

SWIFT

STATEWIDE INTEGRATED FINANCIAL TOOLS

DOCS3

Purchase Order Document Types

User Guide

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Minnesota Management & Budget
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**MANAGEMENT
AND BUDGET**

DOCS3 Purchase Order Document Types

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DOCS3 Purchase Order Document Types

Course Overview

The Procurement module in SWIFT uses document type to differentiate the varying processes for requisitions, solicitations, contracts, or purchase orders.

This course provides an overview of all of the document types associated with purchase orders.

After completing this course, you should be able to:

- Gain an overview of the various purchase order document types
- Be able to determine which purchase order document types fit which transactions

Lesson 1: Purchase Order Overview

Lesson Overview

This lesson is focused on an introduction of the purchase order used in purchasing goods and services for State of Minnesota agencies. There is an overview of the different types of purchase orders. The Purchase Order Selection Guide lists factors to explore before selecting the correct document type.

After completing this lesson, you should be able to:

- Have a general understanding of what a purchase order is along with the various document types available.
- Use the **Purchase Order Selection Guide** to select the correct purchase order document type for the transaction.

Purchase Order Overview

A purchase order is a formal document that lists the goods and/or services that are to be purchased. Purchase orders are created to cover different types of procurement. Purchase order documents encumber funds. Purchase orders may have a relationship to a contract, a requisition and/or solicitation document. The document type is associated with the different types of procurement and the process flow in SWIFT.

There are three categories of purchase orders used in SWIFT. Within these categories are document types associated with these purchase orders. These document types are explained later in this lesson.

1. **Non-Blanket Purchase Orders:**

These are the standard purchasing documents for procuring within a buyer's Authority for Local Purchase (ALP) limit. They are also used for purchasing from established state contracts. Orders must name the vendor and the specific commodities and quantities involved. These documents are dispatched to the vendor unless otherwise stated. You may exceed the original order amount at time of payment within statewide matching tolerances (10% or \$50, whichever is less).

- Contract Release Order (CRO)
- Department Purchase Order (DPO)
- Direct TG/ED/VO (DTG)
- Emergency Purchase Order (EMR)
- Field Purchase Order (FPO)
- Real Estate Remodeling Order (RMO)
- Purchase Order Related to a Requisition and/or Event (POR)

2. **Blanket Purchase Orders:**

Use this purchase order type to encumber funds for multiple purchases or multiple vendors. They are not dispatched to the vendors. These purchase orders are typically used for annual recurring purchases such as utilities. Use them to specify the commodities involved and the total dollar amount being set aside for that purpose. Blanket orders default to *Amount Only* and a Quantity of "1". This allows for payments less than the unit price and a total Quantity received of greater than "1". Multiple payments are expected, with varying voucher amounts. Use a change order if the purchase exceeds the original blanket order amount.

- Blanket Purchase Agreement (BPA)
- Blanket Purchase Against Multiple Vendors (BPM)
- Blanket Purchase Against a Contract (BPC)
- Blanket TG/ED/VO (BTG)

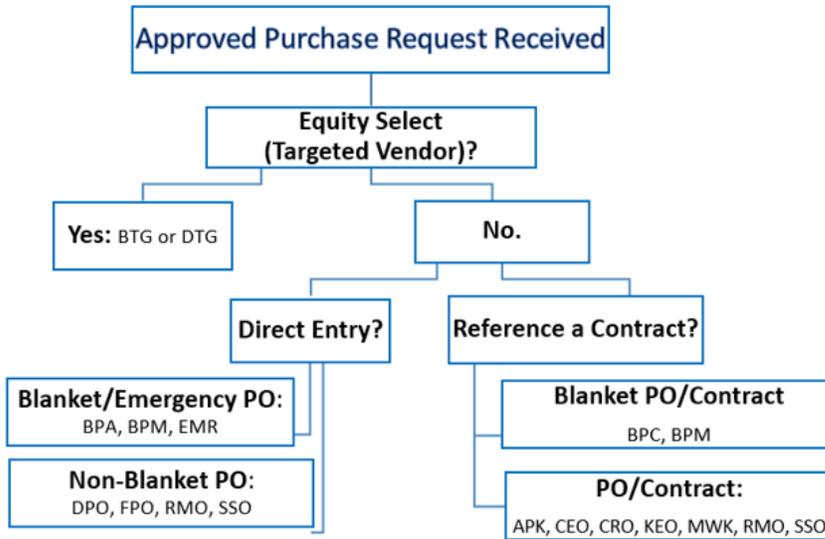
3. **Contract Encumbering Purchase Orders:**

These are used to encumber funds against professional/technical, grant and construction type contracts. These purchase orders will default to *Dispatch Type* of "Phone". The document types used for this type of purchase order are:

- Annual Plan Contract Order (APK)
- Construction Contract Encumbering Order (CEO)
- Contract Release Order (CRO)
- Master Contract Work Order (MWK)
- Master Services Order (MSO)
- P/T Related Contract Encumbering Order (KEO)

Purchase Order Document Selection Guide

This guide provides an overview of the factors to considering in selecting the Purchase Order Document Type for SWIFT. Agency Buyers can purchase and enter goods and services according to their Authority for Local Purchase (ALP). ALP is a procurement certification process managed by the Department of Administration.



