

Sul Ross State University
Business Process Analysis – Finance Module

Process Name: Xerox- Vendor from Hell

Date: October 6, 2005

Time: 1 pm

Location: ACR207

Participants: Patty Roach, Noe Hernandez, Laura Lannom

Session Lead: Patty Roach

Narrative/Description: Process begins when an end-user needs a copier and they contact Purchasing Senior Buyer (SB). SB researches current copier and new requirements, then determines whether the copier needs to be purchased on a state contract.

If not on state contract, Senior Buyer contacts the Xerox sales rep. The sales rep contacts the end-user to discuss department needs and decide on which copier is needed. The sales rep then sends SB a quote or a sales contract. SB prepares a purchase requisition and forwards to department for approval. Signed requisition is returned, purchase order and contract are signed. PO documents are scanned and linked in Imaging.

If SB determines the copier will be purchased on a state contract, SB prepares a purchase requisition and forwards to department for approval. Signed requisition is returned, purchase order is issued and entered online with Texas Building and Procurement Commission. TBPC issues a state PO to vendor and sends a copy to SRSU. Purchasing office clerk scans and links the State PO, and forwards to SB. SB creates a new purchase order in FRS with the state PO number, and cancels the old SRSU purchase order number in FRS. Buyer adds note on screen 221 cross- referencing PO numbers and re-links in Imaging to State PO number. Copy of TBPC purchase order is sent to Accounting.

A spreadsheet is kept in Purchasing to track each copier, with serial number, PO number, account, department, customer ID number, notes. The spreadsheet is sent to Accounting for billing reference purposes.

For cancellation of a copier, Purchasing is contacted by the end-user. Purchasing faxes the formal cancellation notice to Xerox. There may be additional documents that Xerox requires. At this point, the old PO and any new PO is updated to reflect the change.

Accounting receives invoice, uses spreadsheet from Purchasing to locate PO number. Accounting verifies invoices matches PO exactly. If so, Accounting enters invoice into FRS. If not, Accounting works with Purchasing to research and correct the difference. Purchasing modifies PO if necessary. Accounting follows up until invoice matches and can be entered in FRS. Accounting updates their copy of Purchasing spreadsheet with payment information. Rest of cycle in Accounting documented in BPA for Matching/Recording/Filing documents.

At year-end, spreadsheet is used for calculating necessary accruals. All Xerox accruals are posted manually.

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Electronic Inputs: None

Manual/Paper Inputs: Requisitions, purchase orders, state purchase orders, invoices, contracts

Key Decision Points (list all): Determining if State contract will be used, determining whether invoice matches PO exactly, determining whether copier has been delivered and if PO needs adjustment

Related Policy(s): TBPC requirement to issue 5 year purchase order

Interface to Other Systems: TBPC Impala system, Image Now

Web Features: None, unfortunately

Electronic Outputs: Purchasing spreadsheet, updated by accounting

Manual/Paper Outputs: Purchase Order, TBPC Order

Customer(s): Departments, Xerox, Purchasing, Accounting

Regulatory Items: Fund out clauses on multi-year contracts

Frequency/Volume: too often but about 60-65 purchase orders/renewals, 600+ invoices

Potential Break Points: Don't know when copier is received, invoice doesn't match PO and can't be processed, account status with Xerox is not current and they will not deliver new copiers, Copiers aren't cancelled and payments must be made for two copiers

Automation: None

Issues: We aren't sure why TPBC contracts are sent to accounting.

If copiers are switched out or cancelled during the year, PO's may not be consistently updated to reflect the changes, so incorrect billings may be allowed to process against the PO.

On some copiers (maybe not Xerox), the vendor may require a 30 day cancellation notice, so we may end up paying for 2 copiers one month if this is not done or not known in time.

We do not know when Xerox installs or picks up copiers, so PO cannot be accurately updated based on the delivery or pick-up date.

If a PO is installed mid-month, Xerox bills us for copies but not for the month's base charge (this may cause problems in setting up the PO properly).

Xerox is adamant they will not install new copiers if bills for ANY SRSU copier is past due. Xerox billing very seldom matches the way the purchase order is set-up, and Xerox is not consistent in their billing (eg sometimes the catch tray is billed on a separate line, sometimes it is included in the base charge. Sometimes, it is billed in arrears, sometimes in advance).

Multi-year contracts with State- State requires us to issue a PO for the full 5 year contract period. This is resolved by using a Master Order, but the process is involved and is not efficient.

Estimated copy overage charges may not be included on the PO, and so encumbrances may not be sufficient to cover charges that come in later.

We don't receive a monthly statement from Xerox.

Spreadsheet is not updated when copier changes are made.

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Multiple payment setting in FRS allows accounting to enter invoices beyond the encumbrance amount.