

Purchase Order SOP

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Revision	1.0
Owner	Procurement Manager
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Review cycle	Every 12 months

1. Purpose

To issue accurate, properly authorized purchase orders to suppliers and track them through delivery and invoice matching, so the business pays only for what was ordered and received.

2. Scope

Applies to creating, issuing, amending and closing purchase orders once a requisition is approved. Requisition approval and supplier selection are covered by separate SOPs.

Definitions

PO	Purchase Order, the formal document sent to a supplier authorizing a purchase at agreed price and terms.
Three-way match	Comparing the purchase order, the receiving record and the supplier invoice before an invoice is approved for payment.
Open PO	A purchase order that has been issued but not yet fully received or closed.
PO amendment	A formal change to an issued purchase order, such as a quantity, price or delivery date update, requiring reapproval.

3. Responsibilities

Procurement Analyst	Creates and issues purchase orders, tracks open orders, and coordinates amendments with suppliers.
Procurement Manager	Approves purchase orders above the analyst's authority and resolves supplier delivery disputes.
Receiving Clerk	Confirms goods receipt against the purchase order quantity and condition.
Accounts Payable Clerk	Performs the three-way match and approves the supplier invoice for payment.

RACI matrix

Activity	Procurement Analyst	Procurement Manager	Receiving Clerk	Accounts Payable Clerk
Create purchase order from requisition	R/A	A	-	-
Issue PO to supplier	R/A	I	-	-
Track open PO status	R/A	I	C	-

Activity	Procurement Analyst	Procurement Manager	Receiving Clerk	Accounts Payable Clerk
Confirm goods receipt	I	-	R/A	I
Perform three-way match and approve invoice	C	I	C	R/A

R = Responsible, A = Accountable, C = Consulted, I = Informed

4. Materials and PPE

Materials, tools and systems

- ERP or procurement system PO module
- Approved requisition records
- Supplier contact and terms reference
- PO amendment request form
- Three-way match checklist
- Open PO tracking report

5. Procedure

Step	Task	Owner	Done
5.1	Confirm the requisition is approved Verify the requisition has completed all required approvals before creating a purchase order against it, and do not create a PO from an unapproved or partially approved requisition.	Procurement Analyst	☐
5.2	Select the supplier and confirm terms Select the supplier from the approved catalog or the outcome of a completed sourcing process, and confirm current pricing, lead time and payment terms before drafting the PO.	Procurement Analyst	☐
5.3	Draft the purchase order Draft the PO with item description, quantity, unit price, delivery address, requested delivery date and payment terms, referencing the original requisition number. Checkpoint: Every PO references its originating requisition number and matches its approved cost and quantity.	Procurement Analyst	☐
5.4	Approve the purchase order Route the draft PO for approval per the authority matrix, escalating to the procurement manager if the value exceeds the analyst's threshold.	Procurement Manager	☐
5.5	Issue the PO to the supplier Send the approved PO to the supplier through the agreed channel, whether EDI, email or a supplier portal, and confirm the supplier has acknowledged receipt.	Procurement Analyst	☐
5.6	Confirm supplier acceptance Obtain the supplier's confirmation of the order, quantity, price and promised delivery date, and follow up if acknowledgment is not received within a set number of business days. Warning: Do not assume a PO is accepted just because it was sent; an unconfirmed order can lead to a missed delivery with no recourse.	Procurement Analyst	☐

Step	Task	Owner	Done
5.7	Track the open PO Monitor the open PO against its promised delivery date, following up with the supplier proactively if the date is approaching without a shipment confirmation.	Procurement Analyst	☐
5.8	Process a PO amendment For a change in quantity, price or delivery date after issuance, document the amendment request, obtain supplier agreement, and reapprove the updated PO before it takes effect.	Procurement Analyst	☐
5.9	Confirm goods receipt Confirm the receiving team recorded the goods receipt against the correct PO number, noting any quantity or condition discrepancy from what was ordered. Checkpoint: Receipt quantity and condition are recorded against the PO number before the PO can be closed.	Receiving Clerk	☐
5.10	Resolve a receiving discrepancy For a shortage, overage or damaged delivery against the PO, work with the supplier to resolve it through a credit, replacement shipment or partial PO closure.	Procurement Analyst	☐
5.11	Perform the three-way match Compare the purchase order, the goods receipt record and the supplier invoice, confirming quantity and price match before approving the invoice for payment.	Accounts Payable Clerk	☐
5.12	Close the purchase order Once fully received and invoice-matched, close the PO in the system, and archive it with its requisition, receipt and invoice records for audit purposes.	Procurement Analyst	☐

6. Quality checks

- No purchase order is created from an unapproved requisition.
- Every PO references its originating requisition and matches its approved value.
- Supplier acceptance is confirmed for every issued PO, not assumed.
- Invoices are approved for payment only after a completed three-way match.

7. Records

- Issued purchase orders
- Supplier acceptance confirmations
- PO amendment requests and approvals
- Three-way match and closure records

8. KPIs

- Percentage of POs issued within a set time of requisition approval
- On-time delivery rate against promised PO date
- Percentage of invoices matching on first three-way match attempt
- Average days to close a fully received PO

9. Common mistakes

- Creating a purchase order before the requisition is fully approved.

- Assuming a supplier accepted a PO without confirming it.
- Leaving a PO open long after goods were received and invoiced.
- Approving an invoice for payment without completing the three-way match.

10. Revision history

Revision	Date	Description	Reviewed by
1.0	September 15, 2026	Initial release	Ilia Pirozhenko

Approval

Prepared by	Approved by	Date

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