

University of Kentucky Purchasing Division	<u>Document Number:</u> 09-25	<u>Title:</u> Reverse Orders	Page 1 of 2
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An important facet for managing procurement is that of spend visibility. "Spend visibility" is the ability to capture, retain, and view line item data (item number, description, quantity, price, etc.) of purchased goods and services. Line item data generated by SRM e-catalogs, for instance, is invaluable for commodity group management, improved supplier negotiations, and reporting for stakeholders.

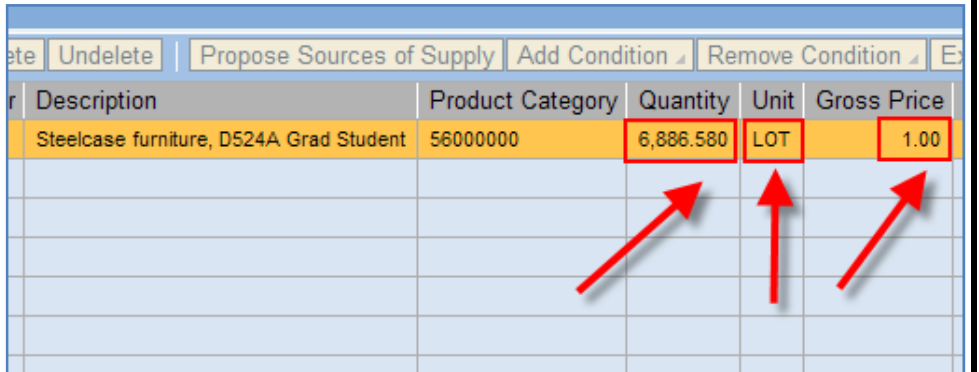
SRM Free Text Shopping Carts / SAP Requisitions are frequently entered by departments in a lump sum/reverse order format. "Reverse order" format means one line item is entered for the entire supplier quote and the cost for all items is lumped into one amount. Since the order has only one line with a general description, pertinent line item data is not retained in the system reflecting what is actually purchased. As a result, lump sum/reverse format orders provide little or no spend visibility when it comes to reporting.

To improve spend visibility, whenever possible and appropriate, departments should create SRM Free Text Shopping Carts/ SAP Requisitions utilizing line item entry of the items rather than lump sum, reverse order format when there are multiple items for purchase. The below table can be used as a guide to determine whether an order qualifies for lump sum / reverse order format.

<i>May Qualify for Lump Sum / Reverse Format</i>	<i>Items which are discrete in nature and are not part of a larger equipment piece should be entered based on each line item</i>
<ul style="list-style-type: none"> -Furniture orders containing many components -Large contract printing orders -Purchase of a single equipment piece with quote constructed of numerous smaller components -Personal Service Contracts -Orders for services to be provided over a fiscal year (e.g., leases, equipment rental, etc.) 	<ul style="list-style-type: none"> -Laboratory Equipment and Supplies -Fitness equipment -Imprinted Promotional Items -Audio/Video Equipment

Exceptions may be in order for exceedingly long quotes or purchases with special circumstances.

Reverse orders are formatted with the total dollar amount of the order entered in the Quantity box of line 1. The cost each should be entered as \$1.00 and the unit of measure should be LOT. Goods confirmations and invoices, as they are due, are also posted in dollars. Below are examples of orders setup in reverse format.

Message	Definition
<p>Example 1: Furniture order consisting of multiple components and product numbers</p>	
<p>Example 2: Computing order which contains multiple items</p> <p>In both cases, the order was written for the total dollar amount. This is entered into the Quantity box.</p>	