A8.800 Disbursing/Accounts Payable and Payroll

A8.836 Purchase Orders and Related Forms

1. **Purpose**

To provide procedures to encumber purchase orders, process payments, adjust encumbrances and record these purchase order transactions into the Financial Management Information System. Additionally, to provide processing guidelines for the related Purchase Order Change Form and the Receiving Report.

2. **Responsibilities**

a. Each campus/department office is responsible to ensure that Purchase Orders, Purchase Order Change Forms, and the Receiving Reports are processed in accordance with established procedures. The fiscal officer is the individual authorized to issue purchase orders within the limitation (dollar amount) of his/her purchasing authority and is accountable for compliance with the procedures.

b. Fiscal officers and program managers (approving authority) who approve payments on purchase orders and related forms are responsible for compliance with applicable Federal and State laws, rules, regulations and University policies and procedures.

c. The Office of Procurement and Real Property Management (OPRPM) is responsible for processing the encumbrance documents $25,000 and higher.

d. The Disbursing Office is responsible for the auditing and the processing of the encumbrance documents less than $25,000.
3. **General Procedures**

a. The Purchase Order (Attachment 1) is the basic purchasing document of the University to procure goods and services for less than $25,000 (refer to A8.250 - Small Purchase and for instructions to complete the purchase orders) (Attachment 1).

Departmental checking accounts are normally used to process payments of $100.00 or less (refer to A8.844 - A8.848 for details). Petty cash funds are normally used to process payments of $25.00 or less (refer to A8.811 - A8.819 for details).

b. All goods and services are to be appropriately purchased with a purchase order unless there is a need for another type of document or purchasing/payment method. Sections of the Administrative Procedures Manual prepared by the Office of Procurement and Real Property Management (OPRPM) offer guidance for further procurement document usage. Sections of the Administrative Procedures Manual prepared by the Disbursing Office offer guidance for the use of other payment documents.

c. Upon acceptance by the vendor, the purchase order becomes a contract which is binding on the University. The same attention to detail should be given to the preparation of the purchase order as is given to the preparation of any contract document.

d. The Purchase Order Change Form (Attachment 2) is used to record changes to the purchase order (refer to A8.250.15b. - Purchase Order Changes and for instructions to complete this form) (Attachments 250.9 and 250.10).

e. All Requisitions (with appropriate documentation), Purchase Orders and Purchase Order Change Forms ($25,000 and higher) must be promptly submitted to OPRPM for review, approval and encumbrance processing. See the OPRPM instructions A8.250 - Small Purchase (purchase less than $25,000 for goods, services and construction).
f. All Purchase Orders, Purchase Order Change Forms (less than $25,000) and all Receiving Reports must be promptly submitted to the Disbursing Office for audit review, encumbrance and payment processing. See the Disbursing Office instruction A8.839 - Accounts Payable Processing.

4. Assignment of Payment

On occasion, a vendor/contractor to whom the University has awarded a purchase order or a contract requests that payment(s) under the specific purchase order or contract be assigned to a third party. Pursuant to section 40-58, HRS, the vendor/contractor may not assign payment(s) for a specific purchase order or contract to a third party unless the assignment is first approved by the Vice President for Budget and Finance/Chief Financial Officer. The assignment should be processed on an OPRPM Form 90, Assignment of Money by Party to Whom University is Directly Indebted, (Attachment 3). (Refer to A8.275, Attachment 275.7 for instructions to complete this form.)
NOTICE TO VENDORS
TIME IS OF THE ESSENCE AND THIS ORDER IS CONTINGENT UPON YOUR ACCEPTANCE OF THE SPECIFIED TERMS AND CONDITIONS AND YOUR ABILITY TO MEET THE BELOW STATED DELIVERY DATE. OTHERWISE THIS PURCHASE ORDER IS VOID. DELIVER ADDRESS, PURCHASE ORDER NUMBER, AND REQUISITIONER MUST APPEAR ON ALL PACKAGES, INVOICES AND SHIPPING NOTICES. FEDERAL FUNDS APPLY. YES ( ) NO ( ). IF YES, THE ATTACHED FEDERAL PROVISIONS SHALL ALSO APPLY.

DELIVER TO: (ALL TRANSPORTATION CHARGES MUST BE PREPAID F.O.B. DESTINATION)

REQUISITIONER
REQUISITIONER'S TEL NO
DELIVER ON/BEFORE
DELIVER PREPAID VIA
CONTRACT/PRICE LIST/QUOTATION NO
DISCOUNT TERMS
BILLING ADDRESS - SEND ONE ORIGINAL AND TWO COPIES OF INVOICE TO:

<table>
<thead>
<tr>
<th>ITEM NO.</th>
<th>QUANTITY</th>
<th>DESCRIPTION</th>
<th>UNIT PRICES ARE E (ESTIMATED) OR F (FIRM)</th>
<th>OBJECT CODE</th>
<th>S/F</th>
<th>UNIT PRICE</th>
<th>AMOUNT</th>
</tr>
</thead>
</table>

I AUTHORIZE ISSUANCE OF THIS ORDER AND CERTIFY THAT THIS PURCHASE IS IN ACCORDANCE WITH APPLICABLE LAW AND UNIVERSITY POLICY.