Purchase Order (PO) Document Types
APK: Annual Plan Contract
BPA: Blanket PO Agreement
BPC: Blanket PO Against a Contract
BPM: Blanket PO Against Multiple Contracts
BTG: Blanket PO Targeted Vendor
CEO: Construction Contract Encumbering Order
CRO: Contract Release Order
DPO: Department PO
DTG: Direct PO Targeted Vendor
EMR: Emergency PO
FPO: Field PO
KEO: Professional/Technical Related Contract PO
MWK: Master Professional/Technical Work Order
RMO: Real Estate Remodeling Order
SSO: Single Source Order

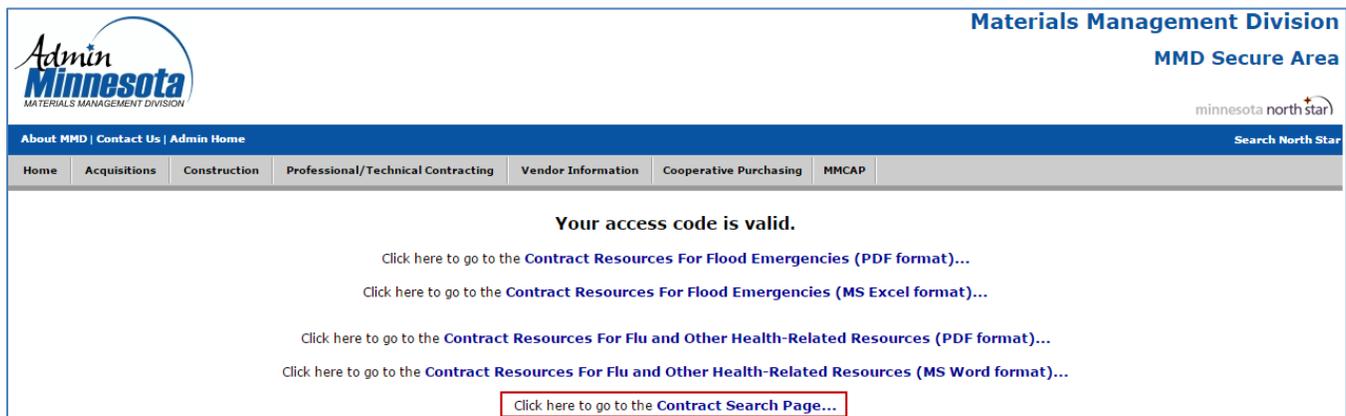
Lesson 2: Purchase Order Documents Types

Lesson Overview

This lesson focuses on more detail about how to prepare for and create a purchase order by each document type. There are 15 purchase order document types described. In each section, you will see an overview of the document type, how to prepare for it, the steps to use to create it and specific fields that need to be referenced for it.

Preparation for Creating Purchase Orders

Determine whether the item or general service needed is currently available on a State contract. To search for a product or general service on a State contract, go to the Office of State Procurement website at www.mmd.admin.state.mn.us/process/contract/index.asp. Log into the secure area and click on the **Contract Search Page**.



The screenshot shows the Materials Management Division (MMD) Secure Area website. The header includes the "Admin Minnesota" logo and the text "Materials Management Division MMD Secure Area". A navigation bar contains links for "Home", "Acquisitions", "Construction", "Professional/Technical Contracting", "Vendor Information", "Cooperative Purchasing", and "MMCAP". The main content area displays the message "Your access code is valid." followed by several links: "Click here to go to the Contract Resources For Flood Emergencies (PDF format)...", "Click here to go to the Contract Resources For Flood Emergencies (MS Excel format)...", "Click here to go to the Contract Resources For Flu and Other Health-Related Resources (PDF format)...", "Click here to go to the Contract Resources For Flu and Other Health-Related Resources (MS Word format)...", and a red-bordered link "Click here to go to the Contract Search Page...".

Source: Authority for Local Purchase Manual, Section 2.2. www.mmd.admin.state.mn.us/pdf/alpmanual.pdf

Process Steps to Create Purchase Orders

The steps for creating purchase orders depend upon whether it needs to reference a contract. Not all purchase order types follow these steps in this exact order. For more information about these document types, refer to the descriptions later in this lesson.

Steps for Creating Purchase Orders

Use these steps for creating purchase orders that do not reference contracts.

- Step 1: Add Header Information
- Step 2: Complete the Lines Section
- Step 3: Add or Update Schedules Information
- Step 4: Add Distribution Information
- Step 5: Save, Route for Approvals, Budget Check and Dispatch the Purchase Order

The following purchase order document types do not reference a contract.

- Department Purchase Order (DPO)
- Direct Targeted Purchase Order (DTG)
- Blanket Targeted Purchase Order (BTG)
- Emergency Purchase Order (EMR)
- Field Purchase Order (FPO)
- Single Source Order (SSO)
- Blanket Purchase Agreement (BPA)
- Blanket Purchase Against Multiple Vendors (BPM)
- Purchase Order Related to a Requisition and/or Event (POR)
- Real Estate Remodeling Order (RMO)

Steps for Creating Purchase Orders that Reference Contracts

Use these steps for creating purchase orders that reference contracts.

- Step 1: Enter Contract Information
- Step 2: Add Header Information
- Step 3: Complete the Lines Section
- Step 4: Add Schedules Information
- Step 5: Add Distribution Information
- Step 6: Save, Route for Approvals, Budget Check and Dispatch the Purchase Order

The following purchase order document types reference a contract.

- Annual Plan Contract (APK)
- Blanket Purchase Against a Contract (BPC)
- Construction Contract Encumbering Order (CEO)
- Contract Release Order (CRO)
- Master Contract Work Order (MWK)
- Master Services Order (MSO)
- P/T Related Contract Encumbering Order (KEO)

Some of these purchase order types are used to encumber funds for individual contracts. Purchase orders that hold funds for these contracts include APK, CRO, BPC, CEO, KEO and MWK.

