



ACCOUNTING POLICY AND PROCEDURES (APP) MANUAL

TOPIC: Section 6 – Purchasing 1.0	EFFECTIVE DATE: 06/28/1983
TITLE: Optional Use of Requisitions/ Purchase Orders, Confirming Purchase Orders, and Increase Change Orders	REVISION DATE: 04/25/2017
AUTHORIZED BY: Director, Bureau of Fiscal Services	

BACKGROUND

The State Procurement Manual provides rules on purchasing as established by the Department of Administration (DOA) in accordance with Wis. Stat. § 16.72 (4). These regulations are managed in the Department of Health Services (DHS) by the Bureau of Procurement and Contracting (BPC), in the Division of Enterprise Services (DES).

Employees are cautioned about improper purchasing and informed of possible penalties provided in Wis. Stat. § 16.77 (2), which states that any state officer or subordinate of such officer who contracts, for the purchase of materials or services contrary to prescribed state procurement statute, or rules pursuant thereto, may be liable for the cost thereof. If such materials or services have been paid for out of public funds, the amount may be recovered in action filed by the Attorney General against such employees.

The following procedures were developed for use by the BFS, accounting and preaudit personnel in order to save processing and other administrative costs for the Department.

POLICY

Requisitions/Purchase orders are not required for most non-printing transactions of \$5,000 or less. This increase in the dollar threshold from previous DHS policy does not diminish division and institution responsibility for maintaining a requisition and procurement approval process in accordance with the State Bureau of Procurement (SBOP) policy. Within the parameters of this policy, the responsibility for determining when requisitions/ purchase orders are needed lies with the Department's BPC, division purchasing manager or institution business manager.

Completing a purchase prior to the issuance of a purchase order over a certain level is contrary to provisions (PRO-E-1) of the State Procurement Manual. In some instances, it may be necessary to authorize after-the-fact approval of purchases as described in the procedures below.

PROCEDURES

Optional Use of Purchase Orders

1. Requisitions/Purchase orders are optional and not required for procurements up to \$5,000 or for most other exempted procurements as listed in PRO-E-4 and in compliance with PRO-E-2 of the State Procurement Manual. If the payment is made directly to a vendor, a purchase order is required for any amount over \$5,000.

For procurements over \$5,000, PRO-E-4 allow some exceptions to the limits on thresholds and bidding for such costs as fees, witness fees, registrations and other items listed. An

exception may be requested by the DHS division if the purchase meets the criteria under PRO-E -4 such as required fees for accreditations. Exception requests and the requisition over \$5,000 must be submitted and reviewed by DHS Central Purchasing in BPC.

2. Direct pays through a Payment Request process or the Procurement Card (P Card) may be used for purchases under 5,000. If a direct pay is used, the supervisor of the purchaser is required to OK and sign off on the invoice. If the purchase is over \$5,000, BFS Expenditure Accounting Section will return it to the requester for the necessary PO required for any amount over \$5,000.
3. Division/Institution Responsibilities.
 - a. Divisions/Institutions may, at their option, require the use of requisition/ purchase orders for procurements of less than \$5,000, or for other exempted procurements, within their organizations.
 - b. A requisition, entered into STAR, shall be used by divisions/institutions to secure the appropriate approvals prior to the commitment and expenditure of funds. Divisions and institutions are responsible for monitoring expenditures and budgetary impact when purchase orders are not used.
 - c. Divisions/Institutions may decide if an encumbrance of \$5,000 or less is entered into STAR.
4. The optional purchase orders may be entered into STAR using a requisition in eProcurement.

Confirming Purchase Orders

Requisitions/Purchase orders are issued to establish encumbrances and to authorize the purchase of goods or services. On **very rare** occasions, it may be necessary to obtain approval for a confirming purchase order in accordance with the following procedures:

1. Approval of non-printing, “after-the-fact” purchase orders of \$5,000 or less is not required. This bulletin makes optional the use of purchase orders for transactions up to \$5,000. However, divisions and institutions may continue to require purchase orders for transactions up to \$5,000. In this case, approval of “after-the-fact” purchase orders up to \$5,000 may be required by the division or institution business manager.
2. For all other confirming purchase orders, the division or institution business manager will prepare an approval request for submission to BPC in DES. including the following information:
 - Justification of the procurement itself.
 - Justification of the lack of prior approval (a bona fide emergency, etc.)
 - Explanation of action taken to prevent recurrence.
3. BPC staff will review the request to determine if it will be approved or disallowed and notify the division or institution business manager of the decision.
4. A copy of the DES approval will be attached to the requisition submitted in STAR.

Note: Orders and purchase order numbers phoned in to vendors to expedite delivery do not require confirming purchase orders. The statement “Per Phone Order (date)” should be inserted on related documents to identify such purchases which do not require confirming purchase order approval.

Change Requests to Increase Purchase Orders

In very few instances, it may be necessary to approve a payment that exceeds the amount of the original purchase order (Change Requests to Increase Purchase Orders) because the claim total exceeds the amount originally authorized. Guidelines for the approval of purchase order change orders are:

1. Increase change requests will be authorized only for some valid reason(s), such as unforeseeable conditions. All increase change requests are to be entered into STAR using the Change Request process. If a Change Request process is not possible, due to a former modification of the affected PO, users will need to work with BPC or their institutional buyer to complete the change.
2. Each division/institution will maintain a file of all actions requiring change requests to increase purchase orders (except blanket orders) for reference purposes to identify recurring problems that should be resolved.

REFERENCES

DOA State Procurement Manual, [PRO-E-1 – Purchase Order](#), [PRO-E-2 – Purchase Requisition](#), and [PRO-E-4 – Direct Charges, Invoices and Vouchers](#)

DHS Human Resources Policies and Procedures Manual, [Chapter 108](#) – Employee Orientation.

Wis. Stat. §§ [16.72 \(4\)](#) and [16.77 \(2\)](#)

CONTACTS

[Staff Contacts, Bureau of Procurement and Contracting](#)

[Expenditure Accounting Section Chief](#)