

SOPP # 305 (Purchase Order/Encumbrance Maintenance & Management)	<u>Prepared By:</u> Accounting Division
<u>Effective Date:</u> July 12, 2016	<u>Approved By:</u> Commissioner of Finance
Title	Timely Liquidation and Validation of Purchase Orders/Encumbrances
Purpose	To ensure the effective management, maintenance, and reporting of purchase orders/encumbrances in the Enterprise Resource Planning (ERP) system.
Policies	<ul style="list-style-type: none"> • Purchase orders must be fully liquidated within ninety (90) days after the date of issue or conversion by the Department of Property and Procurement, except that: <ul style="list-style-type: none"> ➢ Purchase orders that are directly associated with a valid unexpired contract, memorandum of agreement (MOA) or memorandum of understanding (MOU) are exempt from the above-mentioned ninety (90) day limit; and, ➢ Purchase orders supporting certain procurement documents (e.g., Request for Proposal solicitations), unexecuted contracts, unexecuted memoranda of understanding, unexecuted memoranda of agreement and unexecuted real property leases are exempt from the above-mentioned ninety (90) day limit and are valid for one hundred and eighty (180) calendar days from the date of issuance. • Purchase orders must be fully liquidated when the following conditions exist: <ul style="list-style-type: none"> ➢ All goods and services have been received/completed and there are remaining balances on the purchase order; and, ➢ Actual expense amount is lower than the purchase order amount. • Departments/agencies must generate an outstanding purchase order listing from the ERP system (Purchase Order Module) on a monthly basis to review and validate outstanding purchase orders, including, where applicable, coordination with the Department of Finance to cancel purchase orders that are no longer valid (e.g., exceeds 90 liquidation period, difficulty with vendor delivery of goods or services, etc.).

	<ul style="list-style-type: none"> • Purchases made with a cancelled purchase order, whether in hard or soft copy, are improper and illegal. • Any employee who uses or attempts to use a cancelled purchase order to obtain goods and/or services directly from a contractor (or other vendor) shall be held personally liable and responsible for the amount of the goods and services. • The Department of Finance shall not make payment to a vendor who delivered goods and/or services as a result of receipt and acceptance of a cancelled purchase order.
Procedures	<p><u>Departmental Operational Procedures</u></p> <ul style="list-style-type: none"> • Liquidate purchase orders in accordance with SOPP #130 governing Accounts Payable. • Ensure that the liquidation of purchase orders is consistent with a specific contract, MOA, MOU, real property lease, solicitation document, etc. • Upon receipt of a final invoice for goods and or services, fully liquidate purchase orders when processing invoice for payment. • If final payment has been made and purchase order is not fully liquidated, submit written request to the Commissioner, Department of Finance to cancel the purchase order. • Generate, review, and validate purchase orders listed within the "Purchase Order by GL Account" or "Purchase Order Inquiry" report on a monthly basis.
Procedures	<p><u>System Procedures</u></p> <ul style="list-style-type: none"> • For procedures on running Purchase Order Report, see Munis Topic – "Purchase Order by GL Account", or "Purchase Order Inquiry" Report at http://www.usvifinance.info/html/VisionERPmanuals.html. • For procedures on liquidating purchase orders, see MUNIS Topic – Invoice Entry – Purchase Order line Qty located at http://www.usvifinance.info/html/VisionERPmanuals.html. • For procedures on entering Accounts Payable Invoice (API) see MUNIS Topic – Invoice Entry per located at http://www.usvifinance.info/html/VisionERPmanuals.html.

Revision History

Revision #	Date	Description of changes	Requested By
0	1/7/15	Initial Release	MF
1	1/27/15	1 st Review & Revisions	VC
2	2/09/15	2 nd Review & Revisions	MF
3	2/4/15	3 rd Review & Revisions	VC
4	2/9/15	4 th Review & Revisions	MF
5	2/9/15	5 th Review & Revisions	VC
6	7/8/16	6 th Review & Revisions	CME, ES
7	7/12/16	Final Review & Revisions	VC