# Purchase requisition to purchase order

Process Definition Document (PDD): template and worked example

*Example company (fictional): Nordhaven Logistics, a road and warehousing services company in Rotterdam, Netherlands (about 650 employees, 4 depots, 280 trucks).*

## Document control

| Field | Value |
|---|---|
| Process name | Purchase requisition to purchase order |
| Process owner | [Name, role] |
| Prepared by | [Name] |
| Reviewed by | [Names of the people who do the work] |
| Approved by | [Name, date] |
| Version | 1.0 (as-is) |
| Status | Draft |

## How to use this template

This is a complete process definition document (PDD) for turning a purchase requisition into a purchase order, also called requisition-to-PO, purchase-to-order or the procure-to-pay front end. It describes the process as it runs today at a fictional Dutch logistics company, with the roles, systems, steps, approval limits and controls you would expect in a real procurement team.

Use it as a starting point. Replace the company details, keep the sections, and walk through each step with the buyers and the people who raise requisitions. Most teams change the approval limits, the number of quotes required and the catalogue coverage. The structure stays the same.

- Replace the company, the ERP and the approval limits in steps 11 and 13 with your own. Limits differ more than anything else between companies.
- Set your own quote rule in step 7. Some companies ask for three quotes from 1,000 EUR, others only from 25,000 EUR.
- Check the catalogue share with real data. If much less than half of requisitions are catalogue items, the Buyer's queue will be the bottleneck.
- Add the paths you have and this one does not: capital expenditure requests, call-off orders against a blanket PO, or purchases through a punch-out catalogue.
- Time the waiting steps with real dates from the system. Approval and supplier waiting usually explain most of the elapsed time, not the buyer's work.

## 1. Purpose and scope

This procedure describes how Nordhaven Logistics turns an internal purchase requisition into a purchase order (PO) sent to a supplier. It gives requesters, cost centre managers, buyers and finance one shared description of who does what, so that purchases are budgeted, approved at the right level, sourced competitively and confirmed by the supplier. The process starts when a requester raises a requisition for goods or services. It ends when the PO has been sent to the supplier and the supplier has confirmed it.

### In scope

- Requisitions for goods and services raised in Dynamics 365

- Catalogue and framework agreement items, and items that need sourcing
- Quotation requests and supplier selection
- PO approval, dispatch to the supplier and supplier confirmation

### Out of scope

- Fuel card purchases
- Vehicle leasing
- IT software subscriptions, which IT handles
- Goods receipt and invoicing

## 2. Process at a glance

| Item | Description |
|---|---|
| Trigger | A requester needs goods or services and raises a requisition. |
| Starts when | The Requester creates the requisition in Dynamics 365. |
| Ends when | The PO has been sent to the supplier, the supplier has confirmed it and the requisition is closed. |
| Inputs | Requisition with description, quantity, depot, date and cost centre, Budget per cost centre, Catalogue and framework agreement list, Approved supplier list, Supplier quotes |
| Outputs | Approved purchase order, Confirmed delivery date, Quote comparison on SharePoint, Closed requisition |
| Volume | About 9,400 requisitions a year, roughly 38 per working day |
| Working hours | Monday to Friday, 07:00 to 16:30. Depots work shifts, but procurement has no weekend coverage. |

## 3. Roles and responsibilities

| Role | Responsibilities |
|---|---|
| Requester | Depot staff or a department member who needs goods or services. Raises the requisition and accepts or rejects a later delivery date. |
| Cost Centre Manager | Approves the requisition against the budget and approves budget transfers when the budget is exceeded. |
| Buyer | Finds the supplier, obtains quotes, creates the PO, sends it and updates the confirmed delivery date. |
| Procurement Manager | Approves POs above 10,000 EUR and POs to suppliers that are not on the approved supplier list. |
| Finance Controller | Gives an additional approval for any PO above 50,000 EUR. |
| Supplier (external) | Provides quotes and confirms the PO, often with a changed delivery date. |

## 4. Systems

- Microsoft Dynamics 365: requisitions, POs, budget check and catalogue module
- Microsoft Outlook: quotes, chasers and supplier confirmations
- Excel: framework agreement list and quote comparison
- SharePoint: folder for quotes and comparisons

## 5. Process map

**Process diagram goes here**

Draw one lane per role from section 3, the steps from section 6 in order, and a diamond for each decision in section 7.