TOTAL

PB 39032

FOR UNIVERSITY USE ONLY
I CERTIFY THAT THIS PURCHASE SUPPORTS THE UNIVERSITY PROGRAM INDICATED IN THE ACCOUNT CODE BLOCK AND THAT THE REQUIRED FUNDS ARE AVAILABLE IN THE ACCOUNT FOR THIS PURCHASE AND THAT THIS PURCHASE IS IN ACCORDANCE WITH APPLICABLE UNIVERSITY POLICIES AND PROCEDURES.

APPROVING AUTHORITY

FISCAL OFFICER / PURCHASING OFFICER

EQUIPMENT TO BE LOCATED (Bldg. & Rm): 
FEDERALEY OWNED EQUIPMENT: 
ACCOUNT CODE
OBJECT
AMOUNT
VENDOR CODE

FEDERAL TAX IDENTIFICATION NO.

VENDOR COPY
1. INVOICE must be rendered in triplicate not later than the day following shipment. In accordance with Sections 1.047-1.049 of the IRS Code, the vendor shall provide the University of Hawaii (UH) with its Federal Taxpayer Identification Number and its (1) Hawaii General Excise Tax Identification Number or (2) Social Security Number on the invoice.

2. EXTRA CHARGES. No additional charge of any kind, including charge for boxing, packing, carriage, or other extras, will be added unless specifically agreed to in writing, in accordance with UH policies.

3. PAYMENT. COD shipments will not be accepted. Drafts will not be honored. In accordance with Section 10-01-10, HRS, payments to vendors shall be made no later than 30 calendar days following receipt of invoice or satisfactory receipt of goods and services.

4. PRICES. If price is not stated in this order, it is agreed that the price shall be billed at the price last quoted, or billed at the prevailing market price, whichever is lower. This order must be filled at a higher price than last quoted or charged without UH's specific authorization.

5. APPLICABLE LAWS. Vendor represents that the merchandise covered by this contract was manufactured and is not being sold or rented in violation of any federal, state or local law.

6. FAIR LABOR STANDARDS ACT. Vendor agrees that goods shipped to UH under this order will be produced in compliance with the Fair Labor Standards Act.

7. WARRANTY SPECIFICATIONS. Vendor expressly warrants that all the materials and articles covered by this order or other description or specification furnished by UH will be in exact accordance with said order, description, specification or free from defects in material and/or workmanship, and merchantable.

8. CANCELLATION. UH reserves the right to cancel all or any part of the undelivered portion of this order if the vendor is unable to make deliveries as specified, time being of the essence for this order; or if the vendor breaches any of the terms hereof, including, without limitation, warranty of vendor.

9. ACCEPTANCE. The purchase or services covered by this order shall be furnished by the vendor to the satisfaction of the United States and shall be subject to the terms and conditions set forth in this order including, the following, which Vendor in accepting this order agrees to be bound by and to comply with all pertinent provisions and terms of conditions shall be binding upon the parties unless hereinafter accepted by them in writing. Written acceptance or shipment of all or any part of the materials or services covered by this order shall constitute implied acceptance of all terms and conditions. The terms of any proposal referred to in this order are included and make part of the order only to the extent of specifying items, names of the items, the service rendered, the price thereof and delivery date, and then only so far as such terms are consistent with the terms and conditions of this order.

10. WAIVER. The failure of the UH to enforce at any time or in any case, any provision of this order, or to exercise any option herein provided, or to require at any time performance by the Vendor of any of the provisions hereof, shall in no way be construed to be a waiver of such provision, or, in any way to affect the validity of this order or any part thereof, or the rights of the UH thereunder to enforce each and every such provision.

11. WARRANTIES. Vendor warrants the articles delivered hereunder to be free from defects in labor, material and manufacture. Any and all claims for damages or specifications incorporated or referenced herein and with samples furnished by the Vendor. All warranties shall run to the UH, its successors, and assigns.

12. DISCOUNT DATE. The date for calculation of any cash discount offered by the Vendor and provided for on the face of this order is (a) the date material is received or (b) the date as acceptable for the order is received, whichever is later.

