



Statewide Business Process Policy & Procedure

Business Process Reference:

Section: Disbursements and Purchases
Title: Statewide Purchase Order Policy

Effective Date: 05/01/2014

Revision Date: 07/01/2017

Index:

[Background](#)

[Business Policy Summary](#)

[Business Process Policy and Requirements](#)

[Monitoring](#)

[Authority](#)

[Applicability](#)

Background:

As part of an effective system of internal control within the procure-to-pay process, procedures should be in place to ensure that only approved purchases are made and ultimately paid for. Additionally, procedures should be in place to restrict money in the budget for approved purchases. Purchase orders along with other internal control procedures act as effective internal controls.

Business Policy Summary:

The policy is intended to provide organizations guidance relative to when a purchase order is expected in the procurement of goods and services.

Business Process Policy and Requirements:

Requirements - Except as noted below and when a final payment method is not a purchasing card (pcard), a purchase order is required for all purchases or obligations to purchase goods and services greater than \$2,500.

- Attorney and legal related payments, as such procurements are prescribed to the Department of Law via OCGA §45-15-34
- Benefit payments made directly to recipients
- Intergovernmental agreements/payments (e.g., GTA bills, Risk Management premiums, HRA assessments, etc.)
- Membership dues and/or subscriptions
- Payroll and associated tax and benefit payments
- Postage and shipping
- Real estate rental/lease payments

- Registration fees
- Sales and Use tax payments
- Travel expense reimbursements
- Utilities (e.g., electricity, telephone land lines, cell phone charges, etc.)
- WEX and ARI payments

When the final payment method is a pcard and consistent with the Payment Method policy (https://sao.georgia.gov/sites/sao.georgia.gov/files/related_files/site_page/BP_VM_PaymentMethod_12-1-2016%282%29.pdf), a purchase order is required, unless the purchase is unplanned, non-routine, or an urgent point of sale purchase under \$1,000.

All agency contracts, statewide contracts, and interagency agreements should also be procured consistent with this Purchase Order Policy. While not required as part of this Policy, agencies may, at their discretion, use purchase orders for any of the above categories, including obligations for less than \$2,500.

Accounting Treatment – Specifically, a purchase order will be recorded as an encumbrance payable and utilize budget dollars associated with the budget date entered on the purchase order. This will result in a credit to encumbrance payable and an offsetting entry (debit/charge) to the applicable expense account(s.)

Monitoring:

Organization management monitors their purchasing activity to ensure purchases orders are being used as required, which helps to ensure their internal control system is operating effectively. This monitoring could be accomplished via queries or reports out of Teamworks, or reviewing paid items for existence of purchase orders.

Authority:

Section 50-5B-3 OCGA provides that the state accounting officer shall:

- Prescribe statewide accounting policies, procedures, and practices;
- Prescribe the manner in which disbursements shall be made by state government organizations;
- Determine the proper classification for accounting and reporting purposes of all assets, liabilities, revenues, expenditures, fund balances, funds, and accounts in compliance with legal requirements and generally accepted accounting principles and prescribe a uniform classification of accounts and other accounting identifiers which shall be used by all state organizations;
- Develop processes and systems to improve accountability and enhance efficiency for disbursement of funds and management of accounts payable.

Applicability:

This business process applies to all Organizations included in the State of Georgia reporting entity. The term 'organization of state government' shall mean, without limitation, any agency, authority, department, institution, board, bureau, commission, committee, office, or instrumentality of the State of Georgia. Such term shall not include any entity of local government, including, but not limited to, a county, municipality, consolidated government, board of education, or local authority, or an instrumentality of any such entity. At these reporting organizations, all personnel with accounting and financial reporting responsibilities should be knowledgeable of this policy.