## 6. Procedure, step by step

| # | Step | Who | What happens | System | Output |
|---|---|---|---|---|---|
| 1 | Create the requisition | Requester | Creates a requisition with item or service description, quantity, delivery depot, requested date and cost centre. Takes 8 to 15 minutes, or 3 to 5 minutes for catalogue items picked from the catalogue module. | Dynamics 365 | Requisition submitted |
| 2 | Pass the budget check | Requester | Dynamics checks the budget of the cost centre. If it is exceeded (about 6% of cases), the requisition is held and the Requester asks the Cost Centre Manager for a budget transfer by email, which takes 1 to 3 days. | Dynamics 365, Outlook | Requisition within budget, or budget transfer requested |
| 3 | Approve or reject | Cost Centre Manager | Reviews the requisition in the workflow inbox and approves or rejects it. This takes 2 minutes of work, with 4 hours to 2 days of waiting. About 5% are rejected, and the Requester must edit and resubmit, which restarts at step 1. | Dynamics 365 | Approved or rejected requisition |
| 4 | Route by item type | Requester | A catalogue item or an item covered by a framework agreement (about 55% of cases) is converted by the workflow into a draft PO, and the Buyer continues at step 10. Everything else goes to the Buyer's queue for sourcing. | Dynamics 365 | Draft PO, or requisition in the Buyer queue |
| 5 | Claim from the queue | Buyer | Checks the queue each morning and afternoon and claims the requisition. Takes about 1 minute. | Dynamics 365 | Claimed requisition |
| 6 | Look for an existing supplier | Buyer | Checks the Excel framework agreement list and the approved supplier list for a suitable supplier. Takes 5 to 10 minutes. | Excel, Dynamics 365 | Candidate suppliers |
| 7 | Request prices | Buyer | Under 5,000 EUR, asks one preferred supplier for a price by email. At 5,000 EUR or more, sends a request for quotation to at least three suppliers. Takes 20 to 40 minutes to prepare and send. | Outlook | Price or quotation requests sent |
| 8 | Reply with a quote | Supplier | Suppliers reply by email in 2 to 5 working days. The Buyer chases non-responders after 3 days. About 25% of quotation requests need a second chase. | Outlook | Supplier quotes |
| 9 | Compare and select | Buyer | Builds a comparison in Excel, saves the quotes to SharePoint and selects the supplier on | Excel, SharePoint | Quote comparison and selected |

| # | Step | Who | What happens | System | Output |
|---|---|---|---|---|---|
| | | | price, delivery date and terms. Takes 20 to 30 minutes. | | supplier |
| 10 | Create the PO | Buyer | Creates or completes the PO, typing the supplier, price, delivery date and payment terms. Prices from quotes are retyped from email. Takes 5 to 8 minutes. | Dynamics 365 | PO ready for approval |
| 11 | Approve the PO | Procurement Manager | A PO above 10,000 EUR, or to a supplier not on the approved supplier list (about 18% of cases), goes to the Procurement Manager. Takes 5 to 10 minutes of work and 1 to 2 days of waiting. Other POs go straight to step 13. | Dynamics 365 | Approved, rejected or queried PO |
| 12 | Revise after a rejection | Buyer | If the Procurement Manager rejects or queries the PO (about 8% of those sent), revises the quote selection or negotiates again and resubmits. This repeats steps 9 to 11. | Excel, Dynamics 365 | Revised PO |
| 13 | Approve high-value POs | Finance Controller | A PO above 50,000 EUR (about 3% of cases) also needs approval from the Finance Controller. Takes 5 minutes of work and 1 to 3 days of waiting. | Dynamics 365 | Approved high-value PO |
| 14 | Send the PO | Buyer | Sends the approved PO to the supplier from Dynamics by email. Takes about 2 minutes. | Dynamics 365, Outlook | PO sent to the supplier |
| 15 | Record the confirmation | Buyer | The supplier confirms by email, often with a different delivery date. The Buyer updates the confirmed date in Dynamics (3 to 5 minutes). If it is later than requested, the Buyer informs the Requester, who accepts or asks for a new supplier (about 10% of cases), which reopens step 6. | Dynamics 365, Outlook | Confirmed delivery date |
| 16 | Close the requisition | Buyer | Marks the requisition as closed. The Requester receives an automatic notification. | Dynamics 365 | Closed requisition and notification |

