**Purchase Requisition & Purchase Order Policy**

**Effective Date:** June 9, 2012  
**Revised Date:** May 29, 2015

**Policy Statement**
The following provides policy guidance to faculty, staff, students and others with respect to the use of a Purchase Requisition to establish the request for goods and services for use by a school or department of the University. The Purchase Requisition will then be converted to a Purchase Order after receiving the required approvals.

**Reason for the Policy**
The policy ensures that those responsible for issuing requests for goods and services through the University financial system (ARC) understand the requirements and process for these requests. The policy is designed to maximize the efficiency and convenience of the purchasing process, consistent with good business practices and in full compliance with all applicable federal regulations.

**Primary Guidance to Which This Policy Responds**
This policy responds to all applicable Federal procurement laws and regulations, including but not limited to OMB Circular A-110 (see Appendix 2) and the Federal Acquisition Regulation (FAR) (see Appendix 1).

**Responsible University Office & Officer**
Responsible University Office: Purchasing  
Responsible University Officer: Vice President for Procurement Services

**Who Is Governed By This Policy**
This policy applies to everyone working at the University, or working on behalf of the University, who issues requests for goods and/or services through ARC.

**Who Should Know This Policy**
All University employees or others responsible for any aspect of purchasing goods and services on behalf of the University should be familiar with and guided by this policy.

**Exclusions & Special Considerations**
Facilities specific engagements (Morningside and CUMC) that utilize Task Order or Term Agreement suppliers up to $5,000 do not require the issuance of a Purchase Order.
Policy Text

What is a Purchase Requisition?

A requisition is a formal request to buy a good or service. Requisitions are documented and routed for approval within the University’s Finance System (ARC). A purchase requisition typically contains supplier information, requested product or service information, catalog number, date, department, delivery information, and often budget information. Created in ARC, a requisition, after being provided the appropriate approvals as well as submission of supporting documentation through the Purchasing Electronic Document Management (EDM) system, generates a Purchase Order (PO) that is dispatched to the supplier. The information on the purchase order is used to fulfill the order.

There are 2 types of Purchase Requisitions:

1. **Special Item** – these are created using the “Special Item” option in ARC when creating a requisition and are for goods and services that do not have term dates (start and end date) associated with them.
2. **Fixed Cost** – these are created using the “Fixed Cost” option in ARC when creating a requisition that has a specific start and end date (e.g. consultants)

What is a Purchase Order (PO)?

A Purchase Order is a document, based on a requisition that is issued by the University’s Purchasing Office indicating the type, description, quantities and agreed-upon price for a product or service. When accepted by the supplier it forms an agreement between the University and the supplier.

There are 2 types of Purchase Orders:

1. **Central PO** – these are Purchase Orders that require Purchasing approval prior to being sourced to a supplier and dispatched to that supplier.
2. **Auto-sourced PO** – these are Purchase Orders that do not require Purchasing approval prior to be sourced and dispatched to suppliers and specifically applies to suppliers that have University Wide Purchasing Agreements (UWPAs) with the University.

What is a Change Order (CO)?

A Change Order represents a modification requested by a department of an existing Purchase Order. This change can be:

- Updated quantity
- Change in pricing
- Delivery date
• Account modification
• Cancellation of a PO

Change requests to a Scope of Work, services, contract extensions and supplier name must be completed through the initiation of a new Purchase Requisition.

Direct Goods Pickup

It is important to note that goods purchases should always be delivered by the supplier to an approved University location. In the event there is an exceptional requirement to have the goods purchase picked up by the customer directly, this must be pre-approved in writing by the school/department Senior Business Officer. This written approval by the Senior Business Officer must be submitted as supporting documentation to Procurement when either performing the receiving function (see below for the related policy) as part of the PO process or through a University payment process (i.e. PO voucher, PCard, etc.).

Overview of the Purchasing Process

Requisition Lifecycle:

