STATE OF MISSISSIPPI
DEPARTMENT OF FINANCE AND ADMINISTRATION

TOPIC	PURCHASING	SUB-SECTION 08.20.10
SECTION	PURCHASE ORDERS	ISSUANCE DATE APRIL 30, 2003
SUB-SECTION	PURCHASE ORDER OVERVIEW	REVISED - 2018

PURCHASE ORDER OVERVIEW

The procurement process starts with the creation of a Shopping Cart or Purchase Order (PO).

A Shopping Cart is an internal procurement document used to create requests for goods or services and it also reserves budget authority.   An advantage to starting with a Shopping Cart is that it allows for comparing similar items, services, and suppliers. Also, multiple POs can be created from one shopping cart or one PO can be created from multiple shopping carts.   Agency approved Shopping Carts can be converted into a Contract or PO.

A PO is an external procurement document sent to a supplier to request goods or services, initiating a sales transaction.   It identifies a vendor, material, quantity, dollar value, and date required for delivery of the goods or services.   If an asset is being purchased, the Asset Shell would be created along with the PO.   The PO encumbers budget authority.

There are four types of Purchase Orders:

General PO – used to complete the necessary day to day purchases; can be created with reference to an approved shopping cart or a contract or can be created directly, without reference to any other purchasing document.

PO Oversight APPR —PO's route to the various oversight agencies based on the NIGP code.

Emergency PO – requires special handling to complete the process in a timely manner and bypasses the normal oversight procurement process; requires a Justification Form.

Catastrophic PO – used when the Governor or President declares a catastrophe; only designated Buyers can use this type of PO; requires a Justification Form and is subject to Oversight Catastrophic post auditing.

The Account Assignment on a PO is the financial data that records the encumbrance and expense in the fund. Each line item on a PO must have an account assignment to properly distribute the expense. Line items may be distributed to multiple account assignments.

Account Assignment data elements:

Cost Center – represents the division or area within an agency for recording and reporting budgets, revenues, and expenditures

WBS Element – identifies the details of a project for recording and reporting budgets, revenues, and expenditures

Internal Order – a flexible cost collector that can be defined by the agency to meet a variety of agency needs

Grant – used when a purchase is being made on behalf of a grantee

Once the vendor fulfills a PO request, the Goods Receipt (GR) is used to record the receipt of the commodities or services. It records the quantity of goods and the date the goods or services were received. When a GR posts, the associated PO history is updated, asset depreciation begins, and the encumbrance is reduced automatically.

The Financial Accounting (FI) Document, more commonly known as the Accounting document, is also created when the GR posts in MAGIC.   It only records transactions that affect the G/L Account. This is the document number that is visible on the FBL1N report.

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After the vendor invoice is received, a MAGIC Invoice document is entered in MAGIC. The Three-Way Match is used to match the quantity received and the price paid between the PO, the GR, and the Invoice Receipt (IR).   The Three-Way Match is based on PO line items (if a PO has multiple line items, the three-way match is achieved in each line item). DFA will reject any documents that do not adhere to the Three-Way Match criteria.   This includes rejecting documents when a GR has been entered for more goods or services than the agency has actually received.

The Logistics Invoice Verification Document (LIV) completes the procurement process, which started with the Shopping Cart or PO and resulted in a GR/IR.   The LIV Document, more commonly known as the Logistics document, is created after the MAGIC Invoice Document has been "Saved".   This is the document number visible in the workflow.   This is also the document number that should be referenced when contacting DFA with any issues.

Please note that the Logistics document number and the Accounting document numbers are different.

The Office of Purchasing and Travel has provided forms for your use regarding purchasing issues.   These forms can be found on the Office of Purchasing, Travel, and Fleet Management's web page at the following link:

http://http://www.dfa.ms.gov/dfa-offices/purchasing-travel-and-fleet-management/bureau-of-purchasing-and-contracting/travel/