

Purchase Order Procedure

Methods to Determine Needs

Purchasing requirements, categorized by the type of goods or service, are determined according to the following methods:

- Inventory replenishment needs are determined by a supervisor who has responsibility for the specific task, automatically when stock on hand reaches a reorder point, per anticipated needs for a specific application.
- The need for services that are provided on a recurring basis by the same vendor, such as utilities, telephone, periodicals, or janitorial services, are determined initially by authorized persons and, thereafter, provided continuously or not redetermined until the end of the contract period.
- Determining the need for specialized services, such as insurance, advertising, and legal and accounting services, is the responsibility of designated individuals or committees.
- The need for occasional goods and services is identified by the user and approved by a responsible person, such as an administrative committee member or designated individual with signature authority.

Preparation of Requisitions for Routine Goods and Services

Purchase Order Request forms (obtained on-line) for routine goods and services (items that are commonly used in the University, including administrative support items) are prepared by the user department and contain the following information:

- Vendor- name and address of vendor if it is appropriate for user department to specify the vendor from which they desire to purchase the product or service.
- Billing address- specific location where invoices are to be sent.
- Date requested- date that purchase order request was made by user department.
- Date required- specific date that items requested is needed. Always estimate or project a specific preferred date the material or service is to be delivered. This consideration will assist the Purchasing department in determining priorities.
- Ship or deliver to- specific location where goods or services are to be delivered.

Initiation of Purchase Order Requests for Specialized Services

Purchase Order Requests for specialized services are initiated by individuals authorized to make the specific type of purchase. If the goods or services are complex, highly technical, or require a formal request for proposal or contract, the appropriate contract or document is prepared by an authorized individual. Review and approval of the document or contract is approved by the following, as deemed appropriate by the University:

- Authorized supervisor or department head
- Authorized University officer- Vice President Business Affairs, Controller
- Board of directors
- University legal counsel

Initiation of Purchase Order Requests for Plant, Property and Equipment

Purchase Order Requests for fixed asset additions are initiated by the user departments and in accordance with a capital budgeting process. Approval is received from the supervisor or University officer responsible for such a purchase. Significant purchases are approved by the Board of Directors.

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Limitation on Purchases through Imprest Funds

Purchases through an imprest fund are limited to a specific dollar limit, for items that are purchased in small quantities and usually require a purchase within a very short time period. The University typically uses a petty cash fund for such purchases, and a petty cash voucher is filled out for each purchase and given to the person responsible for keeping the petty cash fund. The practice of making voluminous purchases through the imprest fund is discouraged.

Capable Purchasing Personnel

The University has capable purchasing personnel. For most enterprises of sufficient size, administrative control is enhanced if trained purchasing agents, rather than personnel from user departments, determine sources, negotiate terms, and place orders. A separate purchasing function increases the efficiency and effectiveness of a business.

Establishment of Purchasing Guidelines

Purchasing guidelines that define approval requirements and procedures for purchase commitments is determined by the Vice President for Business Affairs. The purchasing guidelines contain the following items, as applicable:

- Approval limits over which the buyer is required to obtain appropriate approval prior to the establishment of a firm order or contract.
- Fixed asset appropriation requests for all such expenditures over a specified dollar amount prior to commitment of funds
- Purchases against approved capital appropriations that require approval by the department head responsible for the project
- Purchases for certain specialized goods and services that require technical expertise

Entering into Purchase Commitments

Purchase commitments may be entered into to assure an adequate supply or price. All contracts are documented in writing and the approval of the Vice President of Business Affairs is obtained before a firm contract is signed.

Preparation of Pre-numbered Purchase Orders

Pre-numbered purchase orders are prepared and contain the following information, as applicable:

- Name and address of vendor
- Ship-to information and location
- Date the order was placed
- Date the goods are to be delivered or service performed
- Mode of transportation
- Terms of purchase (i.e. down payment, returnable if not used, etc.)
- Each item listed separately with description
- Specific quantity and unit of measure
- Unit price
- Signature of authorized buyer

Reviewing for Accuracy

Before the purchase orders are released, the following review steps for accuracy are made:

- Dates and quantities reconciled to Purchase Order Request form
- Prices compared to master files or standards
- Extensions and footings checked

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Inspection of all Goods and Services

The receiver inspects all goods received. Upon receipt of any item, the following inspection procedures are immediately performed:

- Check the bill of lading for the correct delivery point
- Verify the number of containers with the bill of lading
- Examine containers for exterior damage
- Note on the bill of lading any discrepancy (i.e. missing containers, damage, etc.)
- Sign and date the bill of lading
- Retain a copy for the requestor's records and forward original to the Accounts Payable department along with signed yellow copy of Purchase Order Request form, indicating receipt.

The receiver contacts the vendor to report and reconcile any discrepancies (physical damage, wrong item delivered, quantity error, etc.) in the order. The Purchasing Office will conduct this procedure if the original order was placed by the Purchasing department.

Preparation of Receiving Request

A receiving report (see Part II of the Purchase Order Request form) is prepared and designed to the University's specific requirements.

Receiving Documentation Filed with Receiver and Sent to Accounts Payable

After inspection, the receiving report, with the attached copy of the purchase order, the packing slip, and the bill of lading, is sent to the Accounts Payable department. A copy of the receiving report and the related purchase order is filed with the receiver.

Inspection and Approval of all Services Received

Services that are received are also inspected or reviewed by the user department to determine that the work was done in accordance with the purchase order or contract. Approval by the user stated in memo form is sent to the Accounts Payable department. If the work is of a confidential or highly technical nature, the University may desire to have the Vice President of Business Affairs review the documentation for inspection and approval of services received.

Storing and Controlling of Goods

Raw materials, component parts, and other goods are accounted for and controlled from the time of receipt through utilization. Any transfers to the appropriate user department are noted on the receiving report.