



State of Arizona Accounting Manual

Topic 65 Procurement and Purchasing
Section 10 Payment Initiation in ProcureAZ

Issued 07/01/15
Page 1 of 2

INTRODUCTION

ProcureAZ is the State's central procurement and purchasing system; it supports—among other functions—bidding, vendor registration and the initiation of vendor payments through its integration with AFIS. This integration provides a number of benefits to the State, including, but not limited to:

- Automated two-way and three-way matches of documentation before a payment can be made. The two documents that are compared in the two-way match are the purchase order and the invoice; for three-way matches, the receipt is included the match.
- Improved efficiency and accuracy accomplished through the reduction of duplicate entries.
- Greater standardization of processes among State agencies.

Those with an appropriate user role and authority can initiate vendor payments in ProcureAZ.

POLICIES

1. Payments to be made to a vendor—i.e., an entity providing goods or services in exchange for payment—with the exceptions noted below, should, to the extent practicable, be initiated in ProcureAZ and completed in AFIS.
2. Among the general categories of disbursements that should be initiated in ProcureAZ are:
 - 2.1. Professional and outside services.
 - 2.2. The purchase of goods and supplies.
 - 2.3. General operating expenses.
 - 2.4. Capital outlays.
 - 2.5. The acquisition of long-lived resources, whether to be capitalized or not.
3. The following payments should not be initiated through ProcureAZ:

State of Arizona Accounting Manual

Topic 65 Procurement and Purchasing
Section 10 **Payment Initiation in ProcureAZ**

Issued 07/01/15
Page 2 of 2

- 3.1. Payment transactions made using the P-Card.
- 3.2. Settlement transactions paid to the State contracted P-Card vendor for purchases made using the P-Card.
- 3.3. Payments made or destined to be made to another State agency that must be made by inter-agency transfer.
- 3.4. Payments made or destined to be made to an employee as:
 - 3.4.1. Compensation for services rendered in the course of employment.
 - 3.4.2. Reimbursement for costs incurred in the course of employment.
4. Payments for which purchase orders are not required (e.g., rent payments, some utility payments, etc.) may be initiated either in ProcureAZ or in AFIS.
5. Purchase orders successfully processed in ProcureAZ will result in an encumbrance in AFIS. Exceptions to this are those purchase orders marked as "P-Card Enabled."
6. Payments for goods and/or services:
 - 6.1. The delivery of which is acknowledged or approved require the use of three-way matching.

This would cover, for example, the delivery of supplies, equipment and similar tangible resources, the receipt of which is acknowledged by a receiving ticket. It would also cover the completion of a service contract or a phase of such a contract, where payment to the vendor is dependent upon the satisfactory provision of services. This arrangement would be typical of a multi-million, multi-year software development project in which the terms of the contract provide for payment to the vendor upon the provision of certain deliverables at certain times.
 - 6.2. The delivery of which is not acknowledged or approved allow the use of two-way matching.

This would cover, for example, subscriptions to publications, professional licensure, rent, utilities, and the like.