## 7. Decision points and business rules

- Is the budget available? Yes: the requisition moves to approval. No (about 6% of cases): the requisition is held until the Cost Centre Manager approves a budget transfer (step 2).
- Does the Cost Centre Manager approve? No (about 5%): the Requester edits and resubmits from step 1 (step 3).
- Is it a catalogue or framework agreement item (about 55% of cases)? Yes: the workflow creates a draft PO and the Buyer continues at step 10. No: it goes to the Buyer's queue for sourcing (step 4).
- Is the value under 5,000 EUR? Yes: ask one preferred supplier for a price. No: send a request for quotation to at least three suppliers (step 7).
- Is the PO above 10,000 EUR, or is the supplier not on the approved list (about 18% of cases)? Yes: the Procurement Manager approves. No: it goes on to step 13 (step 11).
- Did the Procurement Manager reject or query the PO (about 8% of those sent)? Yes: the Buyer revises the selection or renegotiates and resubmits, repeating steps 9 to 11 (step 12).
- Is the PO above 50,000 EUR (about 3% of cases)? Yes: the Finance Controller approves as well (step 13).
- Is the confirmed date later than requested? Yes: the Requester accepts it or asks for another supplier (about 10% of cases), which reopens step 6 (step 15).

## 8. Exceptions

- Urgent breakdown purchases (about 4%): the depot manager phones the Buyer, who creates the PO the same day and approval is retrospective.
- Wrong or missing cost centre or category (about 7%): the Buyer returns the requisition to the Requester.

- Supplier blocked or inactive (about 2%): the Buyer selects another supplier and restarts quoting.

## 9. Controls

- Budget check in Dynamics before approval.
- Approval limits: Cost Centre Manager up to 10,000 EUR, Procurement Manager above, Finance Controller above 50,000 EUR.
- The Requester cannot approve their own requisition or create the PO.
- Three quotes required from 5,000 EUR, with the comparison stored on SharePoint.
- ISO 9001 supplier approval: only suppliers on the approved list receive POs without extra approval.
- Dynamics audit trail for every change to PO price and quantity.

## 10. Known issues today

- Quote data is retyped from emails into Dynamics.
- Requesters do not know the status of their requisition.
- Approvers are away or busy, and approvals wait several days.
- The framework agreement list in Excel is out of date, so Buyers source items that already have a contract.
- Supplier confirmations arrive late and with changed dates.

## 11. RACI matrix

R = responsible (does the work), A = accountable (owns the outcome), C = consulted, I = informed.

| Activity | Requester | Cost Centre Mgr | Buyer | Procurement Mgr | Finance Controller | Supplier |
|---|---|---|---|---|---|---|
| Raise the requisition | A/R | I | | | | |
| Approve against budget | I | A/R | | | | |
| Source and request quotes | I | | A/R | | | C |
| Select the supplier | C | | R | A | | C |
| Create the PO | I | | A/R | | | |
| Approve above 10,000 EUR | | I | C | A/R | | |
| Approve above 50,000 EUR | | | C | C | A/R | |
| Send and confirm the PO | I | | A/R | | | R |

## 12. KPIs

| KPI | Definition | Target |
|---|---|---|
| Days from requisition to PO sent | Working days from the requisition being submitted to the PO being sent, reported separately for catalogue and quoted items. | [set] |
| Rejected or returned requisitions | Share of requisitions rejected by the Cost Centre Manager or returned by the Buyer. | [set] |
| Approval waiting time by approval level | Average working days a request waits at the cost centre, procurement and finance levels. | [set] |
| Spend under a framework agreement | Share of purchase value placed under an existing framework agreement. | [set] |
| Urgent after-the-fact POs | Number of POs created after the purchase was agreed by phone, counted per month. | [set] |

## 13. Revision history

| Version | Date | Author | Change |
|---|---|---|---|
| 1.0 | [date] | [name] | First as-is version |
| | | | |

*Free template from processfix.ai. You may copy and adapt it. The company in the example is fictional.*