After completing this lesson, you should be able to:

- Locate the purchase order document type that best fits a transaction.
- Follow the correct process steps to create a purchase order.
- Use the information provided for each individual document type to create a purchase order.

Purchase Order Document Types

This section provides more information about purchase order document types.

NOTE: Construction Contract Encumbrance (CEO) and Purchase Order Requisition (POR) purchase orders require a requisition in SWIFT's ePro module. For information about these requisitions, refer to the ePro/Requisitions Reference Guides <http://mn.gov/mmb/accounting/swift/training-support/reference-guides/epro.jsp>

The steps for creating purchase orders depend upon whether it references a contract. Not all purchase order types follow these steps in this exact order. For more information about these document types, refer to the descriptions later in this lesson.

1. Annual Plan Contract (APK)

Use the APK document to create a purchase order against an Annual Plan Contract. A contract must be referenced on each line of the purchase order. Set up the annual plan memo as an APK contract. Set up an APK order for each vendor under the APK contract, unless you choose to set up one APK order as a Blanket Purchase Order. Outside of SWIFT, you will establish an APK contract individually with each vendor and attach it to the APK order. In the case of a Blanket Purchase Order, you will have multiple contracts attached to it. All APK purchase orders will default to "Phone" dispatch.

Preparation prior to entering this type of purchase order

- A signed contract with the vendor must exist before dispatching the purchase order.
- Obtain the contract number and vendor number from the contract administrator.
- Agencies may set up an APK order for each vendor or may set up one APK blanket order. In either case, a signed APK contract must exist for each vendor.

Use the **Steps for Creating Purchase Orders that Reference Contracts** to enter these purchase orders.

- Make sure that the *Document Type* is **APK**.
- If the agency will name the vendor at time of voucher (i.e. you wish to set up a "blanket"), the Vendor ID of "PLACEHOLDER" can be used on APK order. "PLACEHOLDER" must exist in the vendor list on the contract.
- Using the *Expiration Date* on the header is required. The *Expiration Date* must be between the *Begin* and *End Dates* of the contract. These dates must not cross fiscal years.
- In the *Comments* field on the header, click on **Attach** and attach the contract to the purchase order.
- The *Dispatch Method* is "Phone".
- The APK requires all lines of the purchase order reference a *Contract ID*. There are various types of contracts (Line Item, Description, Category, and Open Item). To appropriately use the contract, the purchase order should be entered.
- An APK Contract must be executed by having the vendor sign the contract document agreement. This process will occur outside of SWIFT. Annotate this SWIFT purchase order number on the contract. If your agency is assigning their own contract number, note this in the PO Reference field to facilitate alternate lookups. Annual Plan contracts must be approved by the Department of Administration, Office of State Procurement.
- The contracts that APK doc types are used against would typically not have Price Adjustments.
- APK orders will not have asset implications.

2. Blanket Purchase against a Contract (BPC)

A BPC encumbers funds. It is used to set up an “umbrella amount” of money to a single vendor against existing State Commodity (SCC), Agency Goods (AGC), State Service (SSC), or Agency Service (ASC) contracts. It may also be used against an Interagency Contract (IAC), Joint Powers Contract (JPC), Public/Private Partnership Contract (PPC) or Software License/Maintenance Contract (SAC). The purchase order only needs to be established once each fiscal year. Receipts and vouchers are recorded against it. The default *Dispatch Method* is “Phone”. These purchase orders are not dispatched to a vendor.

Preparation prior to entering this type of purchase order

- If needed, search the Office of State Procurement website for contract releases. The contract release will provide the contract number and vendor number.
- The contract release will also identify any distributors that are listed on the contract.
- Make sure the contract has a valid effective date. If it is expired, you cannot use it.

Use the **Steps for Creating Purchase Orders that Reference a Contract** to enter these purchase orders.

- Make sure that the *Document Type* is **BPC**.
- The *Contract* and *Contract Line Numbers* must be referenced.
- SWIFT will validate that a Contract ID is referenced on every line of the BPC purchase order.
- The purchase order will default to *Amount Only* on the lines section.
- The default *Dispatch Method* is “Phone.”

3. Blanket Purchase against Multiple Vendors (BPM)

BPMs encumber funds and do not reference a contract. This purchase order type does not have a one-to-one relationship with a particular vendor. An “umbrella amount” of money is set up for a specific purpose to be spent with multiple vendors. The purchase order only needs to be established once each fiscal year. Receipts and vouchers are recorded against it. The default *Dispatch Method* is “Phone”. These purchase orders are not dispatched to a vendor.

Use the **Steps for Creating Purchase Orders** to enter these purchase orders.

- Make sure that the *Document Type* is **BPM**.
- It is set to *Amount Only*.
- Adding *Comments* on the header is recommended.
- The *Vendor Number* defaults to “PLACEHOLDER”. “PLACEHOLDER” is replaced with the actual vendor on the voucher.
- The *Dispatch Method* is “Phone”.

4. Blanket Purchase Agreement (BPA)

This type of purchase order is used to set up an “umbrella amount” of money with a single vendor for a specific purpose. The purchase order only needs to be established once each fiscal year. Receipts and vouchers are recorded against it. These purchase orders are not dispatched to the vendor.

Preparation prior to entering this type of purchase order

- Always search the Office of State Procurement website to see if there is a contract. If the purchase is a blanket purchase order that references a contract, use Blanket Purchase against a Contract (BPC).

Use the **Steps for Creating Purchase Orders** to enter these purchase orders.

- Make sure that the *Document Type* is **BPA**.
- Adding *Comments* on the header is recommended.
- The purchase order will default to *Amount Only* on the lines section.
- The default *Dispatch Method* is “Phone.”

