



**City of Riverside
Administrative Manual**

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 Prepared by: City Mgr/Finance

Approved:



Department
 City Manager

SUBJECT:

Cancellation of Purchase Orders

PURPOSE:

To provide a formal procedure for canceling Purchase Orders.

POLICY:

Purchasing will coordinate the cancellation of all Purchase Orders.

PROCEDURE:

Responsibility	Action
Originating Department	1. Determines need to cancel Purchase Order. Discusses cancellation with the Procurement and Contract Specialist to insure vendor is aware of cancellation. (Procurement Contract Specialist will obtain credit memos from any item that was returned.) 2. Writes across copy of the Purchase Order: "cancel" and reason for cancellation. 3. Signs copy of Purchase Order. 4. Returns copy to Accounts Payable.
Accounts Payable	5. Receives cancelled copy and reviews to determine if any payments have been made against the Purchase Order. a. Coordinates with Procurement and Contract Specialist to obtain credit if any payments were made.
Purchasing	6. No Payments – Sends copy of Purchase Order to Purchasing for cancellation. 7. Procurement and Contract Specialist verifies that Purchase Order is to be cancelled. 8. Inputs Change Order into header screen in Purchasing Automated System. 9. Changes quantity to 1, Changes Unit Price to 0 in order to cancel Purchase Order.

PROCEDURE:

Responsibility	Action
	a. Print as the last line on the Purchase Order reason for cancellation (e.g. C/O #1 7/01/03 Purchase Order cancelled as vendor unable to supply item)
	10. Creates Purchase Order in order to change Encumbrances.
	11. Marks Purchase Order "cancelled."
	12. Dis-encumbers and cancels Purchase Order (POMADE).
	13. Maintains system record of cancellation.

Distribution: Regular