



LAC LA BICHE COUNTY PROCEDURE

TITLE: PURCHASE ORDERS

PROCEDURE NO: CS-10-004 PROCUREMENT

SPECIAL NOTES/CROSS REFERENCE:
CS-10-004 Procurement Policy

AMENDMENT DATE: MARCH 22, 2016

Section 6(v) of Policy CS-10-004 “Procurement” requires that Purchase Orders shall be issued for all purchases of goods or services over \$2,000.

Section 7(i) of Policy CS-10-004 “Procurement” requires that:

- Purchases less than \$7,500 require the prior approval of the Department Manager.
- Purchases \$7,500 and up to \$50,000 require the prior approval of the Senior Manager for that department.
- Purchases over \$50,000 require the prior approval of the Chief Administrative Officer.

DEFINITIONS:

A “Purchase Order” is a document issued by Lac La Biche County to a vendor, indicating types, quantities and agreed prices for products and/or services the vendor will provide to the County. Sending a Purchase Order to a vendor constitutes a legal offer to buy products or services. Acceptance of a Purchase Order by a vendor forms a contract between the County and the vendor in the absence of any other contractual documentation.

PROCEDURE:

1. In general, Purchase Orders are required:
 - i. To provide evidence that prior approvals have been obtained in accordance with County Policy.
 - ii. To recognize the County’s commitment to the vendor.
 - iii. To form the basis of a contract with the vendor outlining the terms and conditions of the order as negotiated with the vendor.
 - iv. To support financial management of the County by reporting total outstanding encumbrances against a budget at the time the order is made.

2. Prior approval would require that the Purchase Order be created before the order is placed.
3. A Purchase Order would not be required under this policy if the goods and/or services ordered are covered by separate contract.
4. The ordering department shall provide on the Purchase Order:
 - i. The name of the department placing the order.
 - ii. The name of the employee placing the order.
 - iii. The date that the order is placed.
 - iv. The name of the vendor awarded the order.
 - v. The name of the program, project, activity, facility, location or unit to which the purchase should be charged.
 - vi. If Policy CS-10-004 “Procurement” requires that quotations be obtained from more than one vendor, the quotations should be attached to the purchase order.
 - vii. Sufficient information to verify that what was ordered was shipped and invoiced including:
 - a. Quantities of the items ordered.
 - b. Description of the items ordered.
 - c. Unit prices of the items ordered.
 - d. Total value of the items ordered.
 - e. Total value of the order.
 - f. The total amount of the GST.
 - viii. The general ledger code or codes to which the order should be charged.
 - ix. The signature of the Manager approving the order.
 - x. The signature of the Senior Manager, if required.
 - xi. The signature of the Chief Administrative Officer, if required.
5. When approving a Purchase Order, a Manager or Senior Manager shall ensure that:
 - i. The purchase is a bona fide transaction.
 - ii. The purchase is being made in accordance with Policy CS-10-004 “Procurement”.
 - iii. The purchase is an expenditure that has been approved in the budget.

- iv. There are sufficient funds remaining in the budget to pay for this purchase.
 - v. This purchase is being charged to the appropriate general ledger code.
6. The ordering department shall ensure that once the Purchase Order is approved that:
- i. The vendor awarded the order be advised and given the Purchase Order number.
 - ii. The vendor should be advised when requesting payment, that the invoice should refer to the Purchase Order number.
 - iii. The white copy of the Purchase Order shall be forwarded to the Finance department immediately upon approval.
 - iv. The yellow copy of the Purchase Order shall be forwarded to the vendor.
 - v. The pink copy of the Purchase Order remains with the department placing the order until the order is filled.
 - vi. The goldenrod copy of the Purchase Order shall remain in the Purchase Order book with the department making the order.
7. Upon receipt of the white copy of the Purchase Order, the Finance department shall review the Purchase Order to ensure that:
- i. The purchase complies with Policy CS-10-004 "Procurement".
 - ii. The Purchase Order is properly authorized.
 - iii. The purchase is an expenditure that has been approved in the budget.
 - iv. There are sufficient funds remaining in the budget to pay for this purchase.
 - v. The purchase is being charged to the proper general ledger code.
 - vi. Any Purchase Orders, with exceptions to the above, shall be referred back to the Senior Manager of Finance and Grants.
8. The ordering department shall ensure that once an invoice is received for goods and services covered by a Purchase Order that:
- i. If all of the goods and/or services have been received under the Purchase Order and if the invoice agrees with the terms and conditions of the Purchase Order; the pink copy of the Purchase Order should be attached to the invoice, marked as order complete and forwarded to the Finance department, once properly approved for payment.
 - ii. If all of the goods and/or services have not been received under the Purchase Order, and the invoice is for only a partial shipment; the partial shipment should be recorded on the pink

copy of the Purchase Order, the invoice should indicate the Purchase Order number of the order and forwarded to the Finance department, once properly approved for payment.

9. When approving an invoice for payment, the Manager or Senior Manager shall ensure that:
 - i. The invoice is for goods and services that have in fact been received in accordance with the terms and conditions of the Purchase Order.
 - ii. The invoice indicates the proper general ledger codes to which the purchases should be charged.

“Original Signed”
Chief Administrative Officer

August 26, 2016
Date