



Procurement Policy Template



How to use this template: Replace bracketed text with your company's requirements, remove instructions that do not apply, and have the appropriate finance, legal, security, and procurement stakeholders review the final policy before publishing.

Policy Information

Policy detail	Your information
Policy owner	<i>Name or role</i>
Approved by	<i>Name or role</i>
Effective date	<i>Date</i>
Last reviewed	<i>Date</i>
Next review date	<i>Date</i>
Version	<i>Version number</i>

Purpose

This procurement policy establishes how we'll request, approve, evaluate, and commit company funds for goods and services at _____
Company Name

The policy is designed to:

- Maintain budget and purchasing controls
- Apply consistent supplier review
- Establish clear approval authority
- Preserve purchasing records
- Manage financial, commercial, security, and compliance requirements

Scope

This policy applies to:

- Employees, departments, subsidiaries, or business entities covered
- Goods and services covered
- Contractors or contingent workers making purchases on the company's behalf
- SaaS and software subscriptions
- AI tools and consumption-based services
- Cloud services and other recurring technology spend
- Other direct or indirect spend categories

Exclusions

The following purchases follow separate policies or procedures:

- Excluded Category
- Excluded Category
- Excluded Category
- Excluded Category
- Excluded Category

Purchases outside the standard scope may still require approval under the exception process in Section 10.

Definitions

Procurement:

The process used to evaluate, source, negotiate, approve, and purchase goods or services.

Purchase request or requisition:

An internal request for approval to make a purchase.

Purchase order (PO):

A formal order issued to a supplier after required approvals are complete.

Approved supplier:

A supplier that has completed the company's required review and approval process.

Sole-source purchase:

A purchase made from one supplier with documented business justification for using a single source.

Contract owner:

The employee responsible for the business relationship, usage, and renewal decision associated with a contract.

Renewal date:

The date a recurring agreement renews, expires, or requires a new commercial decision.

Roles and Responsibilities

Customize or combine roles based on how purchasing authority works inside your company.

Role	Responsibilities
Requester	Document the business need and provide complete purchase information <i>Additional responsibilities as required</i>
Budget owner	Confirm business need and available budget <i>Additional responsibilities as required</i>
Procurement	Manage sourcing, commercial review, negotiation, and procurement requirements <i>Additional responsibilities as required</i>
Finance	Apply financial approvals and spend controls <i>Additional responsibilities as required</i>
IT and security	Review technology, privacy, security, and related risk requirements <i>Additional responsibilities as required</i>
Legal	Review contracts and legal terms when required <i>Additional responsibilities as required</i>
Contract owner	Monitor supplier performance, usage, and renewal requirements <i>Additional responsibilities as required</i>
Executive approver	Approve purchases that meet defined value or risk thresholds <i>Additional responsibilities as required</i>

No employee may approve their own purchase without explicit pre-authorization of that exception from _____

Company Name

Approval Thresholds

Set thresholds that match your company's purchasing authority.

Purchase value or category	Required approver	Procurement	Finance	IT and security	Legal
Up to <i>Amount</i>	<i>Role</i>	<i>Required/Optional</i>	<i>Required/Optional</i>	<i>Required/Optional</i>	<i>As applicable</i>
<i>Amount</i> – <i>Amount</i>	<i>Role</i>	<i>Required/Optional</i>	<i>Required/Optional</i>	<i>Required/Optional</i>	<i>As applicable</i>
Above <i>Amount</i>	<i>Role</i>	Required	Required	<i>Required/Optional</i>	<i>As applicable</i>
Security-sensitive technology	<i>Role</i>	<i>Required/Optional</i>	<i>Required/Optional</i>	Required	<i>As applicable</i>
High-risk contract terms	<i>Role</i>	Required	<i>Required/Optional</i>	<i>Required/Optional</i>	Required

Purchases that meet multiple criteria must follow the highest applicable approval requirement.

Material purchases should receive both budget approval and appropriate commercial review before commitment.

Procurement Procedure

Employees must follow the steps below for purchases covered by this policy.

1. Submit the purchase request

Provide:

- Business justification
- Estimated cost
- Budget or cost center
- Proposed supplier
- Product or service requested
- Required purchase date
- Contract term, where applicable

2. Confirm budget and approvals

Complete the approvals required by the company's threshold matrix and purchasing rules.

