

## About the Purchase Order

### Primary Buying Method - Purchase Order

Access to Cognizant Purchasing System (CAPPS) enables authorized associates to purchase required products and services from external suppliers in accordance with Cognizant purchase policies and any specific internal procedures.

### Purchase Order Standard Terms and Conditions

There are a number of implications that need to be understood by all authorized users who approve Cognizant purchase orders. Every approved purchase order transmitted to suppliers has purchase order terms and conditions. The Cognizant Purchase Order Terms and Conditions document states that the general terms of the purchase order between Cognizant and the supplier, and is automatically incorporated by reference in each purchase order. The Purchase Order Terms and Conditions document has been created to protect Cognizant as a purchaser of products and services, and should enable the entire user or buying community to feel comfortable when conducting business by purchase order.

The following are a number of factors that authorized users need to know about the use of a Cognizant purchase order:

1. **Supplier acceptance of a Cognizant purchase order is effective only:**
  - a. Issuance of a written/electronic acknowledgement by the supplier is received; or
  - b. Upon actual shipment of the product or performance of the services outlined in the purchase order; or:

When a purchase order is issued, there is no law binding the supplier to deliver the products or perform a service even if you have received verbal confirmation from the supplier. Therefore, on any purchase order where delivery is time-critical, an email or faxed acknowledgement should be requested from the supplier.

2. If specific requirements or specifications are required for the purchase order, they must be incorporated in the purchase order document via comments or a note to the supplier labeled "Attention: Supplier"

If the supplier presents a set of specifications or a quotation (even promotional materials), containing relevant information about the product(s) or service(s) to be purchased, in most cases, that information must also become part of the purchase order and be specifically incorporated in the purchase order (e.g.: "Supplier's proposal/quotation #\_\_\_\_\_ dated \_\_\_\_\_ are incorporated by reference"). The purchase order requisitioner, or buyer, must forward all relevant supporting documentation along with purchase orders.

3. At no time is a Cognizant associate authorized to sign a supplier document. All supplier quotations, contracts, terms and conditions, or any other document related to a purchase and that require a signature must be forwarded to the Global Procurement team or Legal for review and signature.

Supplier documents are typically written to solely protect the rights of the supplier. Until such time as an authorized team (the Global Procurement team) from Cognizant agrees in writing to other supplier terms and conditions, Cognizant's Purchase Order Terms and Conditions will be the governing terms and conditions of the purchase transaction. If a supplier presents a document for

signature, do not sign the document: forward it to Purchasing Services for review, and if appropriate, final execution.

4. Cognizant's Purchase Order Terms and Condition document specifies that the risk of loss during the transit remains with the supplier. If you receive damaged products, immediately contact the supplier in accordance with Cognizant's Receiving and Inspecting Purchased Goods procedure. Do not put damaged products into use. Once damaged products are put into use, it becomes extremely difficult to get a satisfactory resolution with the supplier. If the shipping container shows visible external damage, do not accept the delivery and immediately contact the supplier.
5. Cancellation of an approved Cognizant purchase order must be timely and in accordance with the [\*Purchase Order Cancellation Procedure\*](#).

## Cognizant User's Roles & Responsibilities

Receiving and Inspection of Purchased Products requires due diligence on the part of Cognizant recipients to ensure the proper receipt of purchased products.

In order to ensure proper receipt of goods, Cognizant employees are to adhere to the receipt of goods guidelines listed below.

## Duty to Inspect Products

The requisitioner receiving and signing for the products has the duty to inspect products upon receipt. (*The recommendation is to perform this action while the delivery person is still present because this is the most reasonable time to determine whether the correct number of conforming goods arrived without damage and they match to the Purchase Order*)

The party receiving the shipment should follow these steps:

1. Inspect the delivery for two things:
  - Damage
  - Conforming products matching to the information mentioned on the ordering document.
2. Check the products against the packing slip to confirm that the description of the products and the number of items shipped match.
3. Compare the delivered products, the packing slip and the purchase order if available.
4. Check for shortages or overages.
5. If shortages or overages occur, the requisitioner should note discrepancies on the delivery receipt before accepting and signing for the products.
6. Be sure to retain a copy of the paperwork for your records.
7. Initiate a claim for any damage or non-conforming goods identified in the inspection.



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## Purchase Order Invoice Payment

Cognizant's Accounts Payable department is responsible for the timely processing of supplier invoices issued against approved purchase orders. Upon shipment of products, or services performed as requested on the official purchase order, the supplier is required to submit all corresponding invoices in a timely manner directly to Accounts Payable (within 7 business days from shipment or service completion) as instructed on the purchase order. In order to be processed by Accounts Payable, the supplier invoice must reference the same supplier information contained on the purchase order, a unique invoice number, the invoice date, and the appropriate Cognizant purchase order number.

The following is information that Cognizant users may find helpful regarding the payment of purchase order invoices.

1. All supplier purchase order invoices must be submitted directly to Accounts Payable. Cognizant employees or users or buyers are not permitted to direct a supplier to submit original purchase order invoices to the ordering department.
2. A payment is made for purchase order suppliers within the pay terms (agreed pay terms) from the date of the supplier invoice receive date, provided the invoice was received by Accounts Payable and is not "on hold/Reject" in the Catalyst/payment system.

## After-the-Fact Transactions

An "After-the-Fact" purchase transaction is a purchase that has been made by an associate or employee or authorized buying agent without prior issuance of an approved purchase order or agreement, and then, an attempt is made to initiate a purchase order after-the-fact in order to pay the supplier invoice. Such a transaction violates Cognizant purchasing policy. Respective departments will be advised of employees in their area who place orders for products and/or services without prior approval of a Cognizant purchase order or agreement, and in turn, create financial liability and risk for the institution.