Recording Material Usage in Maximo

Resource Packet

Maximo is now the data of record for jobs or any transactions that are reported against those jobs over the course of the month. As per our new protocols, any materials or services that are purchased from an outside vendor that must be recovered through the billing process will be entered and tracked from within Maximo.

Recording Materials & Commitments in the Job Cost System

In the Job Cost System...

- Material transactions can be recorded against a job record using the Detail Material Add (DMA) function
- Material transactions from procurement card purchases, Kuali Purchase Orders, or Shop Catalog orders are applied to jobs through Job Cost Rejected detail function.
- Outstanding commitments (source 6 transactions) can be created against a job record for any pending materials or services transactions
- Payments (source 1 transactions) can be applied to a job record to create billable transactions to offset material commitments (source 6)

The Purchasing Module

The Maximo Purchase Order, Receiving, and Invoicing applications will be used to satisfy many of the functions that the Job Cost System previously provided. These tools will also provide us with some enhanced capabilities to improve the way we procure and recover materials or services directly for the work we are performing.

Using Maximo Purchase Orders, Receiving, and Invoicing, users will be able to:

- Commit the cost of goods or services against the work being performed at the time of procurement
- Create material or service transactions to recover income for the goods purchased
- Validate that we were appropriately charged by the vendor
- Transmit orders to the UBSC for processing using Maximo workflow

Maximo Purchase Orders as Commitments

Maximo Purchase Orders are unique records that allow users to commit the cost of goods or services against the work being performed. When we procure goods or services from an outside vendor, a Maximo Purchase Order is created against a Maximo work order(s), and will contain PO lines with details regarding the quantity and unit costs of each of the goods or services being procured. As with this new process, commitments will be made against the work at the time of procurement regardless of the form of payment. These commitments will act as open requisitions that will prevent the work from being closed before costs can be recovered, and will provide more accurate and real-time information regarding anticipated costs.
**Receiving in Maximo**

The Receiving application allows employees to receive goods or services against a Maximo Purchase Order once the items or services have been supplied by the vendor. The receiving process allows us to track the receipt or partial receipts of items or services that are purchased, such as when partial shipments are made, partial services are rendered, or damaged goods received.

When receipts are made against the PO lines of a Maximo Purchase Order, corresponding material or service transactions at the appropriate sale costs are created against the applicable work order record(s). These transactions, although applied to the work order, are marked as “pending” charges and will not bill to the customer until after we have been able to validate that we have been accurately charged by the vendor.

**Validating Vendor Charges**

Any “pending” transactions that are applied to Maximo work orders during the Receiving process must be validated against the actual cost charged by the vendor before they can be recovered. This validation ensures that we were accurately charged for the costs of goods or services by the vendor, and that we are appropriately recovering expenses from the customer. An automated process will be implemented in Maximo to perform this validation.

Once a vendor charge posts to the general ledger, the journal will be automatically fed into Maximo as a *Maximo Invoice*. The Maximo Invoice will reference information about the transaction, such as the total amount (cost), date, vendor, and the unique Maximo Purchase Order number against which the transaction originated. The total cost on the Maximo Invoice (actual cost from the vendor), will be compared against the cost of goods received against the Maximo Purchase Order (pending transactions on the work order).

If the costs of goods and services received against the Maximo Purchase Order match the cost on the Maximo Invoice:

- The Maximo Invoice is automatically marked as “Paid”
- The Maximo Purchase Order is automatically closed, which releases the open requisition against the work order(s)
- Any pending material or service transactions against the work order(s) will be eligible to be billed to the customer during the next billing cycle.

If the cost of goods and services received against the Maximo Purchase Orders do not match the cost on the Maximo Invoice, the discrepancies will be investigated and reconciled by Facilities Administration & Finance.

**Transmitting Maximo Purchase Orders to the UBSC**

In situations where the UBSC will procure goods or services on our behalf, employees can create and transmit a Maximo Purchase Order with PO lines for the specific items to be procured directly to the UBSC using Maximo workflow. Doing so will commit the cost of the goods or services against the Maximo work order(s), and provide the UBSC with the details for the items being purchased. This process applies only to goods or service being procured directly for work being performed, and is especially relevant in situations where the employee is not able to purchase those goods him/herself using a procurement card or through Shop Catalog.

Note: The following information must be recorded against the Maximo PO before it is sent to the UBSC:

- a. Business Purpose
- b. Account number(s), including object code (6010) and sub-object code (142)
- c. Vendor name and vendor phone numbers
Maximo Purchase Order Workflows

For Goods or Services Purchased on a Procurement Card:

1. Employee purchases goods or services using a procurement card
2. Employee creates a Maximo Purchase order with PO lines for the goods or services that were procured. This creates an open requisition against the work order.
3. Employee records the Kuali account number, object code 6010, and sub-object code 149, Maximo Purchase Order number, and business purpose on the receipt and returns this, and other documentation as necessary to the UBSC.
4. Employee records the receipt of goods or services against the Purchase Order in Maximo once they have been supplied by the vendor. This creates a pending transaction(s) against the work order for the sale cost of those goods and/or services.
5. Bank’s system feeds the procurement card transaction into Kuali. This transaction, which references the Maximo Purchase Order number, is then fed into Maximo as a Maximo Invoice.
6. The total cost of goods on the Maximo Invoice is compared to the total cost of goods received against the Maximo Purchase Order through an automated process. If the totals do not match, then discrepancies will be investigated and manually reconciled by FAF. If the totals match within our predefined tolerance:
   a. Invoice is automatically marked as PAID.
   b. Maximo Purchase Order is automatically Closed.
   c. Pending transactions against the work order are eligible to be billed during the next billing cycle.

