The Purchase Order Process

Introduction to Purchase Orders

In general, the purchase of all goods and services at the university requires the review and approval of Procurement Services. Exceptions to this requirement were discussed earlier in this manual, in the section titled Paying for Goods and Services that Do Not Require a Purchase Order. The primary method by which procurement and payment is accomplished is the purchase order process.

A purchase order represents the university's offer to buy goods and services. The purchase order is a legally binding contract, with specific terms and conditions between the university and the vendor. When all parties have fulfilled the obligations outlined on the purchase order, the university will issue payment to the vendor.

Roles and Responsibilities. The system used to initiate, approve and track a purchase order at the university is the Kuali Financial System (KFS). The basic purchase order process is as follows: Unit/FTC/BSC creates requisition (REQS) → requisition reviewed/approved by Procurement Services → PO issued to vendor → Vendor fills order and sends invoice to Cornell → Cornell issues payment (check or ACH) to vendor.

Obtaining Access to KFS

Access to the requisition in KFS is managed by the FTC/BSCs. If you need to purchase something that is not in e-SHOP then contact your FTC/BSC. To get access to e-SHOP, please contact your FTC/BSC. Typically, units forward their requests for purchases of goods and services to the FTC/BSC, and then the FTC/BSC initiates a requisition in KFS.

Bid Limits

For purchases under $10,000, the unit will select the vendor of their choice (remember to utilize a preferred or contract vendor if one is available for the goods or services required). The unit is encouraged to solicit competitive quotes. In addition, the "Purchases with Special Procedures" section of this manual should be consulted to ensure that the unit is aware of all requirements related to the good or service being ordered.

The bid limit is $10,000. This is the dollar amount at which Procurement Services will undertake a formal bid process prior to the issuance of a purchase order. See Section 402, Bid Solicitation and Exemptions for Details. There are circumstances under which Procurement Services may exempt an order over $10,000 from requiring a bid, for example:

- Selection of a vendor with whom a contract is already in place (e.g., Cornell Contract, Preferred Supplier Agreement, or New York State Contract)
- Fulfillment of an order can only be accomplished by a single or sole source
- Selection of a diverse vendor certified by the Small Business Administration
- Order for recycled products from a New York State certified vendor
- Catering services, hotel/event space rental, hosted events
- Human Resources recruiting services

Large dollar orders require additional Procurement Services’ management approvals. The following are the dollar levels when additional approvals are required:

- Up to $25,000 → Procurement Associate
- Less than $100,000 → Procurement Agent
- Less than $500,000 → Senior Director of Procurement and Payment Services
- Over $500,000 but less than $5 Million → CFO, EVP of Financial Affairs
- $5 Million and over → Board of Trustees
Types of Purchase Orders

Generally, there are two types of purchase orders (PO) – recurring and standard. A recurring order is placed when there is a repeated need for expendable supply items and/or services such as maintenance agreements, rental charges, and leases. Recurring orders are issued with control parameters, such as a total dollar amount not to exceed, a specific time period for which the order is valid (i.e., one year), estimated quantities, and estimated items, etc. If a vendor is available in e-SHOP, then do not use a recurring order; place the order through e-SHOP.

A standard PO is used when all items to be purchased are identified and listed when the order is sent to the vendor. Once the ordered goods and services have been received, the vendor invoices Cornell, and payment is made. There are five distinctions among standard POs:

1. e-SHOP orders - orders under $500 are automatically sent to vendor; orders greater than or equal to $500 are routed for approvals. Starting a requisition in e-SHOP is simpler and requires less manual data entry and ensures contract pricing.

2. Automatic Purchase Orders (APOs) – orders for less than or equal to $10,000 are routed to the unit’s Fiscal Officer (FO) for approval. An APO may not be utilized with new vendors, vendors on hold, or for commodities that require review by a Procurement Services procurement agent.

3. Purchase Orders greater than $10,000 – these orders are routed to Procurement Services for review and approval. Please review the Buying Manual section on Bid Solicitation and Exemptions.

4. New York State Purchase Orders – these orders are processed through the SUNY procurement system. Please review the topics under New York State Procurement for further details on orders utilizing New York State Appropriated funds.

5. Wire payments - a PO is required prior to processing a disbursement voucher for a wire payment.