

Purchase Order Guidelines

Function:	Procurement/AP
Procedure	N/A
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Guideline Recommendations

The purpose of this document is to define the purchase order form and its purpose in purchasing goods, supplies or services.

The RF has elected to accept the grace period for implementing the new procurement standards in the OMB Uniform Guidance as codified in 2 CFR Part 200. This policy is in compliance with OMB Circular A-110. The new procurement standards will be implemented by the RF to be effective on July 1, 2018.

A purchase order (PO) is a contractual document created by a purchasing department as the result of submission of a requisition (either paper or electronic). The RF PO is a system-generated form that, when accepted by the supplier, serves as a contractual relationship between the RF and the supplier. The PO obligates the supplier to supply the goods and/or services ordered in accordance with the terms and conditions specified by the purchase order. By creation of the PO, the funds are encumbered in the award indicated on the requisition. The PO obligates the RF to pay for the goods and/or services, as long as the goods are received in acceptable condition and the services are rendered in an acceptable manner in accordance with the terms agreed upon between the parties. For additional information on this and other procurement instruments, see Description of Procurement Instruments.

Definitions

Blanket Purchase Projection is a system-generated document with no contractual obligation to the Contractor. The RF blanket purchase projection is used as an administrative tracking device in conjunction with the RF blanket release. A blanket purchase projection has no accounting information connected with it, it does no encumbering, and invoices cannot be created against it. Possible uses include the following:

- Supplies on a yearly contract;
- Routine equipment maintenance;
- Subaward contracts for multiple years;
- Continual use of the same PO number; and
- Consultant agreements.

Blanket Release is a system-generated document that, when accepted by the Contractor, creates a contractual relationship between the RF and the Contractor. Once a blanket release is encumbered against the total blanket purchase projection, the authorized amount of the projection available is released by the amount of the blanket release.

Contractor is the term used for a person(s) or entity who, as part of an independent business,

becomes obligated to provide goods and/or services for a price. The term Contractor encompasses terms such as seller, vendor, independent contractor, or supplier.

Independent Contractor (IC) is a sole proprietor or firm contracted under vendor guidelines that offers expertise or services in a particular field. Also see "Engaging Independent Contractor".

Purchase Order is the basic procurement contract used to purchase goods, supplies, or services between the RF and a Contractor. (See Background, above)

Requisition is the form which begins the purchasing process. It is used to create a purchase order. The requisitioning unit completes either a paper requisition or creates an online requisition in Oracle, obtains appropriate approvals, then sends it to the purchasing unit for review. The purchasing unit will review the requisition for the appropriate project, task, award, and organization, and vendor selection. The purchasing unit will also ensure that there is adequate documentation and that the requisition is signed by an authorized signatory. Once this review is complete, a purchase order will be created in Oracle.

Small Purchase Threshold is the procurement cost level defined by the federal government fixed at 41 U.S.C. 403 (11).

Subcontract is a contract subordinate to another contract made between contracting parties. Also see Subcontract Guidance.

Terms and Conditions contain language in a solicitation, requisition, and/or resulting PO or contract that includes clauses and provisions, and may include additional specifications and/or requirements under amendments, attachments and references. See PO Terms and Conditions, and Additional Terms (below).

- The RF PO should include requirements to be fulfilled by the Contractor, and may include rights, indemnities, and other provisions that are required by the RF, New York State, and the federal government that pertain to procurements, if applicable.

Vendor is considered a dealer, distributor, merchant, or other seller providing goods or services.

Considerations

Below are some key issues to be considered when preparing a PO:

1. Agreement Execution: Various agreements must be approved by designated appointees. See Agreement Execution Policy.
2. Bids and Proposals: Bids or proposals are required based on the total dollar amount of the purchase requisition. See Requirements for Bids and Proposals.
3. Bonding Requirements: For construction or facility improvement contracts that exceed \$100k the RF will follow the requirements promulgated under A-110 Procurement Standards C.48. (c) Contract Provisions.
4. Tax exemption: As a private, non-profit corporation, the Research Foundation is exempt from New York State and local sales and use taxes. See Tax-Exempt Status Policy.
5. Additional Terms: the PO terms and conditions cannot be less restrictive than the minimal requirements outlined in RF policies. However, terms can be more restrictive or stringent depending upon campus or sponsor requirements (e.g., quality assurances, payment terms, deliverable requirements, shipping arrangements, report submissions, etc.).
6. Vendor vs. IC: The distinction between Vendor and IC is critical to identifying the proper process and documentation upon which the services will be procured. Unlike a vendor, An IC is an individual or firm possessing expertise in a particular field during a defined period of time for a stated fee. An IC is contracted when the RF needs access to expert knowledge or services from an individual or firm that are not capable of

being provided or performed by in-house project staff. The IC agreement is a procurement instrument to be let and administered under Vendor Guidelines.

Feedback

Was this document clear and easy to follow? Please send your feedback to webfeedback@rfsuny.org.

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