



PURCHASE ORDER POLICY AND GUIDELINES

Revised: March 5, 2018
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GENERAL STATEMENT:

The following provides policy guidance to the staff of the Western Development Museum (WDM) with respect to the use of Purchase Orders for goods and services required by departments and branches of the Museum.

Managers and Department Heads are responsible for ensuring Purchase Orders are completed according to these guidelines.

DEFINITION:

A Purchase Order is a document which indicates the type of item or service, description, quantities, and agreed-upon price for the purchase of a product or service. When accepted by the supplier, it forms an agreement between the WDM and the supplier. A purchase order provides legal clarity and concrete instructions for the supplier.

GUIDELINES:

Authorization:

- Only Managers and Department Heads listed in the Spending Limits Policy are authorized to approve purchase orders (POs).
- Purchase orders must be approved before the purchase of a product or service is made.
- It is the responsibility of the person approving the PO to determine if credit terms have been established with the vendor. This is usually done through the PO itself, but some companies require a formal application for credit. Formal applications for credit can be made by personnel authorized to approve purchase orders. Standard credit information can be obtained from the Director of Finance or the Director of Administration.
- The WDM's Spending Limits Policy will be adhered to.
- It is the responsibility of the person approving the PO to ensure the supplier selected and price to be paid is done in accordance with these guidelines and Executive Limitation 10.6 (Protection of Assets).

Preparing Purchase Orders:

- Any employee may prepare a purchase order and submit it to the appropriate Manager or Department Head for approval.
- Purchase orders submitted for approval must include documentation to support the PO request. Documentation can include written quotes, supplier catalogue information, etc.

Types of Purchase Orders:

- The WDM recognizes 3 types of purchase orders.
 - Standard
 - Standing
 - Blanket

Standard Purchase Orders: Standard purchase orders are used for the acquisition of assorted goods and services from a vendor where the service or items, quantities and cost are determined for the purpose of the purchase order being issued.

- It is the responsibility of the person authorizing the PO to ensure required information is included on the PO. Required information is as follows:
 - Vendor Name
 - Purchase authorization date
 - Goods and Services Purchases: A description of the purchase of goods or service and the agreed upon amount.
 - Inventory Purchases: An itemized list of inventory units with quantity ordered, stocking unit and price per unit.
 - Miscellaneous Supplies and Expenditures Purchases: A description of the purchase item/s indicating the maximum amount authorized on the PO.
- Total amount of the authorized expense on the PO (excluding tax and shipping)
- Authorized signature and approval date.
- The date the goods or services was received if tangible plus receivers' signature.
- It is the responsibility of the person authorizing the PO to ensure that adequate supporting documentation is included on or with the PO. Adequate documentation could be in any one of the following formats:
 - An itemized list on the purchase order with the quantities, stocking unit and unit pricing agreed upon with the Vendor with a final total of the purchase.
 - An attached quote from the Vendor that includes the quantities, stocking unit and unit pricing agreed upon with a final total of the purchase
 - An attached order from the Vendor that includes the quantities, stocking unit and unit price agreed upon with a final total of the purchase.
- It is the responsibility of the person authorizing the PO to ensure the actual goods and services received reconcile with the PO and related invoices. Upon receipt of the goods and services, any variances that occur are to be recorded on the purchase order and reported to the authorizing purchaser. It is the responsibility of the authorizing person to resolve the matter with the vendor.

Standing Purchase Orders: Standing purchase orders are used for the acquisition of goods or services that are required on an ongoing basis at a predetermined price negotiated with the vendor. A list of items and negotiated prices should be kept on file and are not recorded on the purchase order. Standing PO's expire at the end of the fiscal year in which they were initiated. Payment requisitions for purchases made against a standing PO should be accompanied by a supplementary list of the items/service ordered in that period. Other required information is the same as with the Standard Purchase Order.

Blanket Purchase Orders: Blanket purchase orders are used for the acquisition of assorted goods and services from a known vendor for departments that have predictable but varied program needs. Blanket purchase orders have a maximum approved amount for the fiscal year and expire at the end of every fiscal year. Authorizing purchasers will track the accumulation of expenditures against the blanket purchase orders to ensure they do not exceed spending the maximum approved amount in that fiscal year. A copy of the original purchase order will be submitted with each invoice including a running total of the balance remaining that can be used against future receipts. The required information is the same as with the Standard Purchase Order.

EXEMPTIONS:

The WDM does not issue purchase orders for the following:

- Utility companies (i.e. SaskEnergy, SaskPower, SaskTel, etc.)
- Statutory Remittances
- Public Employee Benefits and Pension Benefits.
- Items purchased from petty cash
- Services purchased through a contract or tender
- Hotel accommodation
- Courier payments
- Postage payments and postage meter payments
- Photocopier leases and maintenance fees
- Credit card payments other than Mastercard (i.e., gas cards).
- Mastercard purchases over \$100 (excluding tax) require a purchase order.
- Insurance premium payments
- Information Technology (IT) and systems support
- Memberships
- Subscriptions, subscription services and automatic renewals
- Software support contracts
- Human resources council
- Legal council
- Board and employee expense claims
- Purchases under \$100 (excluding tax) – Receipts for any purchase under \$100 must be attached to a coded pink accounting slip and signed by the appropriate manager or director to indicate their approval of the purchase.

- Emergency purchasing – i.e. a life-threatening hazard exists; an interruption to an essential service
- Purchases approved by the WDM Board of Directors through board motions.
- Vehicle registrations
- Payments for goods sold on consignment where there is an existing signed contract between the WDM and the vendor.

PURCHASE ORDER MAINTENANCE:

As part of the periodic financial reporting process authorizing personnel will conduct regular reviews of outstanding PO's for their department or location. This review is intended to identify purchase orders:

- Which are no longer required
- Which the supplier is unable to supply
- Where goods have been received but not yet paid for
- Expired blanket and standing purchase orders.

This review is required for the following reasons:

- Outstanding Purchase Orders are “reservations” against budget dollars and tie up departmental budgets.
- Variances in Accounts Payable can occur at year end on the outstanding payables list