

PURCHASE ORDERS – PREPARATION

POLICY No.: **PP-030**

SUPERSEDES No.:

EFFECTIVE DATE: **JULY 1, 2002**

PAGE No.: 1 OF 5

I. PURPOSE

To establish a procedure for the issuance of formal purchase orders.

II. SCOPE

This procedure applies Town-wide.

III. GENERAL

The NUMBERED purchase order authorizes the purchase of goods or services. It is usually the only contract document between the vendor and the Town and must be carefully worded and accurately prepared to reduce errors and eliminate misunderstanding of the information on the form by both Town personnel and the vendor. The form is invalid unless signed by the proper Town employee authorized to do so as identified in Division 4, Section OR-060 “Signature Authority” of this manual.

IV. DISTRIBUTION OF THE PURCHASE ORDER FORM COPIES

- A) Vendor Copy (White or Original Copy) is mailed to the vendor to be used as authority to furnish the Town the materials or services indicated. In most occurrences this copy may be faxed to the vendor to accomplish the mailing procedure unless specifically requested by the vendor that a copy be mailed.

The issuing department for auditing and data gathering purposes will retain a copy or the original of the purchase order.

- B) Accounts Payable Copy (Yellow Copy) this copy is to be held by the issuing department until items or services are received; then forwarded to the Accounts Payable Division with the requisition, receiving report and all other pertinent paperwork attached.
- C) Purchasing Copy (Pink Copy) is forwarded to the Purchasing Division where it will be reviewed by the General Services Manager and held for auditing purposes or placed in a completed file in numerical order.

V. PREPARING THE PURCHASE ORDERS

When a purchase order is prepared, complete the purchase order as shown below. The Entry Letters refer to the identified section of the sample form following this section.

PURCHASE ORDERS – PREPARATION

POLICY No.: **PP-030**

SUPERSEDES No.:

EFFECTIVE DATE: **JULY 1, 2002**

PAGE No.: 2 OF 5

ENTRY	DESCRIPTION	INSTRUCTIONS
A.	Ship To:	Enter Complete department name, street address and zip code. Include contact name and phone number as well as room number if applicable.
B.	Vendor Name and Address	Enter the complete address, including zip code, of the vendor to whom the order is being sent.
C.	Date	Enter the date the purchase order is prepared.
D.	Date Required	<p>Several entries can be placed here, but only delivery conditions previously agreed to by the vendor can be enforced. An agency cannot unilaterally demand a delivery date that has not been agreed to by the Vendor.</p> <p>a. Never use the terms “ASAP” or “RUSH.” They cannot be enforced as a delivery term.</p> <p>b. “PICKUP” Insert if you intend to pick up the order. Type on the purchase order the name of the person who will pick up the order and the date that the vendor has stated the order will be ready for pickup.</p> <p>Quotes and Formal Bids</p> <p>a. “(N) Days” Contract award notices or other bidding/quoting documents include the promised delivery time period. Enter the number of days specified for the vendor.</p> <p>b. “Date” Insert a specific delivery date, only if the vendor has agreed in advance to the date requested.</p>
E.	Ship Via	Enter the method of delivery. I.e. UPS, FedEx, Air Freight, Surface Transportation, Best Method, etc.
F.	F.O.B.	Enter the correct shipping term, only if the vendor has agreed in advance to the terms. A list of shipping terms and the effect on the transaction is located in Division 3, Section P-050 “Effect of Freight Terms on a Transaction” located in this manual.

PURCHASE ORDERS – PREPARATION

POLICY No.: **PP-030**

SUPERSEDES No.:

EFFECTIVE DATE: **JULY 1, 2002**

PAGE No.: 3 OF 5

G. Terms

Enter the payment terms from the award notice, the vendor's bid form, or obtained during the bidding or telephone or verbal quotation process.

A payment term must be entered on every purchase order. If you encounter payment terms not on this list, contact the Purchasing Division for the correct information regarding the payment term.

Below is a list of payment terms and their common expression of terms.

<u>PAYMENT TERM</u>	<u>COMMON EXPRESSION</u>
NET 30 DAYS	N30 or NET
2%/10 DAYS EOM	2/10 EOM
2%/10 DAYS	2/10 or 2/10 N 30
2%/20 DAYS	2/20 or 2/20 N 30
2%/30 DAYS	2/30
3%/20 DAYS	3/20 or 3/20 N 30
3%/30 DAYS	3/30
5%/20 DAYS	5/20 or 5/20 N 30
5%/10 DAYS EOM	5/10 EOM
5% EOM	5 EOM
7%/10 DAYS	7/10 or 7/10 N 30
7%/10 DAYS EOM	7/10 EOM
1%/10 DAYS	1/10 or 1/10 N30
NET 20 DAYS	N20

PURCHASE ORDERS – PREPARATION

POLICY No.: **PP-030**

SUPERSEDES No.:

EFFECTIVE DATE: **JULY 1, 2002**

PAGE No.: 4 OF 5

Abbreviations used above mean:

Net: The full amount of the invoice is the “Net” amount. A term of Net 30 days means that if the invoice remains unpaid after thirty days, late charges may be applied by the vendor.

2%/30 or 2%/30 days: Two percent of the total value of the invoice will be deducted by the Town if the invoice is paid within 30 days after the receipt of a correct shipment, whichever is later. If not paid by then, the full amount of the order is paid to the vendor without any percentage deduction.

EOM End of Month: The percentage discount offered is based on payment within a specific number of days after the End Of the current Month.

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|----|-------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| H. | Item # | Enter an item number for each line item entered on the purchase order. |
| I. | Quantity | Insert quantity ordered. |
| J. | Description | Insert complete description of what is purchased. Include brand model number and all information necessary to identify exactly what you are ordering. |
| K. | Unit Price | Insert the cost per unit exactly as bid/quote and show the unit being ordered. Refer to Division 5, Section PP-010 “Requisition – Preparation Procedures”, Page 2 of 2, located in this manual. |
| L. | Extension | Check the unit prices for accuracy and extend correctly. Add the Totals for each item and enter the sum as the Total This Order separating the last item extension price and the Total This Order with a straight line. |
| M. | Acct. # | Enter the complete account number and an amount to be charged if multiple entries with different account numbers are to be charged. If more than one account number is to be charged, the total of all amounts must equal the Total This Order. |

PURCHASE ORDERS – PREPARATION

POLICY No.: **PP-030**

SUPERSEDES No.:

EFFECTIVE DATE: **JULY 1, 2002**

PAGE No.: 5 OF 5

N. By: The Department Head, General Services Manager or Designee or a combination of both must sign the purchase order. The number of signatures required corresponds to the Total This Order amount. Refer to Division 4, Section OR-020 “Signature Authority” for signing thresholds and dollar limits located in this manual.

VI. “X” OUT ERRORS – DO NOT USE “WHITE OUT”

There is no need to start a new purchase order to correct an error. “X” out the error and re-enter the correct information. Never use “White Out” or correction tape on a purchase order or requisition form.