

Section	Expenditures
Policy:	FP 2.06 Purchase Order Policy
Effective Date:	April 1, 2009
Revised:	Oct 2025

1 POLICY

- 1.01 Purchases made on behalf of the agency over \$25,000 or supplier contracts with an annualized value over \$25,000 require the use of a Purchase Order.
- 1.02 Certain purchases or expenditures over \$25,000 are excluded from this policy such as utilities or rent.
- 1.03 Other purchases made on behalf of the agency must adhere to specific policies as follows:
 - a) Be appropriately authorized per FP 2.01 Expense Authorization Policy
 - b) Generally, \$100 or less via petty cash per FP 2.02 Petty Cash Policy
 - c) Via company credit cards per FP 2.03 Company Credit Card Policy
 - d) Via expense advances or allowances per FP 2.04 Expense Advances & Allowances Policy
 - e) Incurred as a result of agency related travel per FP 2.05 Travel Policy
 - f) Purchases over \$100,000 per the FP 2.10 Request for Proposal Policy

2 PURPOSE

- 2.01 The purpose of this Statement of Policy and Procedure is to provide internal controls over the purchasing process.

3 SCOPE

- 3.01 The Purchase Order policy applies to all employees.

4 RESPONSIBILITY

- 4.01 Budget Holders are responsible for:
 - a) Reviewing and approving all purchase requisitions originating in their department
 - b) Working with the Finance Department in investigating potential suppliers for specific requirements
- 4.02 The Finance Department is responsible for:
 - a) Working with operating departments in investigating potential suppliers for specific requirements
 - b) Establishing supply contracts
 - c) Issuing and controlling purchase orders

5 DEFINITIONS

- 5.01 Budget Holder means an employee who has been given the responsibility to manage an approved budget on behalf of the organization.

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- 5.02 Request for Proposal Process means the formal process by which potential suppliers are invited to quote on future supply contracts.
- 5.03 Purchase Requisition means a form requesting that the Finance Department purchase supplies of a specified nature on behalf of the requisitioning department.
- 5.04 Supplementary Purchase Order means a purchase order which relates to or modifies a previously-issued purchase order.

6 REFERENCES and RELATED STATEMENTS of POLICY and PROCEDURE

FN 2.01 — Expense Authorization Policy FN 2.02 —
Petty Cash Policy
FN 2.03 — Company Credit Card Policy
FN 2.07 — Supplier Records and Management FN 2.08 —
Purchase Contracts

7 PROCEDURES

- 7.01 Purchases greater than \$25,000 require a Purchase Order and are initiated via a Purchase Requisition completed by the Department with the requirement (see SPP FN 2.01 — Expense Authorization).
- 7.02 All fields in the Purchase Requisition should be completed and the requisition should be produced in duplicate:
 - a) One copy for the originating department
 - b) One copy for the Finance Department
- 7.03 Upon receipt of a purchase requisition, the Finance Department checks the requirement against existing supplier contracts. If a contract exists, a Purchase Order is produced by the Finance Department against the applicable supplier contract.
- 7.04 If no supplier contract exists, then a minimum of three competing supplier quotes must be obtained by Finance Department and Requisitioning Department staff. These quotes must be kept on file with the selected supplier details.
- 7.05 Purchase Orders are valuable documents because they represent a commitment on behalf of the company. Purchase Orders will be maintained in a secure location by the Finance Department. Every Purchase Order number must be controlled and tracked throughout its use. When a purchase order has been fulfilled, the number must be retired.

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- 7.06 All fields in Purchase Orders documents should be completed per the agency Purchase Order Form.
- 7.07 Purchase Orders must be accessible (by copy or electronic access) by:
- a) The supplier organization (original copy)
 - b) The originating department (pink copy)
 - c) The Finance department (yellow copy)
- 7.08 Purchase order numbers must be cross-referenced to Supplier Records for future reference.
- 7.08.1 Purchase Requisitions are authorized by the department originating the request according to company authorization policy. Purchase orders are authorized by the Controller of the agency. The authorized buyer must ensure that authorization for the purchase has been secured before placing an order.
- 7.09 Unmatched open purchase orders shall be followed up by the Finance Department at the end of each month.
- 7.10 From time to time, either from changing requirements or from limitations on the part of the supplier, the contents of a purchase order must be changed.
- a) The purchase order may not be changed without the approval of the Controller.
 - b) Changes are marked on the original purchase order, initialed by the Controller and faxed or emailed to the supplier who acknowledges the change.
 - c) A supplementary purchase order with the suffix "C" (or C2, C3, C4, etc. for subsequent changes as necessary) is then produced with the proper contents to replace the marked-up copy and the original purchase order is amended as "Replaced by PO XXXXX-C". Explanatory comments may be made at the bottom of the purchase order.
 - d) Copies of the supplementary purchase order are distributed as per the normal purchase order process.

8 ATTACHMENTS

FPM 2.06 Purchase Order Policy Map FPF 2.06
A Purchase Requisition Form FPF 2.06 B
Purchase Order Form