



Office of the Vice President for
Operations and CIO/CBO

MEMORANDUM

TO: KSU Faculty and Staff

FROM: Dr. Randy C. Hinds, Vice President for Operations & CIO/CBO

RE: Non-Compliance of KSU's Procure-to-Pay (P2P) Processes

DATE: March 2, 2016

It has come to my attention that the University is experiencing an increasing number of unauthorized commitments to suppliers. This means procurement policies and procedures are not being properly followed on campus.

With a few exceptions, almost all KSU expenditures should be committed using either a Purchase Order or KSU Purchasing Card (P-card). It is imperative that a Purchase Order be sent from a KSU Buyer to the supplier to authorize payment **in advance** of performance of services or delivery of goods. Generating a Purchase Order after-the-fact provides no value if services have already been performed, or products already delivered. The situation of non-compliance often reveals itself when an invoice for goods or services is presented for payment with no associated Purchase Order number.

In January of 2014, KSU's former check/payment request system, ePro "PAY," was retired and University employees were trained how to use a new check/payment request system called "OwlPay." Training was offered in the use of this new system and a document (tool) was prepared to help users navigate appropriate Procure-to-Pay methods. Although training remains available, and further guidance is offered in the Procure-to-Pay Decision Matrix document, it appears that either (1) the ease of use of the new payment request system has resulted in the unintended use of that system to circumvent procurement policy and procedure; or, (2) education on the proper use of the Procure-to-Pay process and related system(s) is still needed.

The OwlPay system has ONE primary function: to pay for goods and services that are exempted from the Purchase Order process. Effective immediately, KSU employees using OwlPay for any other reason are subject to disciplinary action.

Disregard for process and failure to adhere to University-established policies and procedures endangers KSU's overall mission. In a growing – and changing – organization like KSU, communication and planning are crucial to our continued success. It is critical that all KSU Department Heads understand their fiscal responsibility, including following proper purchasing policies and procedures, and guide their employees accordingly. The Office of Procurement and Contracting is preparing a campus wide communication for further guidance.