5. Blanket Targeted Purchase Order (BTG)

Used only for purchases from TG/ED/VO vendors under the Equity Select program. TG/ED/VO vendors are Targeted, Economically Disadvantaged and Veteran Owned. Use this type of purchase order to set up an “umbrella amount” of money with a single vendor for a specific purpose that ranges from \$5,000.01 to \$25,000.00. The vendor is from a Targeted Group (TG), Economically Disadvantaged (ED) or Veteran owned. They are Amount-based. You can change the Price but not Quantity. The purchase order only needs to be established once each fiscal year. It can be used for contract and non-contract purposes. BTG purchase orders that reference a contract are not dispatched to the vendor. BTG purchase orders that do not reference a contract are dispatched to the vendor.

- If referencing a contract, use Contract Document Types AGC, ASC, or PTK.

Preparation prior to entering this type of purchase order:

- The vendor is currently TG, ED or VO certified.
- The purchase order total amount is between \$5,000.01 and \$25,000.00 and no other bids were solicited.
- Make sure that the *Document Type* is BTG.
- Adding *Comments* on the header is recommended.
- The purchase order will default to *Amount Only* on the lines section.
- The default *Dispatch Method* is “Phone.”

6. Contract Encumbering Order (CEO)

Use this type of purchase order to encumber funds for Building Construction (BCC) or Other Construction (OCC) contracts. It may also be used against a Roadway Construction (RWC) contract. The order only needs to be established once. Receipts and invoices are recorded against it.

Preparation prior to entering this type of purchase order

- The CEO purchase order may reference a requisition where funds are pre-encumbered. Create the CEO purchase order after the contract has been created and executed in SWIFT.
- Obtain the *Contract Number* and vendor from the contract administrator.
- SWIFT will validate that a *Contract ID* is referenced on every line of the purchase order.
- The CEO purchase order will default the *Dispatch Method* to “Phone” and set the *Amount Only* flag.

Use these steps to enter Contract Encumbering Orders.

- **Step 1: Create a CEO Requisition.**

In order to create the contract, SWIFT requires that you start with a requisition and pre-encumber the funds.

- **Step 2: Edit the CEO Requisition to Add Contract and Approval Information.**

After the requisition is successfully completed, SWIFT requires that you create the contract for this purchase. Once the contract is in an Approved status, return to the requisition and reference the contract on it.

- **Step 3: Convert the CEO Requisition into a Purchase Order by Running the Expedite Requisition Process.**

Use the requisition to build a purchase order.

- **Step 4: Validate and Dispatch the CEO Purchase Order.**

After the purchase order is successfully created, budget checked, dispatched and finalized, the pre-encumbrance on the requisition is relieved and the encumbrance is created on the purchase order.

Find more information about **Contract Encumbering Order Requisitions** on ePro/Requisition Reference Guides: <http://mn.gov/mmb/accounting/swift/training-support/reference-guides/epro.jsp>

7. Contract Release Order (CRO)

Use the Contract Release Order (CRO) when there is a contract referenced in all lines of the purchase order. A CRO is used for each purchase against the contract. Receipts and vouchers are recorded against it. The contract and contract line number must be referenced. The purchase order is typically dispatched to the vendor.

- The CRO is used to place orders against existing State Commodity (SCC), Agency Goods (AGC), State Service (SSC) or Agency Service (ASC) contracts.
- It may also be used for an Interagency Contract (IAC), Joint Powers Contract (JPC), Public/Private Partnership Contract (PPC) or Software License/Maintenance Contract (SAC).

Preparation prior to entering this type of purchase order

- If needed, search the Office of State Procurement website for contract releases. The contract release will give the user the contract number and vendor number.
- The contract release will also identify any distributors that are listed on the contract.
- Make sure the contract has a valid *Effective Date*. If it is expired, you cannot use it.
- Make sure the *Category Code* is accurate for the purchase.

Use the **Steps for Creating Purchase Orders that Reference a Contract** to enter these purchase orders.

- Make sure that the *Document Type* is **CRO**.

8. Department Purchase Order (DPO)

DPOs are typically dispatched to the vendor. They are used for purchases within your ALP authority up to and including \$10,000.00. If the DPO is over that amount, it must be competitively bid. Use an Open Market Requisition (OMR) requisition document. For information about OMR requisitions, refer to the **Open Market Requisition (OMR) Reference Guide on ePro/Requisitions Reference Guides** <http://mn.gov/mmb/accounting/swift/training-support/reference-guides/e-pro.jsp>

Preparation prior to entering this type of purchase order

- Prior to entering the purchase order in SWIFT, users must search the Office of State Procurement website for contract releases to assure no contract exists. If a contract exists, choose CRO as the *Document Type*.
- *Response Documentation* is required for low dollar bids (between \$2500.01 and \$10,000.00). Bids for DPOs must be obtained and are entered on the response documentation page. One bid for \$5,000 or less, two bids for \$5,000.01 to \$10,000.
- The **Response Documentation** page tracks the informal bids that were received per the ALP buying procedure. When two bids are required, the winning vendor (vendor used on purchase order) and the additional vendor are entered.

Use the **Steps for Creating Purchase Orders** to enter these purchase orders.

- Make sure that the *Document Type* is **DPO**.
- Adding *Comments* on the header is recommended.
- The *Exception Type* field is used in cases where the Office of State Procurement has granted approvals to purchase above the buyer's ALP (by statute, the Office of State Procurement delegations, one-time approvals, etc.). Additionally, the field is used for emergency purchases.
 - If an *Exception Type* is used, include the reason for the exception and a justification for it. The reason for the exception is entered in the *Comments* on the header.
- If using *Response Documentation*, enter information about the bidding results. Enter the *Bid Amount* and *Bid Date*.