13. INSPECTION. All work performed and all deliverable items are subject to inspection and acceptance at destination notwithstanding any payments or inspection at source. Final inspection and acceptance shall be conclusive as to all defects, fitness, gross earmarks as amount in fact, and the Vendor's warranties obligations. Supplier is to furnish the item herein to be subject to inspection by the UH and/or government inspection upon the reception of the Vendor. Vendor, without additional consent, shall provide all reasonable facilities and instructions for the safety and convenience of such inspection. At the time of inspections, Vendor shall make available to the inspection copies of all drawings, specifications and plans, processes and patterning and packing data applicable to the articles ordered hereunder.

14. ASSIGNMENT. This order is assignable by the UH. Except as to any payment due hereunder, this order is not assignable by Vendor without written approval of the UH. In case such consent is given, it shall not release Vendor from any of the obligations of this order and any transferee or subcontractor shall be considered the agent of Vendor and, in the event that Vendor defaults, thereunder. Vendor shall be and remain liable if no such release or substitution has been made.

15. CHANGES. The UH may make changes within the general scope of this order by giving notice to Vendor and subsequently confirming such changes in writing. If such changes affect the cost, or the time required for performance of the order, any equitable adjustment in the price or delivery shall be made. Change in the order shall be incorporated within written approval of the UH. Any claim of Vendor for adjustment of any nature made in connection with this order shall be submitted in writing within thirty (30) days from the date of receipt by Vendor of notification of such change unless the UH waives such condition.

16. SHIPPING INSTRUCTIONS. Shipments must be made as specified on the face of the order unless subsequently modified in writing by the UH.

17. LABOR DISPUTES. Vendor shall give prompt notice to the UH of any actual or potential labor dispute which delays or may delay timely performance of this order.

18. TERMINATION AND DELAYS. The UH may, by written notice, terminate this order for convenience in whole or in part, at any time. The UH shall pay Vendor at full compensation for performance under such order to the time of termination. In the event of termination for convenience, the UH shall pay Vendor the reasonable cost of all work done and accepted and at the time of notification of cancellation, together with any reasonable costs incurred by Vendor in connection with such termination.

19. INDEMNIFICATION. The Vendor shall indemnify, defend and hold harmless the UH and the State of Hawaii, and their officers, employees, agents, or any person acting on their behalf or agents, from and against any loss or injury, damage, and expense, caused by any act, omission or negligence of the Vendor, its officers, employees, agents or agents connected with the performance of this order, except liability arising out of the negligence of the Vendor or its employees.

20. PATENT INDEMNITY. Vendor shall indemnify, defend and hold harmless the UH and the State of Hawaii, and their officers, employees, agents, or any person acting on their behalf or agents, from and against any loss or injury, damage, and expense, caused by any act, omission or negligence of the Vendor, its officers, employees, agents or agents connected with the performance of this order, except liability arising out of the negligence of the Vendor or its employees.

21. ASSIGNMENT. Any claim of Vendor for adjustment of any nature made in connection with this order shall be submitted in writing within thirty (30) days from the date of receipt by Vendor of notification of such change unless the UH waives such condition.

22. DISPUTES. All disputes arising under or related to this order shall be resolved in accordance with the laws of the State of Hawaii.
# UNIVERSITY OF HAWAI'I

## PURCHASE ORDER CHANGE

### DEPARTMENT

<table>
<thead>
<tr>
<th>DATE OF CHANGE</th>
<th>RE: PURCHASE ORDER NO.</th>
</tr>
</thead>
<tbody>
<tr>
<td>REQUISITION NO.</td>
<td>VENDOR CODE NO.</td>
</tr>
<tr>
<td>REQUISITIONER/TEL NO.</td>
<td></td>
</tr>
</tbody>
</table>

### VENDOR

- TYPE OF CHANGE
  - TOTAL CANCELLATION
  - PARTIAL CANCELLATION
  - QUANTITY & AMOUNT
  - DESCRIPTION, SPECIFICATION, DELIVERY INSTRUCTION
  - ACCOUNT OR OBJECT CODE (DO NOT SEND TO VENDOR)

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YOU ARE HEREBY REQUESTED TO MAKE THE FOLLOWING CHANGE IN THE ABOVE DESIGNATED PURCHASE ORDER

### ITEM NO.

<table>
<thead>
<tr>
<th>QUANTITY</th>
<th>DESCRIPTION</th>
<th>OBJECT CODE</th>
<th>UNIT PRICE</th>
<th>AMOUNT</th>
</tr>
</thead>
</table>

- ORIGINAL ORDER READS:

- CHANGE ORDER TO READ:

- NET CHANGE: $         INCREASE, OR DECREASE

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### SUMMARY OF ACCOUNT CODE/OBJECT CODE CHANGES

<table>
<thead>
<tr>
<th>ACCOUNT CODE</th>
<th>OBJECT</th>
<th>AMOUNT</th>
<th>DEBIT(D)</th>
<th>CREDIT(C)</th>
</tr>
</thead>
</table>

