



The purpose of this policy guideline is to define when a purchase order is to be used to procure goods or services.

Purchase orders are established for all major Macalester College purchases. Major purchases are classified as \$10,000 and over. This also includes cumulative payments totaling \$10,000 associated with a single project. The use of purchase orders creates an additional level of safety for Macalester College, departments and employees 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 [Purchase Order Terms and Conditions](#) unless other 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 turnaround on payments to vendors
- Improved procurement information

**Examples of Commodities**

<b>Purchases Over \$10,000</b> (Always use PO)	<b>Purchases Under \$10,000</b> (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