1. The Requestor creates a requisition
2. The Requestor submits documents that support the requisition into the Purchasing EDM
3. The requisition is routed to the next approval step and a pre-encumbrance is generated for the general ledger.
4. Requisition is budget checked by ARC
5. Requisitions for certain categories require prior approval based on the following categories:
   a. Restricted – these include hazardous materials, radioactive commodities, refrigeration, ethyl alcohol, lasers, etc. and are provided approval in ARC by EH&RS.
   b. Capital Equipment – goods valued at or above $5,000 require approval by the property management group in the Controller’s Office
   c. Vehicles – this is managed through Risk Management
   d. Photocopiers – this is managed through Print Services
   e. Research Animals and Equipment/Supplies – this is managed through ICM
   f. Executive Recruiters - this is managed through OMB
   g. Medical Software - this is managed through CUMC IT
6. Once the necessary prior approvals are received, the requisition automatically routes to
the departmental approver for review and approval.
7. Requisitions must then be reviewed and approved by the Purchasing Department as the
final step before they are dispatched to the supplier.
8. After the requisition has been provided final approval, ARC generates a purchase order
that is sent to the supplier. Purchase orders are transmitted via email or fax to the
suppliers.
9. The Supplier delivers the goods and/or services to the originating department and sends
the invoice. In those cases where receiving is required (see the Purchasing Receiving
Policy) the department will need to receive in ARC to authorize the payment.

Modifying or Cancelling a Purchase Order
*(see below for policy link)*

When is a Purchase Requisition required?

A purchase requisition is an authorized request for the purchase of goods or services through the
Purchasing Department. The following are examples of when a requisition is required.

- You are making a purchase that cannot be accomplished through the use of the University
  Purchasing Card (Pcard)
- The supplier has requested the issuance of a formal Purchase Order
- You are purchasing a Restricted Commodity *(see below for policy link)*
- You are requesting services
- Lease finance requests

When is a Purchase Requisition **not** required?

- Honoraria
- Utilities
- Subscriptions
- Banking & Real Estate Transactions
- Temporary staffing (completed through CUHR)
- Travel Reimbursements and direct payments to travel-related vendors

Required Elements of a Purchase Requisition

Instructions to complete a purchase requisition in ARC can be found ARC Training
*(http://finance.columbia.edu/content/arc-training)*. Once the Purchasing staff receives your
requisition, they will review it for completeness. Requisitions will be returned for incorrect cost
center, incomplete or vague descriptions or specifications, no intended purpose or questionable
intended purpose or improper cost center signature authority. If everything is in order, the
requisition is prioritized and processed.
Before entering a requisition in ARC, be sure you have the following information:

1. Name of Requestor
2. The requisition should state a complete description of item(s)/service(s) being ordered. Specifications should be concise, but complete in detail. The catalog number or model number alone is not generally sufficient to process the order.
3. Quantity and unit of measurement
4. Either estimated or actual cost. Note: Estimated cost should be reasonably accurate and based on established parameters within supplier quote that can be referenced.
5. A brief statement of the intended use or purpose for which the requisitioned goods or service is required
6. Vendor contact name and phone number
7. Complete chartfield (budget) information
8. A suggested source for the goods or service. Note: the source is suggested and the Purchasing Department will make the final determination on the supplier used.

Roles, Responsibilities, and Authorities

Departmental Approver
- Approves the purchase of goods and services
- Acknowledges that purchased goods and services are in accordance with University policies and procedures and are charged to the appropriate account

Requester
- Requests goods and services to be purchased
- Provides any necessary details and specifications
- Provides chartfield information for expenses as necessary

Initiator
- Prepares requisition for goods and services based on direction from the Requester
- Determines that costs of requested goods and services are reasonable and allowable for the funds being used to pay for the items
- Submits requisition into ARC workflow for required approvals
- Completes correction requests made by departmental approvers and Purchasing

Purchasing Officer (Central Purchasing)
- Performs vendor analysis, may obtain bids and quotes, negotiates contracts, and supports user/supplier customer service functions
- Reviews requisitions for completeness and compliance. Works with Initiator and Departmental Approvers to resolve outstanding items
- Approves requisition, allowing the requisition to be converted to a purchase orders
Receiver

- Provides receipt acknowledgement in ARC for goods and services delivered to the University

Requestor

Vendor Management

- Establishes and maintains the vendor database for the University

Contact

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Cross Reference to Related Policies

Procurement Mechanism Guide
http://procurement.columbia.edu/purchasing/mechanism.html

Purchase Transactions Requiring Prior Approval
http://finance.columbia.edu/content/purchasing-transactions-requiring-prior-approval-0

Receiving Policy
http://policylibrary.columbia.edu/receiving-policy-1

P-Card Policy
http://policylibrary.columbia.edu/purchasing-cards-pcards

Processing Purchase Requisitions and Change Orders
http://finance.columbia.edu/files/gateway/content/purchasing/req_co_quickguide.pdf

Procurement Mechanism Policy
http://policylibrary.columbia.edu/procurement-mechanisms-policy

Vendor Validation Policy
http://policylibrary.columbia.edu/vendor-validation

Task Order Policy

Modifying or Cancelling a Purchase Order
http://policylibrary.columbia.edu/change-order-policy