**Purchasing and Expenditures**

**General**

*[When identifying the positions performing a task, both the primary and backup positions should be included. Use the official job title and include the position control number (PCN) if more than one position shares the same job title]* ***[*D1]**.

The duties of 1) approving purchase orders and invoice payments, 2) placing orders and 3) receiving merchandise are segregated among individuals. (For smaller agencies where segregation of duties is not possible, compensating controls should be noted.) **[D2]**

List the Position titles/PCNs for above duties:

Position Title PCN Duty # (1,2 or 3)

Projected expenditures (i.e. rent, utilities, telephone, contracts, etc.) are posted in an internal budget tracking system at the beginning of each fiscal year by \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ and updated as billings come in throughout the year.

Some expenses are deducted from our budget automatically using a billing claim (“snatch & grab”). The agency receives a copy of this billing claim after it has been expensed from our budget. The expense is recorded in the internal budget tracking system by \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_who then initials the billing claim to evidence posting the expense.

**No Purchase Order Required**

Purchases not requiring a purchase order (e.g., recurring utility payments, phone bills, etc.) are entered/adjusted in the internal budget tracking system and receive documented supervisory approval prior to submission for payment **[D3]**.

**Local Purchase Orders (LPO)**

The \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ maintains a purchase order log and creates a Local Purchase Order (LPO) for agency direct purchase expenditures **[D4]**.

The \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ initials the LPO upon verification of budgetary authority (and cash availability if applicable) **[D5]**, and encumbers the funds in the internal budget tracking system **[D6]**.

The LPO is then forwarded to \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ for review and signatory approval **[D4]**.

## Purchases Through State Purchasing

If merchandise to be ordered is not covered by a state purchasing contract, all necessary bids/quotes are solicited/maintained as required by SAM 1500 **[D7]**.

After all required quotes are obtained the \_\_\_\_\_\_\_\_\_\_\_\_\_\_ prepares an On-Line Agency Purchase Approval (OLAPA) form (or equivalent paper document). The form is then forwarded to \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ for signatory approval of the purchase **[D8]**.

The \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ verifies budgetary authority (and cash availability if applicable) **[D9]** and enters the amounts into the internal budget tracking system **[D10]**.

After approval, \_\_\_\_\_\_\_\_\_\_\_\_\_\_ enters the information from the OLAPA form (or equivalent paper document) into the Advantage system creating an RXQ document and electronically attaches all necessary backup before applying level 2 approval. **[D11]** The RXQ is then forwarded to \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ for level 3 approval.

The level 2 and level 3 approvers initial and date the OLAPA form (or equivalent paper document) to evidence entry in Advantage **[D12].**

After receiving the level 2 and 3 approvals from the agency, RXQs will be automatically routed, electronically, to the appropriate outside agencies (Budget, DoIT, and Purchasing) for any required approvals. When the RXQ reaches Purchasing, they will generate a Centralized Purchase Order (PC) to place an order with theselected vendor. The agency receives a paper copy of the PC which references the RXQ number.

## Receiving

Receiving merchandise is done by an employee independent of placing the order. The receiving employee will verify the condition and quantity of the merchandise **[D13]**.The receiving employee will sign and date the packing slip (or otherreceiving documents**)** to evidence receipt of goods **[D14]**.

If the merchandise received was ordered with the RXQ process:

The receiving information is entered into Advantage by \_\_\_\_\_\_\_\_\_ (level 2) and approved by \_\_\_\_\_\_\_\_\_ (level 3) to generate an RC, the Purchasing Receiver document, within five days of receipt of the merchandise **[D15a]**.Thelevel 2 and 3 approval is evidenced by initialing and dating the RC or an equivalent document **[D15b]**.

## Payments

The approved purchase order, signed receiving document(s), and invoice are matched by \_\_\_\_\_\_\_\_\_\_\_ prior to payment approval **[D16]**.

The \_\_\_\_\_\_\_\_\_\_ approves the payment by initialing and dating the invoice or equivalent billing document prior to entry into Advantage **[D17]**. This employee is independent of the receiving process.

Prior to final approval of the Payment Voucher (PV) in Advantage, expenditures and payments are reviewed using pre-established agency guidelines (e.g., an internal pre-audit checklist)[describe guidelines] **[D18]**.

The \_\_\_\_\_\_\_\_\_\_\_ enters the PV into Advantage and applies level 3 approval. The \_\_\_\_\_\_\_\_\_\_ applies level 4 approval. Thelevel 3 and 4 approvals are evidenced by initialing and dating the source or entry documents to confirm posting in Advantage **[D19]**.

*[If fiscal responsibility is not within the agency, then use the following:*

*The PV package (approved invoice, signed/dated receiving document, approved PO and any other applicable documentation) is forwarded to the fiscal responsible employee for processing and payment].*

## Reconciliations

Advantage-generated expenditure documents (PVs) are reconciled to an internal budget tracking system and the Budget Status Report (BSR) at least monthly by \_\_\_\_\_\_\_\_\_\_\_\_\_ **[D20]**. The \_\_\_\_\_\_\_\_\_\_\_\_\_ performs a supervisory review and approves the reconciliation **[D21]**.

**Miscellaneous**

If reimbursement to an employee is required for other than Travel Claims, the employee should provide the following prior to reimbursement: a signed statement certifying that the expense was paid on behalf of the State and the original invoice**. [D22]**

All outside (computerized) accounting systems require the same degree of controls (similar to those for Advantage) for authorization, input, approval, and reconciliation of transactions **[D23].**

Additional controls are in place to monitor use of the miscellaneous vendor function in Advantage **[D24]**.

The agency uses only the state approved procurement card or fuel card when purchases are made with credit cards.**[D25]**.

The purchasing and expenditure procedures are adequately documented and reviewed annually for any needed changes to reflect actual processes **[D26].**