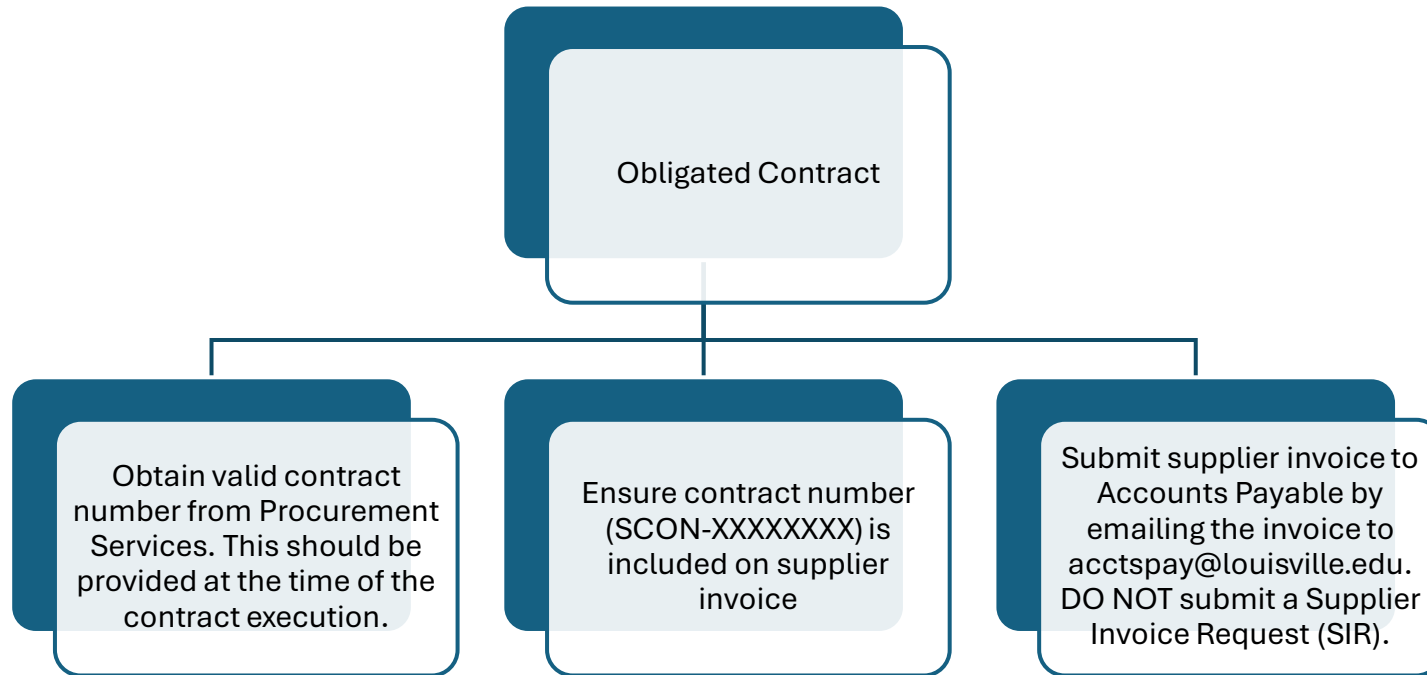


## Obligated and Non-Obligated Contracts Supplier Invoice Payment Request Process

- Purchase orders are created to order Goods and Services from a Supplier.
  - A purchase order should not be created to pay an invoice for goods or services AFTER the goods are received or services are completed.
    - **\*\*Exception** – If a construction contract is not obligated then a purchase order can be created at the time the invoice is received to apply the payment to the contract correctly. Construction PO's are the only instance where a PO may be created after the purchase is made. \*\*
  - Purchase orders or obligated contracts are **required** for goods and services.
    - Purchase orders are required when there is not an obligated contract and the purchase exceeds \$4,500.
    - [Procurement Card Program Policy](#)
  - It is a violation of purchasing policy to not request a purchase order **PRIOR** to receiving goods or services.
- All supplier invoices should have a valid supplier contract number (SCON-XXXXXXXXXX) or purchase order number (PO-XXXXXXXXXX) on the document.
- Supplier invoices that do not include a valid contract number or purchase order number will be returned to the requestor and may delay payment.

## DEFINITIONS

- Obligated Contract – An obligated contract obligates (encumbers) the funds on the contract in Workday.
  - Examples of Obligated Contracts
    - All Personal Services Contracts
    - Construction / Capital Projects
    - Standard service contracts for a specific department.
      - For example, the College of Business goes through the Request for Proposal process for the purchase of software that will **ONLY** be used by that department.
    - Do not submit a purchase requisition to request a purchase order to pay an obligated contract. Doing so will obligate the funds both on the contract and the purchase order.
- Non-obligated Contract – A non-obligated contract does not obligate (encumber) the funds on the contract in Workday.
  - Examples of Non-Obligated Contracts
    - University-wide shared contracts (Shred-it, Canon, Microsoft, etc.)
    - Per Diem Agreements for Professional Services



## Non-Obligated Contract

Requestor submits a purchase requisition.

Supplier Contract field is populated by requestor before submitting the requisition

Procurement Services approves purchase order and purchase order is sent to supplier to order Goods and/or Services

Requestor enters Receiver after Goods and/or Services delivered/complete

Requestor sends invoice to [acctspay@louisville.edu](mailto:acctspay@louisville.edu). DO NOT submit a Supplier Invoice Request (SIR).

No valid contract  
or purchase  
order  
established

Requestor to  
submit a  
Supplier Invoice  
Request (SIR)