

INCREASING/DECREASING PURCHASE ORDER AMOUNTS

1. Change Orders

A. Amounts to be Increased – Not to Exceed Twenty Percent (20%)

Change Order Process – Limit Twenty Percent (20%)

Increases not exceeding twenty percent (20%) of the total contract amount of a purchase order for work performed or services rendered are to be made through the Change Order Process, ***prior*** to the need to increase the amount.

In no instance shall the adjustment of the purchase order exceed twenty percent (20%) of the original purchase order dollar amount.

- Request for Change Order Form – Prior to the Need
Any administrator or supervisor requesting to increase a purchase order for work performed or services rendered shall complete a Request for Change Order Form, prior to the need to increase the amount.
- Scope of Original Contract
All change order requests shall be within the scope of the activities of the original contract and not for the purpose of undertaking new or different work or service.
- Certification of Funds
The School Business Administrator and/or her designee shall certify that funds exist to pay for the increase.
- Authorization Required—School Business Administrator or Designee
In accordance with Board Policy, responsibility for approving change orders, up to twenty percent (20%) of the original purchase order amount for services rendered or work performed, shall be exercised by the School Business Administrator or Designee.
- Recording Increase/Decrease – Accounts Payable
Upon approval of the change order by the School Business Administrator or Designee, the Accounts Payable manager shall record the increase/decrease in the District's budgetary software and certify that the increase/decrease has been recorded.
- Administrator Notification – Accounts Payable
Upon completion & certification of recording the increase/decrease in the District's budgetary software, the Accounts Payable manager shall send the completed & approved change order electronically to the Administrator. It is the Administrator's responsibility to notify the vendor that the change order has been approved.
- Request Denied
If the request to increase the purchase order is denied, the administrator/ supervisor shall notify the vendor that all work or service is to cease after the original purchase order amount has been expended.

Points of Concern – Purchase Orders – Services; Work Performed

- Estimated Amount Exceeded – Unauthorized Order
The issuance of a purchase order for an exact or estimated amount to a vendor is a contract with that vendor to perform services up to that amount. Any costs incurred by the Board of Education beyond the original twenty percent amount of the purchase order without proper authorization will be considered an unauthorized order.
- Monitoring of Purchase Order – Bills, Invoices--Responsibility of Administrator
All administrators and supervisors who have purchase orders for services and work performed are to carefully monitor the bills and invoices to ensure they do not exceed the original twenty percent total amount on the purchase order.

Purchase Order Amount Changes (Work Performed; Services Provided)

- Reduction in Total Amount
The total contract amount of a purchase order for work performed or services rendered by may be reduced by the Accounts Payable Department when written authorization is received by the department administrator, school principal, or school business administrator.

B. Amounts to be Increased – Exceeding Twenty Percent (20%)

New Purchase Order Process –Exceeding Twenty Percent (20%)

The Department of Education does not permit increases in purchase order amounts to exceed twenty percent (20%). The administrator in situations where the original purchase order amount must be increased more than twenty percent (20%) shall do the following:

- Contact the School Business Administrator
The School Business administrator shall be contacted before services are rendered which would require the increase in the purchase order amount.
- Complete Request Form
The administrator shall complete the appropriate request form seeking the increase in the purchase order amount. The amount requested must satisfy the contract throughout the remainder of the school year.
- Board of Education Approval Needed
If the Board of Education approves the new purchase order amount, the following is to be done:
 - Prepare New Purchase Order
Administrator is to prepare a new purchase order to the vendor to include an amount that will satisfy the contract throughout the term of the contract.
 - Void Original Purchase Order
The School Business Administrator shall void the original purchase order recognizing that payments from the original purchase order cannot exceed the original amount or any revised amount.
- Denial by the Board
If the Board of Education denies the new purchase order amount, then all services by the vendor are to cease after the original purchase order amount has been expended.

Points of Concern – Purchase Orders – Services; Work Performed

- Estimated Amount Exceeded – Unauthorized Order
The issuance of a purchase order for an exact or estimated amount to a vendor is a contract with that vendor to perform services up to that amount. Any costs incurred by the Board of Education beyond the original twenty percent amount of the purchase order without proper authorization will be considered an unauthorized order.
- Monitoring of Purchase Order – Bills, Invoices--Responsibility of Administrator
All administrators and supervisors who have purchase orders for services and work performed are to carefully monitor the bills and invoices to ensure they do not exceed the original twenty percent total amount on the purchase order.

CHANGE ORDER # _____

20% Limit

PASSAIC BOARD OF EDUCATION
BUSINESS OFFICE
Passaic, NJ 07055

20% Limit

REQUEST TO INCREASE or DECREASE PURCHASE ORDER AMOUNT

I hereby request an increase / decrease to the total amount of the contract through the change order process for

Name of Vendor _____ PO# _____

Address _____ City _____ State _____ Zip _____

who was awarded a contract on _____ to provide the following additional materials, goods, supplies _____

Original Award of Contract _____

Increase / Decrease Requested _____

Revised Total _____

Percentage Change _____

Reason for Request to Increase /Decrease _____

Name of Administrator _____

Administrator Signature

Date

A copy of the purchase order shall be attached to this form!

This form shall be submitted to: **School Business Administrator/Designee**

Certification of Funds – School Business Administrator/Designee

I hereby certify that funds exist to support this increase in Account # _____.

School Business Administrator/Designee

Date

School Business Administrator/Designee

In accordance with N.J.A.C. 6A:23A-6.10(a), I have reviewed the request to increase the purchase order amount and I note the following action:

- Approved – Increase / Decrease is warranted. Current purchase order will be revised.
- Approved -- Increase is warranted. Prepare a new purchase order to reflect the increased difference.
- Approved – Increase is warranted. Cancel original purchase order and prepare new purchase order reflecting original and revised amount.
- Denied – Return all goods and materials
- Denied – Cease all future services

School Business Administrator/Designee

Date

Accounts Payable

I have entered the above increase/decrease of purchase order into the District's budgetary software.

Accounts Payable Signature

Date