



## ADMINISTRATIVE PROCEDURE

<b>SUBJECT:</b> <b>REVIEW AND APPROVAL OF  PURCHASE ORDER  REQUESTS AND PAYMENT  OF INVOICES</b>	<b>Number</b> <u><b>X-6</b></u>	<b><u>Effective Date:</u></b> <b>Issued: <u>3/25/92</u></b> <b>Revised: <u>5/10/93</u></b> <b>Revised: <u>1/02/98</u></b> <b>Revised: <u>9/11/06</u></b>	<b>Page 1 of 5</b>
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### **PURPOSE:**

To establish procedures for the review and approval of purchase order requests, and payment of invoices for goods and services to ensure District obligations are paid in a timely and responsible manner.

### **POLICY:**

Purchase order requests must be completed in accordance with the procurement requirements outlined in District Administrative Procedure X-4 "Purchasing/Procurement." Each Department will have a minimum of one designated Purchasing Clearinghouse person who will be responsible for proofing purchase order requests for account code accuracy and compliance with departmental and division budgets in accordance with the procedures enumerated herein.

Invoices for supplies, materials and equipment shall be approved by the individual who is designated on the purchase order (PO). This individual will be responsible to verify that the goods received were in good condition, in the quantity invoiced, and meet the standards specified on the PO.

Invoices for services require a more detailed review and authorization procedure. The project manager, contract manager, or individual designated on the contractual service order (CSO) is responsible for ensuring that invoices for services are reasonable, accurate, and according to the terms of the contract, CSO or properly approved change order.

### **PROCEDURE:**

#### **I. Purchase Order Requests**

At the time the PO or CSO is submitted, the individual with the highest authority level signing the purchase order request may designate an individual to review and approve the invoice(s). This designation must be noted on the PO or CSO form. If no

individual is designated, approval authority shall be granted to the purchase order originator.

To facilitate the proper completion of PO and CSO requests, and the subsequent payment of invoices, the designated Departmental Purchasing Clearinghouse person shall perform the following:

- a. Initial Purchase Order Request – Proof account coding on purchase order request to ensure account code exists in the accounting system, the account code is appropriate for the type of expenditure (i.e., labor account for labor, supplies and materials account for supplies and materials, etc.), and that there is sufficient budget in the account to accommodate the expenditure. Necessary corrections will be made, and the properly completed purchase order request will be forwarded for approval in accordance with the District's Approval Authority Matrix. Once all required approvals have been obtained, the purchase order request will be forwarded to the Purchasing Officer for final review and approval to assure compliance with District procurement procedures. Once approved, a PO or CSO will be issued. (See Exhibit A for flowchart of purchase order request routing process).
- b. Adding Accounts to Existing PO or CSO – If the invoice approver subsequently determines that an invoice should be charged to an account that is not on the existing PO or CSO, the invoice approver can get the account added by sending a request to their designated Purchasing Clearinghouse person. The Purchasing Clearinghouse person will proof the request to ensure the account code exists in the accounting system, the account code is appropriate for the type of expenditure (i.e., labor account for labor, supplies and materials account for supplies and materials, etc.), and that there is sufficient budget in the account to accommodate the expenditure. The necessary corrections will be made, and the request will be forwarded to the Purchasing Clerk, so that the account can be added to the PO or CSO. New account codes must be added to the existing PO or CSO before the invoice is forwarded to Accounts Payable for payment to avoid unnecessary delays in payment. (See Exhibit B for flowchart of process for adding accounts).
- c. Coordinate Correction of Improperly Coded Invoices – The applicable designated Purchasing Clearinghouse person is responsible for facilitating the resolution of invoices submitted to Accounts Payable with erroneous account coding or other types of deficiencies.

## II. Invoice Approval

Timely payment of invoices is critical to maintaining the District's credit standing and may enable the District to benefit from prompt payment discounts. Accordingly, invoices that have been approved by the originator of the PO or CSO, or the designated invoice approver, must be forwarded to Accounts Payable within ten business days after receipt of the invoice by a department. (See Exhibit C for flowchart of invoice processing steps).

