



April 25, 2025

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# The Purchase Order

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Dear Reader:

The following document was created from the CTAS website ([ctas.tennessee.edu](http://ctas.tennessee.edu)). This website is maintained by CTAS staff and seeks to represent the most current information regarding issues relative to Tennessee county government.

We hope this information will be useful to you; reference to it will assist you with many of the questions that will arise in your tenure with county government. However, the *Tennessee Code Annotated* and other relevant laws or regulations should always be consulted before any action is taken based upon the contents of this document.

Please feel free to contact us if you have questions or comments regarding this information or any other CTAS website material.

Sincerely,

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Table of Contents

<b>The Purchase Order .....</b>	<b>3</b>
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# The Purchase Order

Reference Number: CTAS-925

The purchase order is the written evidence of a contract between the buyer and supplier for the purchase of goods or services at an agreed price and delivery date.<sup>1</sup> The purchase order is a vehicle by which the buyer formalizes the contract with the supplier. It is the supplier's authority to ship and charge for the goods specified in the order.<sup>2</sup> It is the purchaser's commitment for the value of the goods ordered.<sup>3</sup> It is a legal document and must therefore contain all the elements of the contract.<sup>4</sup> It should cover clearly and precisely the essential elements of the purchase to be made in a manner that minimizes any confusion between the buyer and seller.<sup>5</sup> Most counties use preprinted forms that contain general instructions, standard terms and conditions (generally referred to as "*boilerplate*" and often printed on the back of the purchase order or on a separate preprinted sheet and incorporated by reference), and adequate space to fully define the specific agreement.<sup>6</sup> At a minimum, the purchase order form may be used to describe the essential elements of description, quantity, and price of the goods or services to be purchased; purchase order date and number; supplier's name and address; delivery date(s) and shipping information; payment terms and buyer's name, and signature. Most organizations also include standard terms and conditions.<sup>7</sup> Special terms and conditions, detailed specifications and drawings, and additional supporting information and documents that are part of a particular procurement can be incorporated in the purchase agreement by reference on the purchase order.<sup>8</sup>

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<sup>1</sup>Harold E. Fearon, et al., *The Purchasing Handbook*, Fifth Edition, (New York, NY, McGraw-Hill 1992), 88.

<sup>2</sup>George W. Alijan, et al., *The Purchasing Handbook*, Third Edition, (New York, NY, McGraw- Hill 1973) 3-36.

<sup>3</sup>ibid, Third Edition, 3-36.

<sup>4</sup>ibid, Fifth Edition, 90.

<sup>5</sup>ibid, Fifth Edition, 88.

<sup>6</sup>ibid, Fifth Edition, 88.

<sup>7</sup>ibid, Fifth Edition, 88.

<sup>8</sup>ibid, Fifth Edition, 88.

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