



## Purchase Orders – What Are They and What Kind Should I Use?

Aside from requiring a pre-determined series of approvals, purchase orders provide a guarantee of payment to our vendors, assuming the order is fulfilled as detailed. Once a purchase order has been approved and printed, Escape creates an encumbrance in the full amount of the purchase order, which essentially **reserves** funds from the budget specifically for the payment of the purchase order. The encumbered funds are **no longer considered available** within the budget. When payment is made, the encumbrance is reversed and replaced with the actual expenditure, removing the funds from the budget. If for any reason a purchase order is cancelled prior to being paid, the encumbrance is reversed, and the funds are again considered available within the budget. Escape uses the term “Requisition” to refer to a purchase order prior to its full approval.

### Purchase Order/Requisition Departments – Confirming, Check Request, Purchasing, Technology

**Confirming Orders** are used for “after the fact” invoices. These are situations when either goods or services were **provided prior to any requisition being initiated**. Typically, Confirming orders are meant as a “last resort”, while Purchasing and Technology requisitions are meant for everyday situations. In other words, Purchasing and Technology requisitions should be used first and foremost. As added information to increase understanding, staff reimbursements are done with revolving cash, and should not exceed one hundred dollars (\$100.00).

In an **emergency situation**, when a **vendor requires a purchase order number prior to providing services**, it is recommended that a Confirming requisition be initiated with the vendor’s ID entered, then closing the requisition allowing Escape to assign a requisition number to the order. The requisition number should be given to the vendor for use as the purchase order number. Upon receipt of the vendor’s invoice, the Confirming order can be recalled in Escape via the requisition number, and completed.

Always remember to:

**ATTACH** the original invoice to the requisition in Escape, and **SEND** the original invoice to Fiscal Services. Please **reference the requisition number on the invoice**.

**Check Request** requisitions are used when payment is required in advance of receiving services. Examples include, conferences, workshops, and field trips when the vendor will not accept a purchase order nor credit card. Other examples include assembly speakers and dance classes when payment is to be presented to the vendor at time of performance.

NOTE: Custom made items should be ordered using a standard Purchasing Requisition. Please contact the Purchasing Department for instructions on how to set up your requisition when a deposit is necessary.

If you have any questions, please contact Purchasing.

Always remember to:

**ATTACH** your supporting documents to the requisition in Escape, and **SEND** your supporting documents to Fiscal Services. Please **reference the requisition number on the documents**.

**IMPORTANT**...The invoice and documentation you SEND to Fiscal Services is what prompts the payment. Forgetting to send your invoice and documentation results in delays.

**PLEASE BE PROACTIVE**...If you are in need of a check, it is good practice to verify receipt of your paperwork with Fiscal Services.

**Purchasing and Technology Orders** are for purchases that must be approved prior to being ordered. Like the name implies, Technology orders are to be used for the purchase of any items that the IT department needs to be aware of, such as computer hardware, printers, document cameras, software licenses, etc., as these items may involve compatibility with our current equipment. Purchasing is for everything else.

### **Purchase Order/Requisition Types – Blanket, PO with Receiving, PO w/o Receiving**

**Blanket PO** is typically used to encumber (reserve) funds when it is anticipated that **multiple incidental purchases will be made on a consistent basis from one vendor**. In most cases, this involves vendors who have agreed to process orders using the Blanket PO, sometimes referred to as an “open account”, to cover all purchases rather than requiring an individual purchase order for each purchase. The total value of a Blanket order should be carefully estimated to avoid encumbering too many funds. Remember, once encumbered, funds are no longer available within your budget. Unlike other purchase order types, **Blanket purchase orders can produce the illusion that a budget is depleted, when in fact, the funds have not actually been spent**. The following are examples of when a Blanket order should be used.

- A shop instructor needs to pick up small tools and materials as needed.
- Maintenance technicians constantly require different parts to complete repairs.
- Department secretaries ordering office supplies.

**A Blanket PO should never be used for high-value items, and certainly not for anything that would be considered a fixed asset** (see below for additional description of fixed assets).

**PO with Receiving** should be used when **physical product will be received by our warehouse staff**. Escape will automatically show the delivery location as “warehouse”, as it is **recommended that all shipments come to the warehouse** to be inspected and accounted for.

**PO w/o Receiving** should be used when **items will not be received by our warehouse staff or NON-physical product is being purchased**. The following are examples of non-physical products.

- Travel
- Software licenses
- Services like independent music teachers or consultants.

With regard to magazine subscriptions, the school site or district department which will receive the magazines should be used as the “delivery location” on the requisition, not the warehouse. Although magazines are a physical product, since they are mailed directly to school sites and not received by warehouse staff, **PO w/o Receiving** should be used.