9. Direct Targeted Purchase Order (DTG)

Used only for purchases from TG/ED/VO vendors under the Equity Select program. TG/ED/VO vendors are Targeted, Economically Disadvantaged and Veteran Owned. Use this type of purchase order to set up a specific amount of money with a single vendor for a specific purpose that ranges from \$5,000.01 up to \$25,000.00. The vendor is from a Targeted Group (TG), Economically Disadvantaged (ED) or Veteran owned. DTGs are typically dispatched to the vendor. They are Quantity-based. You can change the Quantity but not the Price. It can be used for contract and non-contract purposes. DTG purchase orders that reference a contract are not dispatched to the vendor. DTG purchase orders that do not reference a contract are dispatched to the vendor.

- If referencing a contract, use Contract Document Type AGC or ASC.

Preparation prior to entering this type of purchase order:

- The vendor is currently TG, ED or VO certified.
- The purchase order total amount is from \$5,000.01 and \$25,000 and no other bids were solicited.
- Make sure that the *Document Type* is DTG.
- Adding *Comments* on the header is recommended.
- The default Dispatch Method is "Email."

10. Emergency Purchase Order (EMR)

The EMR Doc Type is used for an emergency purchase according to the Department of Administration's emergency purchasing policy. EMRs are used only when there is a threat to public health, welfare or safety that threatens the functions of government, the protection of property, or the health or safety of people. The use of this purchase order type bypasses the Human Rights certification. These purchase orders are typically dispatched to the vendor.

Preparation prior to entering this type of purchase order

- Make sure the requested transaction falls within the definition of an emergency before proceeding.

Use the **Steps for Creating Purchase Orders** to enter these purchase orders.

- Make sure that the *Document Type* is **EMR**.
- Select an *Exception Type of Emergency*.
- Include a *Justification*.
- The forms are located on the **ALP Manual** on the Department of Administration, Office of State Procurement website.

11. Field Purchase Order (FPO)

The FPO limit is \$5,000.00, both a policy and system limit. Use should be in accordance with Policy 2 of the ALP Manual. FPO documents encumber; receipts and vouchers are recorded against it. One bid is required. These purchase orders are not dispatched to the vendor.

Use the **Steps for Creating Purchase Orders** to enter these purchase orders.

- Make sure that the *Document Type* is **FPO**.
- The *Dispatch Method* is "Phone".

12. Master Contract Work Order (MWK)

Master Contract Work Order (MWK) documents are the encumbrances against the individual MWK contracts placed with vendors under the Master Contract (MPK). An MWK order document encumbers the funds for a specific vendor and may run for multiple years.

Preparation prior to entering this type of purchase order

- Prior to entering the purchase order in SWIFT, users should obtain the contract number and vendor from the contract administrator

Use the **Steps for Creating Purchase Orders that Reference Contracts** to enter these purchase orders.

- Make sure that the *Document Type* is **MWK**.
- *Expiration Dates* are required. MWK will validate the *Expiration Date against the referenced contract*.
- A *Contract ID* must be referenced on every line of the purchase order.
- There are various types of contracts (Line Item, Description, Category, and Open Item) and the purchase order should be entered to appropriately use the contract.
- MWK orders must reference MWK contracts.
- The *Dispatch Method* is "Phone".

13. Master Services Order (MSO)

MSOs are rarely used. The Master Services Order (MSO) is used for services against Master Contracts (MSC). Master Contracts are set up to address potential non-professional/technical service needs. They cover generally identifiable tasks in measurable blocks of service for definable outcomes under specified vendors. One vendor is responsible for all statewide services for a specific purpose (e.g., snow removal services). The Department of Administration's Office of State Procurement can set up Master Contracts for all agencies to use. Agencies may also set up their own Master Contracts. Receipts and vouchers are recorded against the MSO. The contract and contract line number are entered. MSO's encumber funds to a specific vendor identified on the master contract.

An individual Master Contract is entered for each vendor involved. Master Contracts do not encumber. They may run for multiple years. A Master Contract is a fixed price contract.

14. P/T Related Contract Encumbering Order (KEO)

KEOs are used for entering a direct purchase order for encumbering funds against Professional/Technical (P/T) related contracts (contracts that end in a 'K'), except MWK or APK. KEOs are used for the following contract types: ASK, EAK, GRK, IAK, JPK, LDK, LSK RMK and PTK.

Preparation prior to entering this type of purchase order

- Prior to entering the purchase order, obtain the *Contract Number* and vendor from the contract administrator.

Use the **Steps for Creating Purchase Orders that Reference Contracts** to enter these purchase orders.

- Make sure that the *Document Type* is **KEO**.
- KEO will validate that a *Contract ID* is referenced on every line of the purchase order.
- The *Contract Doc Type* needs to end in 'K' (except MWK or APK).
- The default *Dispatch Method* is "Phone".
- It will default to *Amount Only*.
- The contracts that KEO doc types are used against would typically not have tax. Verify that no tax is being charged.
- KEO orders will not have asset implications.

15. Purchase Order (POR)

A Purchase Order (POR) is the order document created when an Open Market Requisition (OMR) is processed through Strategic Sourcing and awarded. The requisition's pre-encumbrance is relieved and an encumbrance is created when the purchase order is saved and budget checked. For information about OMR requisitions, refer to the **Open Market Requisition (OMR) Reference Guide** in the ePro/Requisitions Reference Guides. <http://mn.gov/mmb/accounting/swift/training-support/reference-guides/epro.jsp>

Steps for creating a POR.