For Shop Catalog Enabled Vendors:

1. Employee creates cart in Shop Catalog for items to be procured.
2. Employee creates a Maximo Purchase Order with PO lines for each of the items being procured. This creates an open requisition against the work order.
3. In Shop Catalog, the employee “assigns” the cart to the UBSC agent responsible for overseeing the account. In the notes field, the employee must specify the account number, object code (6010), and sub-object code (142) for each PO line, and the Maximo Purchase Order number (to be entered into Org Doc #)
4. UBSC will receive notification that the Shop Catalog cart has been assigned to them, and will finish submitting the order in Kuali on behalf of the employee.
5. Employee records the receipt of goods or services against the Purchase Order in Maximo once the goods or services have been supplied by the vendor. This creates a pending transaction(s) against the work order for the sale cost of the goods and/or services received. Once posted to the general ledger, the transaction referencing the Maximo Purchase Order number is fed into Maximo as a Maximo invoice.
6. Once posted to the general ledger, the vendor charge (journal) referencing the Maximo Purchase Order number is fed into Maximo as a Maximo invoice.
7. The total cost of goods on the Maximo Invoice is compared to the total cost of goods received against the Maximo Purchase Order through an automated process. If the totals do not match, then discrepancies will be investigated and manually reconciled by FAF. If the totals match within our predefined tolerance:
   a. Invoice is automatically marked as PAID
   b. Maximo Purchase Order is automatically Closed
   c. Pending transactions against the work order are eligible to be billed during the next billing cycle.

For Maximo Purchase Orders Transmitted to the UBSC:

2. Employee creates a Maximo Purchase order with PO line(s) for the goods or services to be procured against a Maximo work order. This creates an open requisition against the work order.
3. Employee transmits the Maximo Purchase Orders to the UBSC using system workflow. The following information must be recorded against the Maximo PO before it is sent to the UBSC:
a. Business Purpose

b. Account number(s), including object code (6010) and sub-object code (142)

c. Vendor name and vendor phone numbers

d. Accurate part numbers and description

e. Attachments for special supporting documents (e.g., Sole Source documentation, quotes, etc)

4. UBSC reviews the Maximo Purchase Order and procures the goods or services using a preferred method of payment. The Maximo Purchase Order number is recorded in the Org Doc # on the Kuali Req./PO

5. Employee records the receipt of goods or services against the Purchase Order in Maximo once goods or service have been received. This creates a pending transaction against the work order for the sale cost of the goods and/or services received.

6. Once posted to the general ledger, the vendor charge (journal) referencing the Maximo Purchase Order number is fed into Maximo as a Maximo invoice.

7. The total cost of goods on the Maximo Invoice is compared to the total cost of goods received against the Maximo Purchase Order through an automated process. If the totals do not match, then discrepancies will be investigated and manually reconciled by FAF. If the totals match within our predefined tolerance:
   a. Invoice is automatically marked as PAID
   b. Maximo Purchase Order is automatically Closed
   c. Pending transactions against the work order are eligible to be billed during the next billing cycle.

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**Materials, Services, and Tools in Maximo**

In Maximo, non-labor transactions will be reported as material, service, or tool usage. Whereas non-labor transactions were previously reported as “material” details in the Job Cost System, material, services, and tools will be treated separately in Maximo. Below is a definition of each category including a description of in what circumstance each should be used.

**Materials:** Material usage consists of either items or materials that are reported against a Maximo work order. "Items” are catalogued in the Maximo item master, which may include but is not limited to items sold out of inventory. “Material” is not catalogued in the item master library, and is often used for special orders that will not need to be inventoried or ordered again.

**Services:** Service usage constitutes services provided by outside vendors, when costs for those services need to be tracked and recovered through Maximo. Things such as contractors supporting projects being managed internally, maintenance warranties such as for elevators or roofs, or permits and inspections performed by outside agencies should be tracked as service usage. Service usage can be reported as either a service or standard service. Any services that are procured on a relatively frequent basis, such charges as shipping, setup, calibration, or hauling services, should be catalogued in Maximo as a “standard service” item.

**Tools:** Tool usage constitutes a tool or other item being used for work being performed. Whereas material becomes the property of the consumer, tools or rentals remain with the service provider after work is performed or complete. The charge is computed based on the time the tool is lent out. Charges for tools or rental equipment, such as scaffolds, chillers, lifts, should be tracked as tool usage and catalogued in Maximo as such.