City of Marshfield
Memorandum

November 17, 2018

TO: City Purchase Order Users
FROM: Ron Aumann, Finance Director
SUBJECT: Purchase Order – Guidelines for Use

<u>BACKGROUND</u>

Finance is making changes to the Purchase Order (PO) process to become compliant with City Policy 4.800 – Procurement of Goods and Services and standardize how they are used within the City (Police/Fire/Library excluded, due to their respective Commissions).

PO's are used to establish terms with a vendor prior and will generally be issued in 3 instances. All PO's issued are handled the same, regardless of the reason for issue.

1. > $5,000 purchase where a contract is not present. <u>Required per policy</u>.
2. < $5,000 purchase at department discretion. Encouraged for non-standard transactions and new vendors.
3. At the request/requirement of the vendor.

<u>Document Flow</u>
1. The PO is issued to vendor.
2. Vendor fills the order and submits an invoice to the City, ideally noting the PO #.
3. Department returns coded invoice / PO to Accounts Payable for processing.
4. Accounts Payable pays the invoice and submits the Invoice/PO/Support for scanning.
5. Accounts Payable will notify the Finance Director of missing PO's.

<u>Notes:</u>
1. PO's should be numbered sequentially and accounted for by the issuing department.
2. The PO number will be a two-letter prefix, followed by 5 numbers (WW-00001).
3. Be specific as possible in all requested terms on the face of the PO.
4. Always include an expected delivery date.
5. If a PO needs to be voided, note it as such, and reissue a new PO number.
6. AP / EDMS will contain the official, retained copy. Retain within your department as long as administratively necessary.
7. "Blanket" PO's are acceptable, as long as the terms can be derived from the face of the document. ("Market price as of x/xx", "Per 2019 rate sheet", etc.)
8. "Blanket" PO's should be closed out at the end of the year, with a new PO issued for the new calendar year per vendor.
9. In the rare occasions where it is not possible to issue a PO prior to the delivery of goods or services (emergency repairs), please include documentation to AP.