- REASON FOR CHANGE:

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Purchasing Officer Signature: [Signature]

Date: [Date]

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### APPROVING AUTHORITY

<table>
<thead>
<tr>
<th>TITLE</th>
<th>FISCAL OFFICER</th>
</tr>
</thead>
<tbody>
<tr>
<td>COPY FOR:</td>
<td>VENDOR</td>
</tr>
<tr>
<td></td>
<td>OPRPM</td>
</tr>
</tbody>
</table>

FO CODE NO.: [Code]

Revision Date: 01/2004
ASSIGNMENT OF MONEY BY PARTY TO WHOM UNIVERSITY IS DIRECTLY INDEBTED

TO THE UNIVERSITY OF HAWAI'I:

(Name of Party to Whom UNIVERSITY is indebted)

(Address)  (City)  (State)  (Zip Code)

hereinafter referred to as "CONTRACTOR", requests the UNIVERSITY to pay

$ ____________________ now due or to become due and owing

(Specify total amount or the words "All sums")

to the CONTRACTOR from the UNIVERSITY OF HAWAI'I under ____________________

(Contract No., Purchase Order No.)

(hereafter referred to as the "CONTRACT") to the order of ____________________

(Name)

(Address)  (City)  (State)  (Zip Code)

hereinafter referred to as "PAYEE", subject to the conditions set forth herein.

The CONTRACTOR warrants and represents that he/she/it has not heretofore sold, assigned, or otherwise disposed of the money due or to become due under the CONTRACT, and that there are no orders, garnishments, or attachments outstanding affecting the same in any way.

The UNIVERSITY consents to pay the amount designated by the CONTRACTOR, and by such consent the UNIVERSITY does not assume any obligation, duty or liability whatsoever under any agreement, written or otherwise, between or among the CONTRACTOR and the designated PAYEE or any other person(s) or entity, notwithstanding any provision, term or condition in or constituting said agreement. The UNIVERSITY's consent to paying as designated by the CONTRACTOR is also subject to any withholding request by the DEPARTMENT OF LABOR AND INDUSTRIAL RELATIONS for violations under Chapter 104, Hawai'i Revised Statutes; by the DEPARTMENT OF TAXATION for delinquent taxes; and by any other department of the STATE OF HAWAI'I or any claim outstanding against the CONTRACTOR or designated PAYEE. Further, it is expressly understood that the UNIVERSITY may withhold any sums due to the agency from the CONTRACTOR, whether by liquidated damages, offset or otherwise, and that the UNIVERSITY's consent hereto is limited strictly to those sums which may be owing to the CONTRACTOR pursuant to the CONTRACT.

The CONTRACTOR hereby releases and forever discharges the UNIVERSITY and the STATE OF HAWAI'I from any and all liability whatsoever on account of any and all moneys paid to the PAYEE, pursuant to this ASSIGNMENT.

Evidence of authority to sign this ASSIGNMENT on behalf of the CONTRACTOR must be submitted with this ASSIGNMENT in a form satisfactory to the UNIVERSITY.

(Signature)  (Title)  (Date)

Consent to the above ASSIGNMENT is hereby granted.

(Vice President for Budget and Finance/Chief Financial Officer, University of Hawai'i)  (Date)
INSTRUCTIONS AND EXPLANATION FOR FILLING IN FORM 90

ASSIGNMENT OF MONEY BY PARTY TO WHOM THE UNIVERSITY IS DIRECTLY INDEBTED

1. Signatures and Notarizations.
   a. Corporation: If the CONTRACTOR is a corporation, the officers or other persons authorized to
      sign on behalf of the corporation, as evidenced by a corporate resolution, should
      sign and have their signatures acknowledged before a notary, using a corporate
      acknowledgment form.
   b. Partnership: If the CONTRACTOR is a partnership, the partners should sign and have their
      signatures acknowledged before a notary, using a partnership acknowledgment form.
   c. Sole Proprietor: If the CONTRACTOR is an individual, i.e., doing business as a sole proprietorship,
      the owner's signature should be acknowledged before a notary, using an individual
      acknowledgment form.

2. Number of Copies.
   Three (3) copies of the form are to be prepared and submitted to the Office of Procurement and Real Property
   Management, University of Hawai`i, 1400 Lower Campus Road, Room 15, Honolulu, Hawai`i 96822.

3. Distribution.
   Copy #1 OPRPM
   #2 PAYEE
   #3 CONTRACTOR

4. Cancellation or Reduction of Assignment.
   Cancellation or reduction of this assignment must be requested, in writing, supported by a written statement
   from the PAYEE consenting to the cancellation or reduction.