



## *Statewide Accounting Policy & Procedure*

**Accounting Manual Reference:****Section:** Procure to Pay

Sub-section: Purchase Orders

**Effective Date:** 05/01/2014**Index:**[Policy Summary](#)[Authority](#)[Applicability](#)[Business Process Policy Requirements](#)[Accounting Treatment](#)**Policy Summary:**

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

**Authority:**

Section 50-5B-3 O.C.G.A. 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:**

Any agency, authority, department, institution, board, bureau, commission, committee, office, or instrumentality of the State of Georgia is subject to this policy. 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.

**Business Process Policy Requirements:**

A purchase order is required for all purchases or obligations to purchase goods and services greater than \$2,500, except for the following pay categories:

- Attorney and legal related payments, as such procurements are prescribed to the Department of Law via O.C.G.A. §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

A purchase order is not required when payment is made via a Purchase Card (P-Card). However, it is understood that, in accordance with the *Georgia Procurement Manual*, Section 8.5.1, certain purchases made from statewide contracts via the Virtual Catalog using an ePro requisition and paid for with a P-Card, will systematically produce a purchase order. The purchase order created in this instance is for communication purposes with the vendor and is *not* intended to impact or create the accounting treatment referred to, below.

All agency contracts, statewide contracts, and interagency agreements should 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:**

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.)