

CHAPTER IV

PURCHASE REQUISITIONS

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PURPOSE:

Enable state agency personnel to prepare and enter purchase requisition transactions into COFRS for capital construction projects. Purchase requisitions (RQ or RX) pre-encumber capital construction appropriations for the purchase of equipment, furniture, materials and supplies, trade services, and contractual liabilities.

A COFRS purchase requisition transaction will reduce the available appropriation balance of a project. COFRS will issue an appropriation overspending warning message on the document if spending authority is not available, but will not cause a warrant to be held.

DEFINITIONS:

See Chapter 1 Section 2.

ACCOUNTING/FISCAL ADMINISTRATIVE REQUIREMENTS:

Capital construction purchases are subject to State Fiscal Rules and Procurement Rules.

It is necessary to record purchase requisitions to the fund, agency, and appropriation code to which the payment will be recorded. When a requisition document is referenced on an encumbrance document it carries the accounting information to the encumbrance document. When an encumbrance document is referenced on a payment voucher it carries the accounting information to the payment voucher. Purchase requisitions are forwarded to purchasing for the issuance of a purchase order or a contract and the recording of an encumbrance document in the amount of the purchase order or contract issued.

A purchase requisition transaction must not be entered in COFRS to record a commitment in the capital construction fund unless it complies with Fiscal Rules. Please note State Fiscal Rule 4-2 states:

“All funds appropriated from the State Capital Construction Fund shall be used for their intended purpose. A State Agency shall not use Capital Construction Funds to pay or reimburse State employees for construction management, administrative activities, direct labor performed, or any other expense outside the scope of the Capital Construction or Controlled Maintenance Project.”

State agency in-house work orders must have prior written approval by the state controller.

In order to purchase equipment or furniture for a project, the project appropriation must be specifically for equipment or furniture, new construction, or the remodel of an existing building. In addition, the project application must specify that equipment or furniture is to be included in the project and the amount allocated for the purchase of the equipment or furniture.

A purchase requisition must be recorded so that a purchase order or contract encumbrance may be processed in COFRS for all purchases within the capital construction fund of \$3,000 or more. A purchase order or contract may be required for a purchase of less than \$3,000 if required by State Fiscal Rules or the agency's purchasing regulations.

SECTION 1
PREPARING AND RECORDING A CAPITAL CONSTRUCTION
PURCHASE REQUISITION

PROCEDURAL FOCUS:

A capital construction purchase requisition transaction is prepared in the same manner as non-capital construction purchase requisition transactions.

PROCEDURAL STEPS:

- Step 1:** Receive request from within your state agency for commitment to purchase. Specifications should be included in the request.
- Step 2:** Determine the correct accounting codes to be used to record a COFRS purchase requisition for the commitment request.
- Step 3:** Verify that the product or service for which a purchase requisition transaction is being requested is within the scope of the project.
- Step 4:** Verify that the total previous expenditures, encumbrances, and pre-encumbrances do not exceed the total amount of the project as allowed on the project application. Requisitions for fixed and movable equipment/furniture should not exceed the amount indicated on the project application for equipment as adjusted by any previous requisitions, encumbrances and/or expenditures.
- Step 5:** Verify that furniture requested will be used only as follows:
- ♦ For the remodel of a building when the purpose of the building has changed;
 - ♦ In a newly constructed building; or
 - ♦ Is being charged to a specific appropriation for the purchase of furniture.
- Step 6:** Prepare a state purchasing requisition form (#395-53-05-2141) which identifies the product or service to be purchased, estimated cost, possible vendors, and the accounting distribution to be made for the purchase.
- Step 7:** Access and complete the COFRS start-up screen for data entry.

- Step 8:** Complete the COFRS header screen of the requisition transaction (RQ or RX) using the estimated amount of the purchase as the document total amount. Procedures for recording an RQ transaction in COFRS can be found in COFRS User Reference Manual, Volume 3, Chapter 3, Section 3. Procedures for recording an RX transaction in COFRS can be found in COFRS User Reference Manual, Volume 5, Section 12.
- Step 9:** Complete the COFRS line screen of the requisition transaction.
- Step 10:** Edit the requisition transaction and correct any errors.
- Step 11:** Print the entered requisition transaction screen.
- Step 12:** Attach the screen print of the requisition transaction to the purchase requisition form.
- Step 13:** Attach specifications and/or bids to the purchase requisition form.
- Step 14:** Forward purchase requisition form with attachments to state agency purchasing authority.

SECTION 2
APPROVING A PURCHASE REQUISITION

PROCEDURAL FOCUS:

If your state agency follows all of the procedural steps included in the following section of this Chapter for approving a capital construction purchase requisition and adheres to all of the criteria for approving a purchase requisition presented in these guidelines, the State Controller's Office will consider your approval review to be adequate.

PROCEDURAL STEPS:

Step 1: Receive documentation in the form of a state purchasing requisition form (#395-53-05-2141). A screen print of a requisition transaction, and all supporting information.

Step 2: Review the requisition transaction for the following elements, do not approve the RQ or RX transactions when they are missing:

- ♦ A screen print of the header and line screen;
- ♦ A copy of a state purchasing requisition form; or
- ♦ An authorizing signature on the purchase requisition.

Step 3: Review the following elements of the requisition transaction, and do not approve the requisition when the following conditions exist:

- ♦ The fund, agency, and appropriation code are incorrect for the commitment;
- ♦ The requisition transaction amount does not equal the amount on the supporting documentation;
- ♦ COFRS error codes exist on the requisition transaction. A requisition cannot be approved until it has a message on the bottom of the header screen stating that it is awaiting level 3 approval;
- ♦ The product or service being purchased is not within the scope of the project;
- ♦ The total amount of the requisition plus any previous expenditures, encumbrances and pre-encumbrances exceed the total amount of the project as allowed on the project application;

- ♦ Any amount of the requisition for fixed and movable equipment/furniture plus any previous expenditures, encumbrances, and pre-encumbrances for fixed and movable equipment/furniture exceed the total of the equipment line amount on the project application; or
- ♦ The requisition is for the purchase of furniture and is a charge to an appropriation that does not meet one of the following conditions:
 - ♦ A remodel of a building when the purpose of the building has changed;
 - ♦ Construction of a new building; or
 - ♦ Is charged to a specific appropriation for purchase of furniture.

Step 4: Apply Level 3 approval to requisition transaction.

Step 5: Schedule document for off-line processing.

Step 6: Send the following directly to the Division of Purchasing or your state agency purchasing authority:

- ♦ The white copy of the purchase requisition form with the requisition document number written and highlighted in the upper right hand corner of the form.
- ♦ The screen print of the approved requisition document.
- ♦ All supporting documentation. The State Purchasing Division or your State Agency purchasing authority will issue a purchase order or require the State Agency to draft a contract based on the information they receive. They will also enter an encumbrance document into COFRS. The requisition document must be referenced on the encumbrance transaction so that the pre-encumbrance is liquidated.