



ANY REPLY OR SUBSEQUENT REFERENCE SHOULD BE ADDRESSED TO THE  
FINANCIAL SECRETARY AND THE FOLLOWING REFERENCE NUMBER QUOTED:

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**MINISTRY OF FINANCE & PLANNING**  
**30 NATIONAL HEROES CIRCLE**  
**P.O. BOX 512**  
**KINGSTON**  
**JAMAICA**

November 9, 2012

**CIRCULAR NO. 36**

File No. 107/125

Division: Public Expenditure Coordination Division

Permanent Secretaries

Heads of Departments

Chief Executive Officers

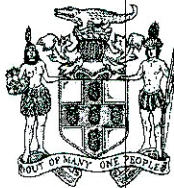
**Re: Purchase Order**

The attention of Permanent Secretaries, Chief Executive Officers and Heads of Departments is invited to the attached procedures for the preparation and issuing of Purchase Orders.

Purchase orders are important documents used in the procurement of goods, which require proper controls to ensure probity, propriety, transparency and accountability of public funds in accordance with the procurement guidelines and the Financial Administration and Audit (FAA) Act.

Permanent Secretaries, Chief Executive Officers and Heads of Departments must ensure that this Circular is brought to the attention of all relevant officers and that it is implemented with immediate effect.

  
Wesley Hughes, C.D.  
Financial Secretary



**GOVERNMENT OF JAMAICA**

**PROCEDURES**

**FOR THE**

**PREPARATION AND ISSUE OF PURCHASE ORDERS**

Prepared by  
Ministry of Finance and Planning  
November 2012

## **1. INTRODUCTION**

- 1.1. This document provides an outline of the procedures for the preparation of Purchase Orders so as to ensure that:-
- a) The Procurement Guidelines are complied with
  - b) The required goods and services are ordered at the right time and in the right quantities; and
  - c) There is an avoidance of waste and extravagance,
- 1.2. These procedures cover the preparation of Purchase Orders for goods and services, except personnel services. The procedures cover the period from ordering up to the point when the goods are received or services rendered.

## **2. PROCUREMENT PROCEDURES**

- 2.1. The procurement of goods and services must comply with the revised Handbook of Public Sector, Procurement Procedures and any subsequent circulars issued by the Ministry of Finance & Planning.

## **3. PURCHASE ORDER**

- 3.1. A Purchase Order is a document sent by the buyer to a supplier or vendor, authorizing the supply of goods and services to a ministry, department or agency at a specified price and stated terms. The issue of the Purchase Order commits the Government to pay for goods and services received in accordance with the terms of the Purchase Order. The acceptance of a Purchase Order creates a legally binding contract which cannot be changed without the consent of both parties.
- 3.2. Where there is a need to make significant changes to a Purchase Order that has been issued to the supplier, which would change the original intention of its terms and conditions, the original Purchase Order must be cancelled and a new Purchase Order must be prepared.
- 3.3. A Purchase Order must include the following:
- a) A sequential Purchase Order number;
  - b) The name and address of the procuring entity;
  - c) The name and address of the vendor;
  - d) The date of the Purchase Order;
  - e) A description of the goods and services to be provided;
  - f) The cost of the goods and services; and
  - g) Signature of the authorized procurement officer.
- 3.4. The Purchase Order must be prepared in quadruplicate, the original copy is for issue to vendor, second copy is to be attached to the supplier's invoice on submission for payment to the Ministry/Department, third copy is to be retained by Tax Administration Jamaica on the GCT zero rating of the Purchase Order and the fourth copy is to be maintained by the Procurement Unit.
- 3.5. The Procurement Unit is solely entrusted with the responsibility of the preparation of Purchase Orders, seeking all the necessary approvals and issuing Purchase Orders to vendors.



3.6. Purchase orders may be in the following format:

- a) Bound books
- b) Pre-printed forms
- c) Computer generated forms

3.7. The Purchase Order must be kept in a secure place with a proper inventory system maintained for the receipt and issue of the stock of unused or blank purchase orders.

3.8. Where the Purchase Order is electronically generated by a software application, access to the generation of the Purchase Order must be restricted on the system to only persons authorized to prepare, issue and authorize the Purchase Order.

3.9. Electronic Purchase Order systems must be approved by the Ministry of Finance and planning prior to its acquisition and implementation.

#### **4. PROCEDURES IN THE PREPARATION OF PURCHASE ORDERS**

4.1. The following steps should be taken by the Procurement Unit in the preparation of Purchase Orders:

- a) Receive purchase requisition from Program Manager.
- b) Obtain approval from the Accounts Unit through the commitment system to secure funds for the goods and services being procured.
- c) Initiate the necessary procurement process in accordance with the procurement guidelines.
- d) Following selection and approval of the supplier, the designated procurement officer must prepare the necessary Purchase Order for issue to the selected vendor. Where an electronic Purchase Order is used, the procurement officer must generate the Purchase Order from the system. (See attached for sample Purchase Order Form.)
- e) The Purchase Order must be signed and dated by the designated authorized officer whether it is prepared manually or electronically.
- f) The Purchase Order must be submitted by the Procurement Unit to the Tax Administration of Jamaica (TAJ) for zero rating before issuance to the vendor in accordance with Ministry of Finance Circular#3 dated February 25, 1992.
- g) Issue the original copy of the Purchase Order after the completion of (f) above to the vendor with instruction to confirm receipt of the Purchase Order.
- h) A copy of the Purchase Order should be kept in the Procurement Unit for record keeping.

#### **5. PROCEDURES FOR RECEIVING GOODS**

5.1. The following steps should be taken in receiving goods delivered by the supplier:

- a) The Procurement Unit should request that the supplier gives the procuring entity two days prior notice before delivering the goods so that the necessary arrangements can be made for their receipt:

- b) The officer assigned by the Procurement Unit to check the goods must ensure that the goods are received in good condition, quantity received is accurate, specification and other details in respect of the goods received is in keeping with the Purchase Order;
- c) Where goods and services are delivered at a location separate from the office of the Procurement Unit, the Head of the Section that received the goods and services must sign that the goods and services have been satisfactorily received;
- d) The supplier's delivery slip should only be signed on the completion of (b) above. However, any deficiency found should be noted on the delivery slip;
- e) The goods delivered must not be accepted if they are damaged or there are discrepancies in the specification. A notation of goods not accepted should be made on the supplier's delivery slip and the notation must be signed and dated by the person delivering on behalf of the supplier and the officer accepting the goods; and
- f) In respect of services, the relevant officer must ensure that the task/service provided by the supplier was satisfactorily performed in accordance with the terms and conditions of the agreement.

## **6. PROCEDURES FOR RECEIVING INVOICES**

6.1. The following steps must be taken on receipt of the supplier's invoice:

- a) The supplier's invoice must be submitted to the designated officer in the Procurement Unit or the designated receiving officer of the goods who shall check the invoice against the Purchase Order for accuracy and thereafter certify that goods and services have been satisfactorily received.
- b) The supplier's invoice must be certified for payment by the Head of the Procurement Unit or his/her designated officer for payment.
- c) The certified invoice along with copy of the respective Purchase Order must be submitted to the Accounts Unit for payment.

