



# Newtown Township Policy

## Title: Purchase Order

<b>Policy:</b> 2015-08	<b>Replaces:</b> New Policy	<b>Issue Date:</b> 10/6/2015
<b>Section:</b> Fiscal	<b>Distribution:</b> All Employees, Staff, Contractors, Vendors	<b>Effective Date:</b> 10/7/2015
<b>Chapter:</b>	<b>Issued By:</b> Rich Lafiata	<b>Review Date:</b> 10/2016

### **Purpose:**

The purpose of this policy is created to make sure all purchases over a specified dollar amount have prior approval and to assure the funds are budgeted and available prior to purchases.

### **Definitions:**

**Blanket Purchase Order:** Purchase order that contains multiple delivery dates over a period of time normally used when there is a recurring need for expendable goods.

**Budget Increase:** Action that requires board approval to add additional money to a department's budget.

**Budget Transfer:** Action that allows transfer of money between line items to make funds available.

**Department:** a division of an organization dealing with a specific subject, commodity, or area of activity.

**Purchase Order (P.O):** is a formal document which is provided to a supplier of Newtown as the townships request and confirmation for a specified supply of goods and/or services.

**Requestor:** Any Township employee or individual working on the Townships behalf that is asking for a purchase order to be generated via requisition.

**Requisition:** An official form on which a request for purchase is made.

**Supplier:** Individual or business that delivers or supplies the goods and/or services and sends the invoices for payment.

### **Policy:**

All purchases over \$500.00 per vendor per year will require a purchase order to be generated PRIOR to purchase. No purchase orders will be issued unless the remaining budgeted amount is adequate to cover the purchase order. If the P.O is greater than the

remaining budget a budget transfer or budget increase are required before the purchase order is requested. Refer to the budget adjustment policy. Purchase orders are only good for current fiscal budget year. New purchase orders will be issued for each new budget year.

\*Utilities such as electric and natural gas are exempt from the purchase order process.

**Procedures:**

1. Requestor determines cost of project/item.
2. Requestor confirms there is ample remaining money in budget for project/item.
3. Requestor completes a purchase requisition.
4. Requestor then seeks proper approvals :
  - a. Items between \$500-\$2999.99 – Department Head Approval
  - b. Items between \$3,000-\$4,999.99- Department Head & Finance Manager Approvals
  - c. Items \$5,000 and over – Department Head, Finance Manager & Township Manager approval.
5. Requestor submits approved purchase requisition to Finance Departments Accounts Payable Clerk.
6. Accounts Payable confirms there is ample money in the budget for project/item.
7. Purchase order is entered into the system and created.
8. Purchase order is signed by Township Manager or in his/her absence the Finance Director.
9. Purchase order is then given to Supplier.

\* Blanket purchase orders can be written for quarterly in amounts for vendors who are used frequently but require the same procedures to be followed.

**Responsibilities:**

It will be the responsibility of any Township employee or anyone working on behalf of the Township to submit a purchase requisition prior to purchasing any goods. The requestor will provide all the necessary information about the purchase as well as check account balances prior to handing in a purchase requisitions to ensure there is money remaining in the budget for their purchase. The Finance Departments Accounts Payable Clerk will then also be responsible for checking the line item to ensure there is money in the budget. The finance department will then be responsible for generating a purchase order in a timely manner.