602 & SPP 802: M&S Requisitioning/Purchasing

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Section: Purchasing & M&S Control
Subject: M&S Requisitioning/Purchasing
Approved by: Tony Masey
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Policy Owner: ERP Finance Manager

Policy

The requisitioning and purchasing process is intended to manage company cash flow by:

- purchasing materials that are needed to perform scheduled work
- assuring that enough material is on hand for any new or out of the ordinary business

Each month Service Center management staff will place orders for the materials and supplies that will be needed in the upcoming month. The necessary inventory levels will be determined in accordance with the service protocols designed by the Technical & Training Directors. The Purchasing Department is responsible for procurement of all needed materials and supplies.

Purchasing Cycle

There are two types of Purchase Requisitions

- An RO, (Requisition Order, also called a regular order) is done every month and submitted to purchasing no later than the 10
- An EPO (Emergency Purchase Order) is only to be used when the RO was not sufficient to complete a month’s production, or a new sale has come in requiring material or equipment that would not be reasonable to have on hand.

The purchasing cycle is as follows:

1. The Requisition Order is filled out and sent to the Corporate Purchasing Department no later than the 10th of the month for the next month’s order.
    1. The procedure for this process is outlined in PP 602A.
2. Shipments will be received in each Service Center before the first workday of the coming
3. EPOs are submitted as required. Product is shipped as soon as available.
4. Non-released products (unique items) will be ordered via a manual EPO as outlined in PP 602B.

When the RO/EPO is received by the Corporate Purchasing department, they will determine the vendor, pricing, and assign a PO#. The Purchasing Department will send the order to the vendor for processing. A copy of the completed RO/EPO including the word Confirmation will be sent back to the Service Center for final processing. These copies should be filed in the Service Center Suspense file to be utilized for when the merchandise, packing slip, and invoice are received.

Delivery of Materials

When delivery of the materials is made, the following procedure will be followed:

1. Carefully check amounts of all merchandise received against what is claimed to be delivered on the shipping papers, while the delivery person is still there! Products can be received by any member of management, including neighboring service centers on multi-location campuses.
    1. Next to each item received place a checkmarkontheshipping
    2. If there is a shortage, overage, or error, indicate the actual quantity received and have the driver initial the change on all copies. Immediately notify the Purchasing Department of the shortage, overage, or error.
2. If an item is back ordered, circle the description and quantity of the item that was supposed to have been delivered. Note: back orders should not regularly occur. Immediately notify the Purchasing Department of all back orders.
3. If any of the items appear to be damaged, notice should be immediately given to the vendor or transportation companies responsible. Phone the Purchasing Department to request credit All claims should be documented by memorandum to the Corporate Purchasing Department by e-mail.

4. The person checking in the order should then sign and print their name on the shipping papers, putting the date received next to the signature.
5. All merchandise received should immediately be placed in the M & S storage/stock area, and the area Bulk products (e.g., fertilizer or Sentricon) must be securely stored inside the warehouse. Under no circumstances are any materials to be left unsecured.
6. Product storage should follow the FIFO, or first in – first out, rule. New product should be placed behind current stock, ensuring the oldest is consumed first.
   Complete the “Product Receipt” in D365, outlined in PP803, the same day product is received.
7. For invoices received in a service center:
    1. When the invoice arrives,
        1. Verify the purchase order number on the vendor’s invoice matches the PO # on your confirmed purchase order.
        2. Verify the purchase price on the vendors invoice matches the information on your confirmed purchase order.
        3. Verify the quantity purchased on the vendors invoice matches what you received at the time of delivery.
        4. Verify the invoice amount is accurate based on the items received and applicable local county sales tax. Any discrepancies should be communicated to the Purchasing Department for correction before the invoice is processed.
    2. The Office Manager will fill out an Accounts Payable Voucher. Make copies of the AP, RO/EPO, and PO and place in the Service Center Files. Attach and forward all original documentation (A/P Voucher, Invoice, RO/EPO, Packing Slip) to Corporate Accounts Payable Administrator for vendor All APs must be processed and forwarded to Corporate within 24 hours of receipt.
    3. If a back order exists, make a copy of the PO and retain it in the Suspense When the items are received and the order is complete, process the AP and attach the PO to the invoice as above.

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