- **Award the Event:**
PORs are created by awarding an event to a purchase order. An OMR requisition precedes the event. After the bidding is completed and the event is awarded the POR purchase order is automatically created.
- **Validate the Purchase Order:**
Validate any purchase order information that was populated from the OMR (e.g., ChartField, Ship To, Tax, etc.).
- **Budget Check the Purchase Order:**
Upon approving a purchase order, it must be budget checked to encumber funds. Budget checking may be done manually. Or, it can be checked by a scheduled batch process that runs throughout the day.
- **Dispatch the Purchase Order:**
Approved purchase orders with a "Valid" *Budget Status* can be dispatched to the vendor via email or print (for buyer to mail or fax).

16. Real Estate Remodeling Order (RMO)

Used for remodeling of leased space if the cost is between \$2,500.01 and \$8,000.00. For amounts up to \$2,500.00, use a **DPO** document type. The lease number should be entered on the purchase order for tracking purposes. For improvements above \$8,000.00, amend the RMK (Real Estate Remodeling) contract first. Then use a KEO order to encumber.

17. Single Source Order (SSO)

A SSO is used when only one vendor can provide the goods or services.

Preparation prior to entering this type of purchase order

- Contact an Acquisition Management Specialist at The Department of Administration's Office of State Procurement to make sure there is only one vendor. <https://mn.gov/admin/about/contact-us/state-procurement.jsp>
- An SSO requires completion of the **Single Source Justification Form**, which must be attached to the purchase order at the header level.
- Search the Office of State Procurement's website for contract releases to assure no contract exists. If a contract exists, enter CRO.

Use the **Steps for Creating Purchase Orders** to enter these purchase orders.

- Make sure that the *Document Type* is **SSO**.
- A vendor is required.
- A buyer is required. The buyer should have the appropriate ALP level. The default *Dispatch Method* is "Email".
- Click the **Add Comments** link and upload the completed **Single Source Justification Form**.
- Enter the *Category*.
- On the **Sched Sales/Use Tax** field, verify that the tax applicability is correct. Tax is calculated based on the tax code associated with the *Ship To* address. Tax can be updated by changing the *Ship To* address or by updating the tax information on this page.
- Check to see if this purchase is an asset.

Course Summary

After completing this course, you should now be able to:

- Gain an overview of the various purchase order document types
- Be able to determine which purchase order document types fit which transactions

Appendix

Key Terms for Creating Purchase Orders

Term Name	Term Description
Account	The account identifies whether an accounting line is classified as a balance sheet, revenue, expenditure, or statistical transaction. The Account classifies specific transactions according to the nature of the receipt, expenditure, or effect on the financial position of the fund. All accounting transactions in SWIFT have an Account.
Acquisition	The act of acquiring goods and services (including construction) for the use of a governmental activity through purchase, rent, or lease. Includes the establishment of needs, description of requirements, selection of procurement method, selection of sources, solicitation of procurement, solicitation for offers, award of contract, financing, contract administration, and related functions.
Activity ID	Activities are specific tasks that make up a project. Users can add transactions and budgets to a project only at the Activity level. Additionally, the work breakdown structure can be used to setup tasks under a summary activity. The activity can be coded with an activity type, dates, descriptions and other attributes for additional reporting. Activities can have summary and detail activities for further breakdown.
Agency Cost 1	The Agency Cost 1 ChartField (CF1) is an optional field that may be used for reporting purposes. This ChartField is a classification used to track revenue or expenditures associated with a particular event or activity that is defined by the Agency.
Agency Cost 2	Agency Cost 2 (CF2) is used for Agency reporting such as location, region, or other administrative sub-unit related to the operation of an Agency.
Amount Only	Allows the user(s) to receive the purchase order line by <i>Amount</i> instead of <i>Quantity</i> . <i>Amount Only</i> forces the purchase order line to "1". This allows multiple receivers to use this purchase order until the full purchase order amount has been expensed. The line amount that you enter becomes the schedule price and amount.
Approp ID	This ChartField represents appropriation unit. It is used as a key to various budget levels to create unique budgets when all other key ChartFields are the same.
Asset	An asset is an owned item of value. It has a value of great than 0 and a useful life of greater than one year.

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Authority for Local Purchase (ALP)	The authority for local purchase (ALP) is a delegation to directly purchase certain goods and services. The delegation is from the Commissioner of Administration. It is granted to an individual who has successfully completed all requirements established by the Office of State Procurement of Administration. There are several ALP levels: Up to \$2,500; Up to \$5,000; Up to \$25,000 and Special Delegations for in excess of \$25,000.
Batch Process	A process that is run to process multiple transactions. Batch processes can be scheduled to run at various times throughout the day on a pre-defined batch schedule.
Blanket Order	A purchase order that is used to cover multiple purchases or multiple vendors. A contract under which a vendor agrees to provide goods or services on a purchase-on-demand basis. The contract generally establishes prices, terms, conditions and the period covered (no quantities are specified); shipments are to be made as required by the purchaser.
Budget Check	In Commitment Control, this is the processing of source transactions against control budget ledgers. Transactions can pass, fail or pass with a warning. This process creates and relieves encumbrances and pre-encumbrances.
Budget Period	The interval of time (such as 12 months or 4 quarters) into which a period is divided for budgetary and reporting purposes. The ChartField allows maximum flexibility to define operational accounting time periods without restriction to only one calendar.
Business Unit	Purchasing Business Units primarily represent State agencies in SWIFT.
Buyer	A Buyer is an agency staff person who administers contracts, encumbers funds and creates purchase orders.
Buyers Workbench	The Buyer Workbench enables you to view purchases for a supplier and adjust orders to meet supplier commitments and constraints.
Category Code	This is a grouping of similar goods or services for reporting purposes and spending analysis. It is represented by the United Nations Standard Products and Services Code (UNSPSC) in SWIFT.
Change Order	A process to amend an original purchase order. A change order is related to a material change after the initial dispatch.
Chart of Accounts	The Chart of Accounts (i.e., Funding String) is comprised of informational fields that provide the basic structure to segregate and categorize transactional and budget data. Each Chart of Account field is called a ChartField. There are several required ChartFields, that when combined

