14. Purchase Order Processing

Process purchase orders to ensure proper authorization and accurate procurement of goods and services.

Purpose

Establish systematic purchase order processing procedures that ensure proper authorization, accurate procurement, and effective cost control while supporting operational needs and maintaining vendor relationships through efficient purchasing processes.

Roles and Responsibilities

Finance Leader:

- Review and approve billing policies and procedures
- Oversee invoice accuracy and accounts receivable
- Monitor financial performance and budgets
- Ensure compliance with financial regulations
- Coordinate with external accounting services

Operations Leader:

- Oversee daily operations and coordinate between departments
- Authorize emergency response procedures and resource allocation
- Monitor safety compliance and operational excellence
- Coordinate scheduling across departments for operational coverage
- Review billing disputes and approve service adjustments
- Ensure regulatory compliance across all operations

Process Steps

Purchase Request Phase

- **Identify procurement needs** - Determine specific requirements for goods or services needed
- **Specify detailed requirements** - Create detailed specifications including quantities, quality standards,

and delivery requirements

- **Research vendor options** - Identify qualified suppliers and compare pricing and capabilities
- **Obtain budget approval** - Verify sufficient budget allocation for requested purchases

Purchase Order Creation Phase

- **Generate purchase order** - Create formal purchase order with complete specifications and terms
- **Include delivery requirements** - Specify delivery location, timing, and any special handling requirements
- **Add payment terms** - Include approved payment terms and billing instructions
- **Obtain required approvals** - Secure authorization from appropriate leaders per approval matrix

Vendor Coordination Phase

- **Submit purchase order** - Send approved purchase order to selected vendor with confirmation request
- **Confirm order acceptance** - Verify vendor acceptance and delivery commitment
- **Track order status** - Monitor order progress and coordinate on any delivery changes
- **Communicate delivery requirements** - Ensure vendor understands airport access and delivery procedures

Receipt and Processing Phase

- **Verify deliveries** - Confirm received items match purchase order specifications and quantities
- **Inspect quality** - Check delivered goods for damage, defects, or quality issues
- **Process vendor invoices** - Match invoices to purchase orders and delivery receipts
- **Update inventory records** - Record received items in inventory management system

Process Mapping

```mermaid
flowchart TD

A[Identify Need] --> B[Create Specifications]

B --> C[Research Vendors]

C --> D[Generate PO]

D --> E[Obtain Approval]

E --> F[Send to Vendor]
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F --> G[Track Order]

G --> H[Receive Delivery]

H --> I[Verify Receipt]

I --> J[Process Payment]

```

# Tools and Resources

- **Purchase Order System**: Digital procurement workflow and approval system
- **Vendor Database**: Supplier contact information and performance history
- **Approval Matrix**: Authorization limits by position and purchase category
- **Receiving Documentation**: Forms and procedures for delivery verification
- **Budget Tracking System**: Real-time budget monitoring and purchase impact analysis
- **Inventory Management System**: Integration with inventory tracking and control

# Success Metrics

- **Completion Time:** Purchase orders processed and sent to vendors within 2 business days of approval.

**Quality Standard:** 95% of deliveries received match purchase order specifications without requiring returns or exchanges.

**Safety Standard:** All safety-critical supplies ordered and received within required timeframes to maintain operational safety.

**Client Satisfaction:** Procurement efficiency supports uninterrupted service delivery and operational excellence.

# Common Issues and Solutions

- **Issue:** Vendor delivery delays affecting operational capabilities and client service
- **Solution:** Maintain relationships with multiple suppliers for critical items and establish emergency procurement procedures. Monitor vendor performance and address delivery issues promptly.

**Issue:** Purchase orders exceeding budget allocations requiring additional approvals

**Solution:** Implement real-time budget checking in purchase order system and provide budget visibility to requestors. Establish emergency purchase procedures for safety-critical items.

**Issue:** Received goods not matching purchase order specifications

**Solution:** Establish detailed receiving procedures with quality inspection requirements. Train receiving personnel on specification verification and return procedures for non-conforming items.

# Safety Considerations

⚠️ **WARNING:** Prioritize safety-critical purchases to prevent delays that could compromise operational safety or regulatory compliance

⚡ **CAUTION:** Ensure aviation-specific supplies meet regulatory requirements and quality standards

ℹ️ **NOTE:** Coordinate deliveries with airport security requirements and operational schedules

✅ **BEST PRACTICE:** Use electronic purchase order systems to improve accuracy and reduce processing time

# Regulatory References

- **14 CFR Part 91** - General Operating Rules (equipment and supply requirements)
- **OSHA 29 CFR 1910** - Occupational Safety Standards (safety equipment procurement requirements)
- **Uniform Commercial Code (UCC)** - Commercial purchase and sales law
- **Company Procurement Policies** - Internal purchasing authorization and procedures