment.

Tolerance is used in matching, an automatic process that compares Vouchers with Purchase Orders and Receipts to ensure the timely payment of goods and services ordered and received. Matching occurs at the line item level.

NU has applied the following percentage and amount tolerances at this time:

<table>
<thead>
<tr>
<th>Order Type</th>
<th>Over-tolerance threshold</th>
<th>Match Type</th>
</tr>
</thead>
<tbody>
<tr>
<td>Catalog orders (from iBuyNU marketplace of preferred vendors)</td>
<td>10% or $40, whichever is less</td>
<td>2-way (PO and Voucher)</td>
</tr>
<tr>
<td>Non-catalog orders (including blankets and services)</td>
<td>25% or $100, whichever is less</td>
<td>3-way (PO, Voucher, and Receipt)</td>
</tr>
</tbody>
</table>

- Under-tolerance restrictions are not used. For example, the price on the invoice can be lower than the price on the PO and the invoice will be approved for payment regardless of how much lower the invoice is.
- Tolerance is not applicable to Direct Payment Requests or reimbursements.
- Freight, shipping, or fees associated with the transport of goods do not affect tolerance. Accounts Payable
<table>
<thead>
<tr>
<th><strong>prorates such charges across all line items on the invoice when creating the voucher.</strong></th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>See also:</strong> Matching</td>
</tr>
</tbody>
</table>

**Voucher**
In NUFinancials, vouchers are internal documents created when an invoice is received in Accounts Payable. Vouchers are created to record vendor invoice data and accounting information and to initiate vendor payments.

**Workflow**
Workflow is the process of routing transactions for approval before a PO can be issued or payment made. Workflow is triggered when a requisition or expense reimbursement request has been entered, saved, and submitted for approval. The approval path will ultimately depend both on the transaction’s dollar amount, chart string, and commodity type.

Types of approvals are:
- Departmental
- Blanket Orders
- Commodity
- ASRSP
- PRS approvals based on dollar thresholds

See also: Approver.

**Workflow inbox**
Page in NUFinancials that is unique for each approver and includes only items that require their approval.

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**Additional Resources**
Purchasing University Services [http://www.northwestern.edu/procurement/](http://www.northwestern.edu/procurement/) • 847-491-8120 • email procurement@northwestern.edu

**Where to get help?**
For assistance, contact NUIT Support Center at 847-491-HELP (4357) or email consultant@northwestern.edu