

When to use a Purchase Order

Business Services → Purchasing

Purchase orders are to be established for all major College purchases. Major purchases are classified as \$10,000 and over. This also includes cumulative payments totaling \$10,000 and over associated with a single project. The use of purchase orders creates an additional level of safety for Macalester College, department and employee in regards to liability, negotiating and leveraging with the vendor.

Importance of using a purchase order

- Contractual risks and uncertainties are minimized
- Suppliers are obliged to operate in accordance with our standard terms and conditions of business unless special terms have been negotiated
- Expenditure is approved in accordance with authorized approvals process
- Purchase order process enables us to capture and categorize our spending in a uniform and accurate manner

Benefits of using a purchase order

- Commitment information is reflected on finance reports
- Budget review reflects encumbrance upon initiating purchase requisition
- Enables Department to track purchase requisition from purchase-to-payment
- Faster turn around on payments to vendors
- Improved procurement information

Use a purchase order to procure the following goods and services

- Capital Expenditures
- Purchases \$10,000 and over

Examples of Commodities

Over \$10,000 (Always use PO)	Under \$10,000 (May use PO if desired - Consider Using Pcard)
✓ Vehicles	✓ Office supplies
✓ Building projects	✓ Conference fees
✓ Services under contract	✓ Food and catering
✓ Furniture and office equipment	✓ Instruction/Lab supplies
✓ Computer hardware and software	✓ Equipment under \$10,000
✓ Electrical and mechanical equipment	✓ Travel expenses; Air, Hotel, Taxi, Meals

