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## Procurement

### 10.02 Purchase Orders

Updated: January 10, 2002

#### 1. Definitions

All purchases from outside vendors must be done through the issuance of a Purchase Order. A Purchase Order (PO) is an official order placed by the Purchasing Office to an outside vendor for goods or services. An outside vendor is defined as a provider of goods or services that is external to the University.

#### 2. Conflict of Interest Limitations

Budget Heads may not authorize a purchase from a business owned by them or their family members. This does not preclude employees' or their relatives' businesses from providing goods or services to the University, but does mean that the selection of the vendor must be made by an appropriate unrelated official at the University. Questions regarding this should be directed to the Purchasing Agent.

#### 3. Initiation

3.1 A PO is initiated with a properly completed Purchase Requisition (PR) submitted to the Purchasing Office.

3.2 A PR received by the Purchasing Office will be entered into FAMIS. If the encumbrance entry accepts, the PR will be forwarded to the Purchasing Agent for processing; if the entry rejects, the PR will be returned to the requesting department for insufficient funds.

#### 4. The University will utilize the following thresholds for bids when making purchases:

| Amount              | Bid Requirements                                     |
|---------------------|--|
| \$0 - 2,000         | No bids required                                     |
| \$2,000.01 - 10,000 | Three written bids<br>(Faxes and e-mails acceptable) |
| Over \$10,000       | Sealed written bids.                                 |

Exceptions to the bid requirements may be approved by the Purchasing Agent. Allowable justifications for exceptions include:

- a. Emergency Purchases (*must also be approved by Vice President for Finance and Administration*)
- b. Sole Source Purchases
- c. State Contract or Catalog Purchases

Additional bid requirements may be required by the Purchasing Agent if the bids received appear too high.

#### 5. Issuance

The Purchasing Agent will assign the approved PR to a buyer for processing. The buyer will validate the information on the PR, obtain bids (as required), and perform other tasks that may be necessary to ensure compliance with State, TAMUS or University rules and regulations. The buyer will then prepare and issue the PO. The PO will be mailed and/or faxed to the selected vendor and a copy will be forwarded to the requesting department.

#### 6. Purchase Violations

Failure by an employee to follow the above procedures constitutes a purchase violation. Departments submitting a purchase requisition to Purchasing Office for a good or service already ordered or received by the requesting department will be subject to the following administrative actions:

##### 6.1 First Violation

If the purchase violation is the department's first for the fiscal year, the Manager of Procurement Services will issue a letter to the individual who signed the Purchase Requisition,

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  - ▶ PVAMU Rules
  - Travel Policies

with a copy to the department head (if different than the signer). The letter will remind the employee of the proper procurement procedures and administrative actions to be taken in the event of additional violations. Additionally, a letter will be mailed to the vendor reminding them of the University's requirement of a Purchase Order for delivery of goods and services.

#### 6.2 Additional Violations

If a department has more than purchase violation in the fiscal year, the department will be required to submit a memorandum to the Vice President for Finance and Administration explaining why the proper procurement procedures were not followed. Based upon the justification provided, the Vice President for Finance and Administration will take action(s) deemed appropriate for the infraction. Possible actions include the following:

- a. Issue a warning letter.
- b. Issue a letter of reprimand.
- c. Require employee to pay for goods or services.
- d. Revoke budget head authority.

#### 7. Delivery of Goods or Services

7.1 All goods delivered to the University should be delivered to the Central Receiving Warehouse, where a receiving report will be prepared. Upon determination of the applicable department, the goods are delivered as soon as possible. *[Note: If the goods are received directly by the requesting department, it is responsible for providing proof of delivery to the Accounts Payable Office.]*

7.2 All services provided to the University are generally provided to the applicable department. The receiving department will provide the Accounts Payable Office with proof of delivery. Often this will be a signature on a copy of the invoice. In the case of a personal services contract, it will be a memo stating the services were provided.

7.3 For goods delivered to departments by Central Receiving staff, departments will have 5 days from the date received to verify items delivered and report discrepancies. If no discrepancies are reported, the invoice will be processed for payment.

#### 8. Invoices

8.1 Invoices or billings should be sent directly to the Accounts Payable Office by the vendor, as directed on the PO. However, vendors do submit invoices directly to departments at times and it is the responsibility of the receiving department to forward the invoice to the Accounts Payable Office, along with the requisite proof of delivery.

8.2 When an invoice is received for an amount greater than the purchase order amount, the Fiscal Office will process them if the difference is within 10% or \$250 of the purchase order amount. If the difference is greater, the requesting department will be required to process a purchase requisition for the amount of the difference before the invoice will be processed for payment.

#### 9. Payment

The Accounts Payable Office will match the invoice, Purchase Order and Proof of Delivery. The absence of any of these documents will delay payment. If all three documents are present, a purchase voucher is typed and approved for payment. The purchase voucher is forwarded to the Accounting Office for entry into FAMIS, and a check will be generated the following business day (subject to statutory limitation of paying bills in less than 30 days). After the check is generated and signed, it is mailed to the vendor.

#### 10. Forms

Purchase Requisition forms may be purchased from Central Stores.

Contacts: Encumbrances - Purchasing Office  
Purchase Order - Purchasing Office  
Vendor - Purchasing Office  
Payment - Accounts Payable Office  
Delivery of Goods - Central Receiving

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P.O. Box 519 - Prairie View, Texas - 77446-0519  
FM 1098 Rd & University Dr, Prairie View, TX 77446  
University Operator: (936) 261-3311  
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