

Prepared by the Disbursing Office
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A8.836
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A8.800 Disbursing/Accounts Payable and Payroll

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A8.836 Purchase Orders and Related Forms

1. Purpose

To provide processing guidelines for the Purchase Order which is the basic purchasing document of the University. Additionally, to provide processing guidelines for the related Purchase Order Change Form and the Receiving Report (blue copy of the Purchase Order).

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, Property and Risk Management (OPPRM) is responsible for processing the encumbrance documents \$4,000 and higher.
- d. The Disbursing Office is responsible for the auditing and the processing of the encumbrance documents less than \$4,000.

3. Guidelines

- a. The Purchase Order is the basic purchasing document of the University and is normally issued in response to a vendor's quotation, written or verbal, for an amount in excess of

\$100.00 (Refer to A8.250 - Small Purchase for detailed procedures). Instructions for preparation of the Purchase Orders are on Attachments 250.5 and 250.6. The processing of the Disbursing (white) copy of the Purchase Order records encumbrances in the fiscal system while the processing of the Receiving Report (blue copy of the Purchase Order) initiates payments and records expenditures. Original (or certified as original) invoices are to be submitted with the Receiving Report for payments, recordation of expenditures, and custodial (UH) filing.

Imprest checking accounts are normally used to process payments of \$100.00 or less (Refer to A8.826 - A8.832 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, Property and Risk Management (OPPRM) 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. Purchase Order Change Form

Changes to Purchase Orders are initiated through the processing of the Purchase Order Change Form (Refer to A8.250.18c. - Purchase Order Changes for detailed procedures). Instructions for preparation of Purchase Order Change Forms are on Attachments 250.7, and 250.8.

- e. All Requisitions (with appropriate documentation), Purchase Orders and Purchase Order Change Forms (\$4,000 and higher) must be promptly submitted to the Office of Procurement, Property and Risk Management for review, approval and encumbrance processing. See the OPPRM instructions A8.250, Small Purchases (Purchase less than \$10,000 for Goods and Services and less than \$25,000 for Construction).

- f. All Purchase Orders, Purchase Order Change Forms (less than \$4,000) 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.
- g. All Purchase Orders (less than \$4,000) issued by departments/campuses utilizing the VAX System are to process encumbrances via electronic feeds to the Financial Management Information System (FMIS).

NOTE: Do not submit the Disbursing Office hard copy (white copy) for encumbering into the FMIS. Maintain the Disbursing Office hard copy in the field office (so that no double encumbrances are made).

EXCEPTION: Only rejected encumbrances from the VAX feed should be submitted to the Disbursing Office, Accounts Payable Section with the Encumbrance Invalid Report, FBDO10.

Purchase Order Change Forms (less than \$4,000) and all Purchase Order payments are to be processed in hard copy to the Disbursing Office Accounts Payable Section for payment processing.