

Blanket Purchase Order ImplementerTM

Use this checklist to implement the blanket purchase order process in your company.

Our Story

- **What we do?**

We help small to medium-sized companies automate their purchasing and invoicing process so that they get better cash flow visibility.

- **Blanket Purchase Order Process Implementor**

The Blanket purchase order implementer will help you implement a blanket purchase order process in your company without constantly worrying about compliance issues.

- **What to expect?**

The end result

Follow this checklist to design an optimum purchase to pay process and improve your teams productivity



1. Limit Blanket Orders to
Service Purchase Only



LIMIT BLANKET ORDERS TO SERVICE PURCHASE ONLY

Avoid using blanket orders for material/tangible items purchase.

- Using blanket purchase orders for materials leads to confusion because you can't really do a 3-way match on blanket and invoice.
- Blanket orders are best suited for recurring services or where the vendor might be issuing an invoice on a recurring basis. For example, cleaning services, rate card-based software development services, etc.

2. Use Rate Cards Where
Possible



USE RATE CARDS WHERE POSSIBLE

Setup rate cards with your vendors and use the rate on the blanket order. This ensures:

- That you are paying a fixed rate wherever possible.
- You don't have to keep on issuing purchase orders every time you need a service.
- A good use case for rate cards is hourly-based services. For example, Software development, marketing services, or contractors.

3. Limit Blanket Orders to
Max One Year Limit



LIMIT BLANKET ORDERS TO MAX ONE YEAR LIMIT

Use fixed-term blanket orders wherever possible and limit to one year.

- The biggest issue with blanket orders is that you might not spend the entire amount.
- This could cause a problem for auditors on what to calculate as total liabilities, Whether to use the remaining amount or not.
- You can avoid this issue by setting up a fixed-term blanket order and setting up a maximum term. This could be a 6-month or 12-month term. After the term expires, the order is not considered an open liability.

4. Implement an Invoice Review Process

IMPLEMENT AN INVOICE REVIEW PROCESS

Setup an invoice review process so that invoices are authorized for payment.

- Route the invoice for approval to the order contact so that employees can validate whether the service has been delivered by the vendor or not. This process allows you to capture employees' feedback.
- Ensure that the invoice review process captures the budget check against the authorized blanket amount.
- If the amount goes over the authorized amount, then the blanket needs to be updated.



5. Educate Your Vendors



EDUCATE YOUR VENDORS

Communicate with your vendors on how to best use blanket orders.

- Ensure that your vendors understand that the blanket is a not-to-exceed amount.
- That you might not use the full amount if the services are not required.
- Vendors need to make sure that they are providing the blanket order number on the invoice when they are submitting it for payment. This will ensure faster invoice processing and payment.



Next Steps

Use this checklist to reduce the number of purchase orders issued to your vendors. If you can't implement the entire checklist, just make sure that you only use blanket orders for services.

We have built ProcureDesk to help companies like yours implement a blanket order process.

Want to work with us?
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