City of Riverside
**Administrative Manual**

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| *Effective Date:* | 07/2003 |
| *Last Review Date:* | 12/2022 |
| *Latest Revision Date:* | 12/2022 |
| *Next Review Date:* | 12/2025 |
| *Policy Owner(s):* | Finance Department |

*Approved:*

Michael D. Moore
Michael D. Moore (Dec 29, 2022 17:09 PST)

_____ Department

City Manager

## SUBJECT:

## Cancellation of Purchase Orders

## PURPOSE:

To provide a formal procedure for canceling Purchase Orders.

## SOURCE OF AUTHORITY:     Purchasing Resolution Article Eleven

## POLICY:

Purchasing will coordinate the cancellation of all Purchase Orders.

## PROCEDURE:

| Responsibility | Action |
|---|---|
| Originating Department | 1. Determines the need to cancel a Purchase Order. Discusses cancellation with the Procurement and Contract Specialist to ensure that all required steps are being taken and that the vendor is aware of cancellation. Obtains credit memos for any items that were returned. |
| | 2. Enters the cancellation information into the electronic system, (Oracle) using an X-type requisition and routes it to the authorized department approver for approval. |
| | 3. Once approved, the X-Requisition is automatically routed to Purchasing to be processed. |
| Purchasing | 4. Receives the X-Requisition and assigns it to the Procurement and Contract Specialist (PCS) whose name is shown on the original purchase order. |

## PROCEDURE:

| Responsibility | Action |
|---|---|
| | 5. PCS checks to verify the action is appropriate and then determines if the change action will be formal (external) or informal (internal). PCS then approves the change action to the X-requisition. |
| | 6. PCS reduces the value of the P.O. to zero in the electronic system, as per the X-Requisition. The P.O. is then re-issued with the zero amount. The vendor, City department, and Accounts Payable division receive copies of the change. |
| Originating Department | 7. Receives a copy of the cancellation and gathers all relevant documents with the change and forwards them to Accounts Payable for closure. |
| Accounts Payable | 8. Reviews the cancelled P.O. copy and other documents to determine if any payments are pending. Confers with the PCS in Purchasing to see if any credits or revised invoices are needed. |
| | 9. If no payments or credits are pending, A/P then disencumbers or closes the P.O. in the electronic system, makes a record of the cancellation and files the paperwork. Otherwise, the payments or credits are resolved prior to canceling the P.O. |