

# STANDING PURCHASE ORDERS

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## Definition of Standing Order

When repeated purchases of the same type of supply or service are expected, multiple purchase requisitions may be eliminated by submitting one purchase requisition to establish a standing order. The "standing" parts of the arrangement are the *timing* of individual requests for the type of item covered by the order and the *number of items* requested each time. **All standing orders expire on June 30, at the end of the fiscal year.** If invoices remain unpaid, a new purchase order is required to cover that expenditure.

## Authorization Levels

A standing order must be completed by the budget manager and approved by the Department Head, Division VP, and VP Business and Finance.

Orders for items that are repetitive in quantity and price (for example, the monthly payment for 12 months for an automobile lease) may be included in the standing order and paid immediately by accounting with no additional approval. Any additional charges over and beyond the charges specifically outlined on the PO **MUST** have a separate PO issued for them. *Standing orders do not under any circumstances include add-on expenditures.*

Most standing orders will not be repetitive in quantity and price and will require additional authorization at the **level designated on the back of the PO** for each individual invoice. Examples of standing orders that require this additional authorization include telephone bills, utilities and department stock (paper, parts, etc) purchases. Therefore, the invoices for standing orders (except as noted in the paragraph above) will be sent directly to the department. The department will attach the original invoice (all pages and parts) to the front of a copy of the standing order and sign the invoice. Signature and date on the invoice constitutes acknowledgement of review of the invoice and proper receipt of goods or services as billed. If the order covers more than one General Ledger account number, the proper GL# should be noted on the invoice as well.

## Encumbrance

Standing orders must be issued for a reasonable not-to exceed annual amount. Once the order is approved, the department should consider those funds to be spent, even though the expense has not yet been recorded. Additionally, each department is to monitor expenditures both through the review of the invoice and through Informer reports.

### Reporting and payment

Completed paperwork must be submitted to Accounting for payment in accordance with payment schedule deadlines. The departments must exercise diligence in submitting documents for payment in a timely manner to avoid late payment fees or disruption of services. Assessed late fees will be added to the cost of the purchase and charged back to the department.

The Accounting Office is responsible for enforcing this policy and will review the paperwork to ensure that it is in order. Improperly prepared documents will be returned to the department. The Accounting Office will date stamp and enter properly prepared documents in a timely manner. In addition, the Accounting Office will monitor payment terms to ensure that vendors are paid within the payment terms stated on the invoice. Processed invoices will be posted to the general ledger on a daily basis to ensure Informer reports are as up to date as possible.

### Account Statements

Account statements are issued for the purpose of verifying records. They are not to be used as a payment document. *All statements should be sent to Accounts Payable for reconciliation with the vendor.* DO NOT submit statements to the Accounting Office for payment-they will not be processed.