Section 04.07
AFTER THE FACT PURCHASING- NON COMPLIANCE

Policy

In accordance with University guidelines, all purchases must be encumbered and approved within the FAMIS purchasing module prior to placing order for goods and services. Procedures require issuance of a purchase order prior to the purchase of goods or services from outside vendors except when using a P-Card.

When a department places an order before this process, it is called an “After the Fact” (ATF) purchase and is considered a purchase procedure violation, which must be submitted on voucher create with an “ATF” memo for justification of event along with steps taken to avoid in future purchases. All ATF, regardless of the dollar amount, presents problems for the Purchasing Department, Accounts Payable, vendors and end-users. In many cases, these transactions create unnecessary administrative effort, bypass State of Texas encumbrance requirements and violate procurement rules and procedures.

Definition

An ATF purchase typically occurs when the department makes a purchase with a vendor without an authorized purchase order number, either an “L” when $5,000 or under or a “P” if over $5,000. For example, authorizing a vendor to begin work before the purchasing department issues a purchase order even though the department has submitted a purchase requisition in FAMIS is an ATF. Another example is when a department creates a limited purchase order and uses an invoice as a packing slip which means the goods are already on campus or services already performed or place an order before it is routed & approved by department head or designee.

Purchase Violations

Failure by an employee to follow the University procedures constitutes a purchase procedure violation and would be classified by internal system auditor as a “finding” to the University. Departments submitting a purchase requisition, limited purchase order, or voucher create to Purchasing Office for a good or service already ordered or received by the requesting department will be subject to the following administrative actions.

6.1 First violation

The Purchasing Department will send an e-mail to the individual who signed the Purchase Requisition or voucher create with a copy to the department head (if
Different than the signer. The form (attachment A) will review the proper procurement procedures and the department must fill out this form. Additionally, the purchasing department has the option of sending a letter to the vendor reminding them of the University’s requirement of a Purchase Order for delivery of goods and services. To enable the vendor to be paid, the department must fill out the ATF justification form.

The department shall return the complete ATF form to Director of Purchasing or their designee for review, approval or will request the additional steps or actions. Upon receipt of this ATF memo justification, purchasing will authorize Accounts Payable to process the non-compliant purchase order or voucher create. Please be advised that Purchasing will be keeping a log/file of all such non-compliant purchasing requisitions and that continuation of such non-compliance may result in a limitation of purchasing capabilities.

6.2 Additional violation

If the purchasing department determines that a department/employee has excessive violations within the fiscal year, they may be required to submit a memorandum to the Associate Vice President for Finance and Administration explaining why the proper procurement procedures were not followed. Based upon the justification provide, the Associate Vice President for Finance and Administration will take action(s) deemed appropriate for the infraction. Possible actions include the following:

a. Require attendance of Purchasing 101 Policy and Procedure Workshop
b. Require employee to be personally responsible for payment of goods/services to vendor
c. Revoke delegated purchasing authority