



County Technical Assistance Service

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The Purchasing Cycle

Dear Reader:

The following document was created from the CTAS electronic library known as e-Li. This online library is maintained daily by CTAS staff and seeks to represent the most current information regarding issues relative to Tennessee county government.

We hope this information will be useful to you; reference to it will assist you with many of the questions that will arise in your tenure with county government. However, the *Tennessee Code Annotated* and other relevant laws or regulations should always be consulted before any action is taken based upon the contents of this document.

Please feel free to contact us if you have questions or comments regarding this information or any other e-Li material.

Sincerely,

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The Purchasing Cycle

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The purchasing cycle encompasses all phases of procuring goods and services essential to maintaining and enhancing operations of county government. A series of consecutive activities constitutes the basic steps in the purchasing cycle. A “sample purchasing cycle (centralized financial management system)” in county government is illustrated below:¹

Sample Purchasing Cycle (Basic Steps)

1. Need is recognized by the user department.
2. User department develops purchase requisition, keeps a copy and forwards original to purchasing (or central finance in 1981 CFMS counties).
3. Purchasing reviews requisition for accuracy and completeness.
4. If accurate, the purchasing department checks to see if funds are available to purchase the goods or services. The finance department verifies availability of funds.
5. The purchasing department checks if goods are available in stock or excess (surplus).
6. If funds are available, the purchasing department determines method of purchasing decision of whether regulations require bids to be solicited.
7. If purchase exceeds the small purchasing threshold, purchasing requests quotations through ITB, IFB, or RFP.
8. The purchasing department receives and tabulates bid quotations.
9. If bids are approved, the purchase order is processed and mailed.
10. Vendor supplies the ordered goods or services, and submits the invoice to the purchasing department or to central finance/accounting.
11. Receiving report is routed to central finance/accounting.
12. Central finance/accounting verifies that the purchase order and invoice coincide (agree), and pays the invoice.
13. Disposition of surplus, salvage, or scrap goods.

[Purchasing cycle flowchart examples.](#)

¹See Lincoln University of Missouri, *Purchasing Cycle*, (November 2003) 1 and Blount County, Tennessee, *Purchasing Policies and Procedures*.

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