3. Complete supplier selection and required reviews

Complete any applicable:

- Competitive sourcing
- Supplier due diligence
- Security or privacy review
- Financial or operational review
- Legal or contract review

4. Review commercial terms

For purchases requiring commercial review, evaluate:

- Pricing
- Total contract commitment
- Payment terms
- Contract length
- Renewal terms
- Relevant market pricing or benchmarks

5. Authorize the purchase

Execute the contract or issue a PO only after all required approvals and reviews are complete.

6. Receive and process payment

Confirm delivery of the goods or services and submit the required documentation for invoice approval and payment.

Supplier Selection and Due Diligence

Supplier selection must follow the requirements below.

Competitive quotes required for:

Threshold or purchase type

Number of quotes required:

Number

Sole-source purchases require:

Business justification and approver

Security and privacy review required for:

Criteria

Financial or operational review required for:

Criteria

Conflict-of-interest disclosure required when:

Criteria

Commercial or pricing review required for:

Threshold or criteria

Supplier selection should consider overall commercial value, contract terms, risk, and business fit alongside the quoted price.

SaaS, AI, and Subscription Requirements

Recurring technology purchases must include the information below before approval.

Requirement	Required information
Contract owner	<i>Name or role</i>
Contract value	<i>Amount</i>
Start date	<i>Date</i>
Contract end date	<i>Date</i>
Renewal date	<i>Date</i>
Notice and/or opt-out deadline	<i>Date</i>
Seat commitment	<i>Quantity, if applicable</i>
Credit, token, and/or consumption commitment	<i>Amount, if applicable</i>
Expected usage	<i>Usage assumption</i>
Pricing review	<i>Required/Optional</i>
Duplicate or overlap review	<i>Required/Optional</i>

Renewal requirements

Recurring contracts must enter renewal review at least the following number of days before the applicable notice or renewal deadline: _____

Number

Before renewal, the contract owner and required stakeholders must review:

- Current usage or consumption
- Continued business need
- Contract scope
- Supplier pricing and proposed changes
- Duplicate or overlapping tools
- Seat, credit, or consumption requirements
- Current commercial terms
- Renewal, resize, consolidation, or negotiation options

For usage-based AI agreements, ownership of consumption forecasting and escalation of projected overages or material commitment changes

— per: _____

Approval rule

— rests with: _____

Role

Exceptions

Requests to deviate from this policy require documented approval.

Requester:

Name or role

Supporting documentation:

Documents

Purchase or supplier:

Details

Approver:

Name or role

Policy requirement:

Requirement being excepted

Approval date:

Date

Reason for exception:

Business justification

Expiration date, if applicable:

Date

Approved exceptions must be stored with the related purchase records. Repeated exceptions should trigger a review of the applicable policy or process.

Documentation and Compliance

The company will maintain the following records where applicable:

- Purchase requests and approvals
- Supplier proposals and quotes
- Due diligence records
- Security and privacy reviews
- Legal approvals
- Contracts
- Purchase orders
- Exception approvals
- Renewal decisions
- Usage or consumption records where relevant
- Invoices and payment records

System of record:

System or location

Compliance owner:

Name or role

Retention requirements:

Company-specific requirements

Missing documentation or policy exceptions will be reviewed by

Owner or Team

according to

Process

Policy Review

Policy owner:

Name and role

This policy will be reviewed, at the cadence specified here, every

12 months/other cadence

It may only be reviewed earlier when:

- Purchasing authority changes
- Company structure changes
- New material spend categories emerge
- Security, legal, or compliance requirements change
- Recurring exceptions indicate that the current process needs adjustment

All revisions must include:

- Updated version number
- Revision date
- Summary of material changes
- Required approval

Version History

Version	Date	Changes	Approved by
<i>Version no</i>	<i>Date</i>	<i>Initial policy</i>	<i>Name and role</i>

Appendix: Purchase Approval Checklist

Use this checklist before committing company funds.

- ☐ Business need is documented.
- ☐ Budget and cost center are confirmed.
- ☐ Required approvers are identified.
- ☐ Supplier selection requirements are complete.
- ☐ Competitive quotes or sole-source justification are documented where required.
- ☐ Security or privacy review is complete where applicable.
- ☐ Legal review is complete where applicable.
- ☐ Pricing and commercial terms have been reviewed.
- ☐ Total contract commitment is documented.
- ☐ Contract and renewal dates are recorded for recurring purchases.
- ☐ Seat, credit, or consumption commitments are documented where applicable.
- ☐ Duplicate or overlapping technology has been reviewed.
- ☐ Required contract or PO documentation is complete.
- ☐ Any policy exception has received formal approval.