

ENCOMPASS POLICY FOR CONTRACT AMENDMENTS AND RENEWALS
State Budget Agency, Auditor of State and Department of Administration

Effective Date: September 19, 2011

General Subject: Purchase Orders for Contract Amendments and/or Renewals

Specific Subject: To provide consistent use of PS/Encompass Purchase Orders when Increase in funds is necessary due to Contract Amendments and/or Renewals.

Application: Applies to all agencies using PeopleSoft/Encompass

Background: It was discovered that agencies across the State are using the system inconsistently with regard to adding funds required due to contract amendments or renewals being executed. A need for consistency in this area has been identified.

Purpose: The purpose of this policy is to gain consistency in how agencies are applying additional funds when a contract amendment or renewal is executed.

Process: The process for encumbering funds related to a contract amendment or renewal being executed is as follows:

- When a contract is renewed a line will be added to the original purchase order for the funding covering the renewal period to be encumbered.
- When a contract amendment is executed a line will be added to the original purchase order to reflect the increase due to the amendment. Or, if more appropriate and not outside the funded fiscal year on the line, the existing line will be increased to reflect the amendment and a note will be placed in the "Activities" on the purchase order header indicating the amount of the amendment and the date it was added to the original purchase order line.
- When a contract amendment is executed to decrease a contract, the existing purchase order line will be decreased and a note will be placed in the "Activities" on the purchase order header indicating the amount of the amendment and the date it was decreased on the original purchase order line.

IMPORTANT NOTE: Agencies should keep in mind that if their purchase order will be completely received against before the amendment or renewal is fully executed, they must add the new line and hold the purchase order in pending approval status and add the note to the header Activities. This will keep the purchase order from being closed during the signature process, and prevent it from pulling in as a fully paid purchase order in the reports that are run related to closing purchase orders.

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