

COLORADO STATE UNIVERSITY

PURCHASING MANUAL

I. GENERAL

- A. Open POs provide authorization for periodic acquisition of equipment, materials and services over a specified period of time with dollar restrictions.
- B. The Open PO may remain "open" for one year; however, it may not extend beyond the end of the current fiscal year.
- C. Open POs reduce paper work in that a single document covers a specific period within the fiscal year. The Open PO also provides flexibility to the department since one or more authorized personnel may "call" for equipment, materials and services as needed throughout the period.
- D. The Open PO provides control to the department and the University since only designated individuals may "call" for specified equipment, materials and services within the restrictions listed on the Open PO.
- E. The total estimated dollar amount of the Open PO is established as a maximum expenditure and is recorded as an encumbrance in the Financial Reporting System (FRS). The department must take action as outlined in paragraph IV-D and E if the order is to be changed and/or if the actual dollars expended are less or greater than the amount encumbered.

II. USE

The Purchasing Department may issue an Open PO when the ordering department expects to request delivery of a partial shipment or partial performance of services over an extended period of time.

III. PREPARATION OF OPEN PO

The Purchasing Department, after coordination with the ordering department, will prepare the Open PO. In addition to information provided on the Purchase Requisition, the department will be requested to provide the following information:

- A. Name of the individual(s) authorized by the ordering department to request delivery (by telephone or in writing) against the Open PO.
- B. The single order limit of an individual delivery.
- C. The total dollar amount that may be charged against the Open PO.

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- D. The time period for which the Open PO is valid. The time period may not extend beyond the current fiscal year.
- E. Account/Subcode. Open POs can contain multiple funding, one account/subcode per line item.

IV. DEPARTMENT PROCEDURES

- A. Placing request for delivery to the vendor. Only the individual(s) authorized on the Open PO may request delivery from the vendor. When delivery is requested, the individual making the request should record the request on a Record of Delivery Requests on Open Purchase Order#_____, or on a similar log. Such record of delivery requests are necessary to prevent the individual call orders from exceeding the total dollar amount authorized on the Open PO. The actual dollars expended against the Open PO will be shown on the department's monthly FRS report.
- B. Receiving Report. A receiving report should be retained in the department and completed upon delivery by: verifying the materials received listed on the invoice or shipping ticket against the current Open PO. Record the quantity of materials received and note any exceptions. All receiving report documentation must be maintained by the ordering department for review by the auditors. **Do not** forward a copy of the receiving report to Accounts Payable, Central Receiving or the Purchasing Department.
- C. Invoice distribution. The vendor is requested to send the invoice to Accounts Payable. Upon receipt, Accounts Payable will process the invoice for payment and send a photo copy to the ordering department for verification. The ordering department will need to advise Accounts Payable of any discrepancy with that invoice by completing the Invoice Discrepancy Form and forwarding it to Accounts Payable. The Invoice Discrepancy Forms are available in Accounts Payable.
- D. Changes to the Open PO. The vendor is not authorized to provide equipment, materials or services that are not specified on the Open PO, exceed the dollar limitations, or accept a delivery request from an unauthorized individual. Any changes to the Open PO concerning items, services, dollars or individuals authorized to request delivery that is desired by the department should be made in writing to the Purchasing Department. If approved, such changes will be authorized only by the Purchasing Department on a Purchase Order Change/Cancellation Notice. A copy of the change order will be provided to the vendor, Accounts Payable and the ordering department.
- E. Closing an Open Purchase Order. Please notify the Purchasing Department if the Open PO needs to be closed prior to the end date listed on the Open PO. Otherwise, the Purchasing

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SECTION PM-36

OPEN PURCHASE ORDER (OPEN PO)

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Report will run an FRS report at the end of the Fiscal Year and close and disencumber all Open POs.