The originator of the PO or CSO, or the designated invoice approver, is responsible for getting errors corrected on invoices and is responsible for notifying Accounts Payable of the invoice's pending status. Notification to Accounts Payable must be made within ten business days after receipt of the invoice by a department. The originator of the PO or CSO, or the designated invoice approver, is further responsible for resubmitting the corrected invoice to Accounts Payable for payment. Accounts Payable will provide notification to departments regarding delinquent invoices on a monthly basis.

If there are multiple account codes included on a PO or CSO, the originator of the PO or CSO, or the designated invoice approver, must indicate the account(s) that the invoice is to be charged against and the dollar breakdown of those charges by account.

- a. Approval of Invoices for Supplies, Materials and Equipment – Invoices for supplies, materials and equipment may be approved for payment in one of two ways. The originator of the PO or CSO, or the designated invoice approver, may approve a packing slip upon receipt of the goods by reviewing and signing the packing slip and stating that it is approved for payment. The packing slip is then forwarded to Accounts Payable for payment. Following this procedure constitutes approval of the invoice as long as the invoice matches the approved packing slip. If the invoice does not match the approved packing slip, or no packing slip is received, then the originator of the PO or CSO, or the designated invoice approver, must approve the invoice prior to payment by Accounts Payable.

Prior to approving a packing slip or invoice, the approver must ensure the following:

- The goods received match the quality and quantity of the goods ordered.
- The unit costs and miscellaneous charges billed on the packing slip or invoice agree with information contained on the original PO. Any freight charges must be consistent with the terms on the PO.

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- The packing slip or invoice is clerically accurate.
- b. Approval of Invoices for Professional or Technical Services – Approval of invoices for services may vary depending on whether the service is covered by a CSO or a PO (refer to Administrative Procedure X-4 for guidance). Invoices to be charged against a CSO must be accompanied by an approved Invoice Summary form. In this case, a signature is not required on the invoice, only the Invoice Summary form. (See Exhibit D for sample form).

An Invoice Summary form may be used for invoices charged against a PO. This form aids in the tracking of expenditures against an authorized amount. If the Invoice Summary form is not used, then the originator of the PO, or the designated invoice approver, must approve the invoice.

Prior to approving the Invoice Summary form or invoice, the approver must ensure the following:

- Services described as performed and completed have been satisfactorily completed in accordance with the terms, conditions and technical requirements contained in the Consulting Services Agreement, CSO or PO.
  - The units, costs and miscellaneous charges billed on the invoice agree with those detailed in the CSO or PO.
  - The invoice is clerically accurate.
- c. Request for Check – In general, all requests for the payment of goods and services shall be supported by a valid PO, CSO, or Sundry PO (a short form purchase order for low-dollar purchases as defined in Administrative Procedure X-4). Exceptions to this general rule include payments for utilities, travel related expenses, employee/Board reimbursements, union dues, and employee related healthcare insurance premiums. Questions regarding these general rules should be directed to Accounts Payable staff.

A Check Request form should only be used when prepayment is required, as discussed in Administrative Procedure X-4. The approved invoice or invoice summary form serves as the request for check in all other cases, with the exception of employee/Board travel reimbursements and expense reimbursements, which have their own unique forms and reimbursement procedures.

The Board of Directors, at the regular meetings on the first and third Wednesday of each month, approves the warrant register authorizing the disbursement of

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District funds. Expedited payments in between warrant dates (or "handwrites") may be obtained on an exception basis and must be approved for expedited payment by the Director of Finance or the Accounting Manager. Handwrites should not be requested for routine or foreseeable payments. These expedited payments are included as an attachment to the next available warrant for review by the Board.

**RESPONSIBILITY:**

Compliance with this administrative procedure is the responsibility of each department/division manager. Any modification to the policy or procedure set forth herein must be approved by the General Manager.

APPROVED:



Walter J. Bishop  
General Manager

Attachments:

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| Exhibit A | Purchase Order Approval Routing Process – Flowchart                |
| Exhibit B | Process for Adding Accounts to Existing Purchase Order - Flowchart |
| Exhibit C | Processing of Invoices – Flowchart                                 |
| Exhibit D | Invoice Summary – Sample Form                                      |