

POLICY FOR INCREASING PURCHASE ORDERS
State Budget Agency, Auditor of State and Department of Administration

REVISED: October 25, 2011
Effective Date: September 19, 2011

General Subject: Purchase Order Increases

Specific Subject: To provide consistent use of PeopleSoft Purchase Orders when Increase in funds is necessary.

Application: Applies to all agencies using PeopleSoft Purchase Orders

Background: It was discovered that agencies across the State are using the system inconsistently with regard to adding funds required due to contract amendments or renewals being executed, shipping added, and price changes since PO issuance. A need for consistency in this area has been identified.

Purpose: The purpose of this policy is to gain consistency in how agencies are applying additional funds when a purchase order increase is necessary.

Process: The process for encumbering funds related to a increase is as follows:

- When a contract is renewed a requisition will be created for the renewal amount. Reference to the original purchase order should be noted on the requisition for reference of those it will route to for approval. This will pre-encumber funding to cover the renewal period and the requisition lines will be copied to the "original" purchase order for the contract upon completing the signature process. A note will also be placed in the Activities link of the PO to indicate the change order number and line that was added.
- When a contract amendment is initiated a requisition will be created for the amendment amount. Reference to the original purchase order should be noted on the requisition for reference of those it will route to for approval. This will pre-encumber funding to cover the amendment. The requisition line(s) will be copied to the "original" purchase order for the contract upon completing the signature process. A note will also be placed in the Activities link of the PO to indicate the change order number and line(s) that was added.
- When a contract amendment is executed to decrease a contract, the existing purchase order line will be decreased and a note will be placed in the "Activities" on the purchase order header indicating the amount of the amendment and the date it was decreased on the original purchase order line.
- When any other increase to a purchase order is required a requisition will be created for the increase amount. Reference to the original purchase order should be noted on the requisition for reference of those it will route to for approval. This will pre-encumber funding to cover the increase and the requisition lines will be copied to the "original" purchase order for the contract upon completing the signature process. A note will also be placed in the Activities link of the PO to indicate the change order number and line that was added.

IMPORTANT NOTE: Agencies should keep in mind that if their purchase order will be completely received against before the increase is fully executed, they must not close the purchase order. The original purchase order must be used to add the new requisition lines to. This keeps all related spend on a single purchase order

A user guide is posted on the IDOA Procurement website on the Procurement Training & Resources page.

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