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	define the specific transactions. Understanding these fields will assist in any potential errors that may appear during the budget check step.
ChartField	The individual components (fields) that when combined make up the Chart of Accounts (COA).
ChartField Combination Edit	The process of editing distribution lines for valid ChartField combinations based on pre-defined rules.
Commitment	This is the process of setting aside funds in response to a purchase requisition. Funds remain committed or encumbered until the good or service is paid for. This converts the encumbrance into an expenditure.
Commitment Control	Commitment Control enables state agencies to control expenditures actively against predefined, authorized budgets. Commitment control can be used to track expenses against pre-defined control budgets as well as to track recognized revenue against revenue estimate budgets
Contract	This is an agreement with specific terms between two or more persons or entities. The terms include an obligation from all parties to offer goods or services.
Contract ID	SWIFT's unique identifier for a contract.
Dashboard	Use this page to manage various task-based roles assigned to a specific user. The Dashboard can be configured by role and/or user and displayed in different layouts per the configuration.
Department ID	See FinDept ID.
Direct PO	A purchase order entered directly into SWIFT's purchasing module. It does not go through the ePro module.
Dispatch	This is the process of sending a PURCHASE ORDER to the vendor. The default Dispatch Method is email.
Distribution	The section of the requisition or purchase order that captures the accounting information.
Doc Type	In Purchasing and ePro, the Doc Type identifies the characteristics of the purchase and defines the rules for the purchase.
Due Date	The date the items are scheduled to arrive at the Ship To locations. The Due Date will default from the Item or the Category lead time (amount of time needed to ship). The field can be edited. If there is no default Due Date, SWIFT calculates one by adding the lead-time days to the Purchase

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	Order date. You can override the due date for each schedule as long as it is later than the purchase order date.
Emergency Purchase	A purchase made quickly to meet an emergency. It does not follow the normal purchasing procedure in goods or services.
Encumbrance	An Encumbrance is a special type of accounting transaction that anticipates a future expenditure. Funds are encumbered, or set aside, in a particular appropriation budgetary account for a specific future purchase. The document used to record an encumbrance is called a Purchase Order.
eProcurement	This SWIFT module used to initiate some procurement transactions via a requisition. The requisition can be sourced to a purchase order, to Strategic Sourcing or to Inventory as appropriate. With the exception of requisitions sourced to Inventory, ePro requisitions pre-encumber funds.
Expiration Date	Optional field. Purchase order expires on this date. It field is required with some contract document types. The Expiration Date must be within the Start and End date of the contract. The Begin and End dates must not cross fiscal years.
Fin DeptID	The Fin Dept ID (or Department ID) represents an organizational function to which expenditures and other activities are identified. The Department ChartField classifies transactions according to a defined organizational structure. Combined with other ChartField values, Department IDs form the basis for department budgets that track revenues and expenditures.
Fiscal Year	The 12 months between one annual settlement of financial accounts and the next; a term used for budgeting, etc. The fiscal year for the U.S. Government is October 1 to September 30; the fiscal year for the State of Minnesota is July 1 to June 30.
Freight Terms	This code represents any freight terms, such as where possession is taken and if the payment for freight is allowed.
Fund	Funds are self-balancing sets of accounting records that are segregated for the purpose of carrying on specific activities or attaining certain objectives in accordance with specific regulations, restrictions, or limitations.
Goods	All types of personal property including commodities, materials, supplies, and equipment.
Header	Summary level data relating to the entire transaction.
Invoice	A list of goods or services sent to a purchaser showing information including prices, quantities and shipping charges for payment.

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Item	Any product, material or service established and maintained centrally in the Item Master. Items are specific and used for repetitive purchases and consumable Inventory. Items contain a variety of Purchasing Attributes. Appears at the line level on Purchase Orders or Requisitions.
Item ID	A unique identifier assigned to a particular item.
Keyword	A word or phrase that may be used to help search for Items and Categories.
Line	The detailed information about what is being purchased (e.g. Item, Category, Price, Quantity).
Location (Vendor)	<p>A location is a series of business rules agreed to between the vendor and the state entity. Locations enable a user to indicate the different types of addresses a customer has, e.g., one to receive bills, another for shipping, a third for postal deliveries, and a separate street address. Each of these addresses has a different location number.</p> <p>The vendor location defaults. It can be updated to a different vendor location associated with the correct vendor address.</p>
Match Exceptions	Match exceptions occur on a voucher if the purchase order, Receipt ID and Voucher ID are not within all of the pre-defined match tolerances and rules. Two-way match validates the purchase order and Voucher. Three-way match validates the purchase order, Receipt and Voucher.
Office of State Procurement	Responsible for all functions of acquisition, standards, quality control and surplus property management for the State of Minnesota. www.MMD.admin.state.mn.us
Manufacturer	Indicates the manufacturer of the item, which is assigned on the Manufacturer's Item page.
Manufacturer ID	Identifies the manufacturer of the item in SWIFT.
Manufacturer's Item ID	Manufacturer's internal identification number for the item.
PC Business Unit	A Business Unit (BU) in Projects identifies major subsets throughout the state, such as Agency level. It enables the State to organize information to facilitate project management, analysis, reporting, and accounting.
PO ID	A purchase order is identified by an ID that is unique within a business unit. The default for a new purchase order is "NEXT" until the purchase order is saved.

