Policy

**Purchase Order Payments:** Furniture, equipment and office supplies are examples of items that must be ordered on a purchase order through the Purchasing Department. In order for payments to be made for items acquired on a purchase order, the goldenrod copy of the purchase order must be sent to Accounts Payable with a signature and the date when the items were received. Original invoices received by departments, which relate to purchase orders, must be sent to Accounts Payable before any payment(s) can be made. It is the responsibility of the department to remit the goldenrod to Accounts Payable in a timely manner in order for invoice payment due dates to be met.

**Return of Goods:** If items ordered on a purchase order are returned or will not be delivered, a memo, which includes the following information, must be sent to the Accounts Payable and Purchasing departments:

- Return authorization number, if applicable
- Copy of correspondence received from vendor
- Explanation as to the return or the non-delivery of the goods
- Copy of the purchase order or purchase order number

**Open Encumbrances (Blue Sheets):** A listing of open purchase orders is distributed monthly to all budget administrators by the Manager of Accounts Payable. It is the responsibility of each budget administrator to investigate the open purchase orders in his or her respective budget. Budget administrators are required to document the disposition of each open purchase order on the Blue Sheet and return it to the Manager of Accounts Payable by the specified due date. As with the return of goods, the Purchasing department should also be notified about any changes in purchase order activity.

It is critical that all open encumbrances are investigated thoroughly, since current year budget funds are reserved for the total amount of all open encumbrances. Encumbrances will carryover to the next fiscal year and reserve next year’s budget funds, if not paid by year-end.