

## **Purchase Order Processes**

### **1. PURCHASE ORDER**

- A. The University of Kentucky "Purchase Order" is the contractual document by which the supplier is notified of the acceptance of an Invitation for Bids (IFB), Request for Proposal (RFP) and/or quotation or is requested to furnish a commodity or service when an IFB, RFP and/or quotation is not required.
- B. The University of Kentucky "Purchase Order" is a ten-digit number beginning with "45" (Campus), "47" (Hospital) or "48" (Subcontracts) and is prepared and signed by the Purchasing Division and forwarded to the vendor.

### **2. CHANGE TO PURCHASE ORDER (CHANGE ORDER)**

- A. The University of Kentucky "Change Order" is an authorization prepared by the Purchasing Division to make approved changes to a University of Kentucky Purchase Order.
- B. A departmental request for a change should be in written form either to ask for the change or to confirm a telephone request. Reference in each case should be made to the Purchase Order number and vendor.
- C. The "Change Order" may be written to effect the following changes:
  - 1. Increase or decrease the Purchase Order - quantity or price.
  - 2. Cancel the Purchase Order.
  - 3. Make minor changes in the Purchase Order when agreed to by all parties.
- D. A change in a Purchase Order will be authorized to the supplier, only upon completion of a "Change Order" SAP.

### **3. RECEIVING AND INSPECTING COMMODITIES ORDERED**

- A. When delivery of the items has been made, the department is responsible for receiving and inspecting the items. The responsible employee must access SAP and complete a Goods Receipt electronically online in a timely manner.
- B. If the original Invoice has been received by the department, it must be forwarded to Accounts Payable for processing.

### **4. SUBSTITUTION ON PURCHASE ORDERS**

- A. The unauthorized substitution of one item for another specified on an order

is an unacceptable practice and should be reported to the appropriate Contracting Officer in the Purchasing Division.

- B. If the substitution does not meet the specifications, as determined by the requisitioning department and agreed to by the Contracting Officer in the Purchasing Division, the Contracting Officer will contact the vendor for correction. The substituted item shall not be "received" in SAP until satisfactory adjustment is received.
- C. The Purchase Order, not the Requisition, is the official document used in determining whether an item has been substituted.

#### 5. PAYMENT FOR PURCHASE ORDERS

- A. Prompt payment for purchases will ultimately result in better vendor relations, improved service and lower prices. Receiving should be completed promptly upon satisfactory completion of the order or upon receipt of a scheduled partial delivery. See Section, "Receiving and Inspecting Commodities Ordered" above.
- B. A reward for prompt payment is often given by vendors through a cash discount. This may be indicated on the vendor's invoice.
- C. KRS 45.451 to 45.458 requires that all invoices shall be paid within 30 working days of receipt of a satisfactory vendor's invoice and satisfactory delivery of goods and services. Failure to pay obligations as required will result in a penalty of one percent of the amount due for each full or part month that the payment exceeds 30 working days. For additional information relating to late penalty charges, see Section E-11, Office of the Treasurer.
- D. Payment for purchases will be based on the vendor's invoice, submitted to the Accounts Payable Department, Office of the Treasurer, where it will be audited, checked with the purchase order and matched with the Goods Receipt entered by the department. A check then will be prepared and mailed to the vendor.