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PO Origin	This code represents a division, region or district within an agency that originated a purchase order. This code is used for reporting and is available on search pages.
PO Reference	This optional field is used to add any agency-specific information. It will not print on the purchase order. However, you can search for information based on this field.
Pre-encumbrance	The amount that you expect to spend, but which you have no legal obligation to spend. A requisition is a typical pre-encumbrance transaction.
Price	The amount of money that will purchase a definite quantity, weight, or other measure of a commodity.
Process Monitor	A page where you can view the status of submitted process requests.
Procurement	<p>This is the process of obtaining goods or services. It includes all activities from the preparation and processing of a requisition, through receipt and approval of the final invoice for payment. It also includes the acts of preparing specifications, making the purchase and administering contracts.</p> <p>The combined functions of purchasing, inventory control, traffic and transportation, receiving, inspection, store keeping, and salvage and disposal operations.</p>
Professional or Technical Services	These are services that are intellectual in character, including consultation, analysis, evaluation, prediction, planning, programming, or recommendation, and result in the production of a report or the completion of a task.
Project ID	The Project ID is the unique identification code for a particular initiative or project. It can be coded with many attributes including project status, project type, project dates, and project title for additional reporting. The Project ID may be used for grants, capital projects, and agency directed projects. This field is required on Project/Grant transactions.
Purchase Order	A purchase order authorizes the state agency to purchase specific goods or services at a certain price. It is sent to the supplier (vendor). When the vendor accepts the purchase order, it becomes a contract that both parties are expected to fulfill.
Query	SWIFT capability that allows end-users to extract data from the system and database repositories based on the specific parameters the user enters.
Receipt	Transaction in SWIFT that tracks the quantity or amount received against a Purchase Order.

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Recycled Content	The portion of a product that is made from materials directed from the waste stream; usually stated as a percentage by weight.
Recycled Product	A product that contains the highest amount of post-consumer material practicable, or when post-consumer material is impracticable for a specific type of product, contains substantial amounts of pre-consumer material.
Requisition	An internal document by which an agency requests the purchasing department to initiate procurement (a purchase).
Sales Tax	A levy on a vendor's sale by an authorized level of government.
Schedule	Section of the requisition or purchase order that captures shipping information such as Ship to and Due Date.
SetID	A SetID is used to identify various configuration values that can be used when entering a transaction.
Ship To	The Location Code that indicates where the vendor should deliver the items. Defaults from purchasing document or direct entry. The Ship To has tax implications. If a one- time Ship To is needed, users can select 'SEE BELOW', add the address in comments, and update the tax destination. Ship To is where the work will be performed. To ship to multiple locations, use the Schedule page.
Ship Via Code	This Code identifies how an order is shipped. The buyer typically negotiates the best method of shipping.
Sole Source Procurement	An award for a commodity or service to the only known capable supplier, occasioned by the unique nature of the requirement, the supplier, or market conditions.
Solicitation	This is the process of requesting or seeking a bid for a good or service. It does not indicate the intention to enter into a binding agreement or contract.
Source Type	Source Types are used on individual transactions to identify the purpose. To best meet their accounting needs, PC Business Units can configure these codes. This field is required on Project/Grant transactions.
SpeedChart	SpeedChart codes can be defined with multiple accounting distributions and are used by entering the SpeedChart code during data entry instead of the individual ChartField combinations. SpeedCharts greatly increase data entry efficiency by reducing the number of keystrokes required to enter frequently used ChartField combinations.
Split Distribution	This field indicates how expenses are allocated or divided among multiple ChartField strings.

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Strategic Sourcing	Strategic Sourcing is the SWIFT module used to solicit bids for goods and/or services. Vendors and customers can bid and be awarded business electronically through the supplier portal.
Tax Authority	Defines the various types of taxes that the State of MN may be required to pay (e.g. State, Local, Transit).
Tax Code	A tax code contains one or more Tax Authorities and is the total amount of tax charged on a transaction. Tax Codes default from the Ship To, but can be updated on purchase orders if a different tax needs to be reflected.
Ultimate Use Code	This code determines the tax applicability of a purchase. The Ultimate Use Code defaults from the Item or Category, and can be updated on purchase orders as necessary.
United Nations Standard Products and Services Code (UNSPSC)	United Nations Standard Products and Services Code (UNSPSC) is global classification system of goods and services that is used for procurement. The UNSPSC Code set is the basis for Category Codes in SWIFT.
Vendor	A person or organization that has a business relationship with the State and/or has registered and been added as a part of the Vendor File.
Vendor ID	A ten-digit identification number assigned to a Vendor.
Voucher	A Voucher is an electronic version of a paper invoice received by a vendor. In SWIFT, vouchers are the mechanism by which the State of Minnesota electronically pays for goods and services. When you wish to purchase goods or services, you usually set up a purchase order to ensure that funds are encumbered and the purchase follows state and agency policies.
Workbench	A page used to view, inquire and update transactions so that a user can define more specific search parameters (e.g., Buyer's Workbench, Event Workbench and Match Workbench).
Workflow	Workflow refers to the way in which work flows through the multiple steps of business processes. For example, when a purchase order is entered into the system, the invoice will go through approval, budget check and dispatch processes. This workflow process includes notifying the different people involved via email or worklist updates that they are required to take the next step in a process.