

Northland Community & Technical College Standard Operating Procedure

SOP Title: 16A LETTER

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Purpose and Scope: State the intent, objectives and extent of coverage of the SOP.

The 16A Letter SOP will provide the reader guidelines concerning the 16A Letter.

Procedural Steps & Responsibilities: Document specific, procedural, step-by-step instructions. List titles and departments responsible for specific aspects of the SOP.

EMPLOYEES

1. **BEFORE** ordering or purchasing you **MUST** prepare your purchase order and have your supervisor's approval (this will be indicated as status 050 in ISRS).
2. Once your supervisor has APPROVED your purchase order you may initiate your purchase.
3. Until you have your supervisor's approval, funds are not encumbered and you are not authorized to make your purchase. You are in violation of MN State Statute 16A and will be issued a 16A Letter.
4. If you receive a 16A Letter, you must explain the reason why obligation was incurred prior to funds being encumbered and contract or purchase being executed AND what corrective action will be taken to prevent future violations.
5. You must sign and also obtain your supervisor's signature.
6. **IF YOU RECEIVE THREE 16A VIOLATIONS WITHIN A 12 MONTH PERIOD, YOUR PURCHASING PRIVILEGES WILL BE SUSPENDED FOR ONE FULL YEAR.**

SUPERVISOR/APPROVER

1. As a supervisor/approver, it is your responsibility to approve in a timely manner purchase orders to minimize the pressure put on your staff to expend funds before they are properly encumbered.
2. In the event that a supervisor will be absent for an extended period of time, you may delegate your PO approval rights to another supervisor. You will need to contact the business office and provide them with a list of cost centers that you approve and the person you are delegating approval rights to. You will need to provide the time period for the delegation. This request must be received in writing.

ACCOUNTS PAYABLE STAFF/BUSINESS OFFICE

1. Accounts Payable Clerk compares the date of the invoice being paid with the date of the supervisor's approval of the PO. If the PO was approved after the date of the invoice, funds were not encumbered appropriately according to MN State statute 16A. Clerk pulls the PO and Invoice.
2. Accounts Payable Clerk logs the PO information in a spreadsheet.
3. Accounts Payable Clerk enters data into the 16A template, makes a copy of the PO and the Invoice and sends it to the faculty/staff member that initiated the PO.
4. When the Business Office receives the completed 16A letter, either the CFO or the Business Manager will review and initial.
5. The Accounts Payable Clerk will then complete the log indicating the return of the 16A letter. Accounts Payable Clerk will then file the 16A letter.

Associated Documents:

1. 16A Letter
2. AP Clerk's spreadsheet for logging 16A Letters

Notification List:

Revision History: