

SOP Template: Purchase Order Issuance and Tracking Procedures

This SOP details the **purchase order issuance and tracking procedures**, including the initiation of purchase requests, approval workflows, purchase order creation and validation, vendor communication protocols, order confirmation, delivery monitoring, and invoice reconciliation. The objective is to ensure accurate, timely, and transparent purchase order processing while maintaining effective vendor relationships and optimizing procurement efficiency.

1. Purpose

To establish standardized procedures for issuing and tracking purchase orders (POs) to support organizational procurement processes and maintain accountability and efficiency.

2. Scope

This SOP applies to all employees involved in procurement, purchasing, accounting, or inventory management within the organization.

3. Definitions

- **Purchase Order (PO):** A formal document issued to a vendor detailing goods or services required, agreed prices, and terms.
- **Purchase Request (PR):** An internal request to initiate a purchase for specific goods or services.
- **Vendor:** A supplier of goods or services.

4. Responsibilities

Role	Responsibilities
Requester	Initiate purchase requests; Provide required details and justifications.
Department Manager	Approve or reject purchase requests; Ensure requests meet department needs and budget.
Procurement Officer	Create and issue POs; Communicate with vendors; Track order status.
Accounts Payable	Reconcile invoices with POs and delivery documents; Process payments.

5. Procedure

1. **Initiate Purchase Request**
 - Requester completes a Purchase Request (PR) form with item details, quantity, specifications, preferred vendor, and justification.
 - Submit PR to Department Manager for review.
2. **Approval Workflow**
 - Department Manager reviews PR for accuracy, necessity, and budget compliance.
 - Approved PR is forwarded to Procurement Officer; rejected PR is returned with reasons.
3. **Purchase Order Creation & Validation**
 - Procurement Officer reviews approved PR, sources quotes when applicable, and creates the PO in the procurement system.
 - PO details are validated for accuracy (items, quantities, prices, terms).
 - Obtain required internal approvals (e.g., finance, management).
4. **Vendor Communication Protocols**
 - Send validated PO to vendor via email or the designated platform.
 - Confirm receipt with vendor; request written acknowledgment and estimated delivery date.
 - Maintain all communication for record-keeping.
5. **Order Confirmation & Delivery Monitoring**
 - Track order status with vendor and update records as needed.
 - Coordinate with receiving/inventory for delivery and inspection upon arrival.
 - Report issues (e.g., delays, discrepancies) to Procurement Officer and vendor for resolution.
6. **Invoice Reconciliation and Closure**

- Upon delivery and inspection, verify that delivered goods/services match PO and delivery documentation.
- Accounts Payable reconciles vendor invoice with PO and receiving documentation.
- Process payment according to agreed terms; close the PO record and file all documents appropriately.

6. Documentation & Records

- Maintain all PRs, POs, vendor correspondence, delivery notes, and invoices for audit and compliance purposes according to retention policy.

7. Compliance & Review

- This SOP is subject to periodic review; staff should report any process deviations or suggestions to the Procurement Manager for evaluation and update.

8. References

- Procurement Policy Manual
- Vendor Management Policy
- Finance SOPs