

Policy 4-3 Rev. 6
Date: March 5, 2002

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Subject: **SMALL PURCHASES AND EXPEDITED PROCUREMENT**

I. PURPOSE

To establish expedited procedures for small purchases (\$5,000 or less) and for handling procurement requirements on a "rush" basis or under emergency conditions.

II. REFERENCES

[Policy and Procedure 4-1](#), University Procurement

[Policy and Procedure 4-2](#), Requisition Preparation and Processing

[Policy and Procedure 4-9](#), Requesting Service from Campus Agencies (Campus Orders)

III. DEFINITIONS¹

"Small purchase" means the procurement of supplies or services for which the total cost is less than \$5,000.

"Emergency" means a condition that threatens public health, welfare or safety, arising from natural forces (e.g., fire, wind, flood, storm, earthquake, epidemic or other natural disaster); from riot, unlawful assembly or mob violence; or from hostile acts of a public enemy.

"Rush order" means a requisition for supplies or services that requires expedited handling on a special basis to meet urgent program needs.

IV. POLICIES AND PROCEDURES

A. Expedited Procedures Not Mandatory

The special expedited procedures for small purchases, rush orders and emergency procurement, as established herein, are optional. Operating units may invoke normal procurement procedures if they prefer. (See [Policy and Procedure 4-1](#).)

B. Small Purchases Totaling \$5,000 or Less

1. \$5,000 Limited Purchase Order (LPO). Except as provided in paragraphs 2 and 3, departments and other operating units may make direct purchases of supplies and services costing \$5,000 or less by using a Limited Purchase Order (LPO) marked "Total Not to Exceed \$5,000." These purchase orders are prepared and mailed by the ordering department directly to the vendor, without preparing a requisition or obtaining the approval of the Purchasing Department. Persistent improper use of LPO's by university operating units may result in withdrawal of their privilege to use this means of making small purchases. *Note: Part of the purchasing responsibility includes compliance with the University's policy governing Small, Minority, and*

Woman-owned businesses is available from the Purchasing Department's Small Business Liaison or the Utah Supplier Development Council's web site.

2. Prohibitions on use of Limited Purchase Orders. Purchase orders totaling \$5,000 or less may not be used for the following purposes:
 - a. Purchases over \$5,000. (See [Policy and Procedure 4-2.](#))
 - b. Capital equipment (see Policy and Procedure 4-16)
 - c. Purchases from campus agencies (Bookstore, Printing Service, Facilities, etc.). (See [Policy and Procedure 4-9.](#))
 - d. Restricted purchases and special procurement items, such as foreign purchases, controlled drugs and narcotics, non-denatured ethyl alcohol, radioactive materials, live animals, and compressed or liquid gases, (see [PPM 4-4.](#))
 - e. Purchases from government agencies requiring prepayment. (see [PPM 4-1](#), Section IV.D2. and [PPM 4-4.](#))
 - f. Repair or alterations to university physical facilities. Contact Campus Design and Construction.
 - g. Purchases from university faculty or staff members. (See [Policy and Procedure 4-5.](#))
 - h. Procurement of telephones or other telecommunications service. Contact the Telecommunications Department.
 - i. Purchases charged to University Hospital Accounts.
 - j. Procurement of live animals. (See [Policy and Procedure 4-4.](#))
 - k. Purchase of items for which advance payment is required. (See [Policy and Procedure 4-1](#), Section IV.D.2.)
 - l. Advertisements for personnel (staff or academic) recruiting.
3. Splitting of \$5,000 purchase orders is forbidden. Each direct purchase through use of a purchase order of \$5,000 or less requires issuance of a separate purchase order prior to placing the order with the vendor.
 - a. Items or services that cost more than \$5,000 may not be divided among two or more purchase orders of \$5,000 or less in order to avoid normal requisitioning procedures.
 - b. The simultaneous procurement of multiple units or identical items, each of which costs \$5,000 or less but aggregating more than \$5,000 in total cost, must be requisitioned through normal procedures. (See [Policy and Procedure 4-2.](#))
4. Preparation and processing of \$5,000 purchase orders. Official forms of \$5,000 purchase orders, which may be obtained from the Accounts Payable Department, must be used to make direct purchases, subject to the following guidelines:

- a. Each purchase order for \$5,000 or less must include the following information:
 - (1) An accurate description of every article listed, including catalog numbers, sizes, colors, etc.
 - (2) Appropriate accounting distribution code to be charged.
 - (3) Explicit delivery instructions, including department, name of receiving individual, building and room number.
 - (4) Estimated cost of the total order.
 - (5) Signature of account executive, department head or other authorized representative of the purchasing unit. To be valid, the purchase order must be signed, not stamped.
 - (6) When used for subscriptions not requiring advance payment, the purchase order must indicate the departmental mailing address.
- b. The procedure for processing \$5,000 purchase orders includes the following steps:
 - (1) Because the \$5,000 purchase order is comprised of multiple copies, the form should be typed.
 - (2) The signature of an authorized individual must be obtained (see paragraph 4.a.(5) above).
 - (3) The copies of the purchase order must be distributed as follows:
 - original to vendor,
 - second copy to be sent to Accounts Payable,
 - third copy to be retained by the ordering department or unit
- c. Orders given to a vendor orally must be clearly identified as subject to written confirmation by purchase order, and the purchase order must state that it is in confirmation thereof, so as to avoid the possibility of duplicate shipments or payments.
- d. Sales taxes should not be paid on \$5,000 purchase orders. All persons who, either in person or by telephone, initiate small purchases must advise the vendor that the university, as a state agency, is exempt from the Utah sales and use tax. (See statement of sales and use tax exemption status in the signature area of the \$5,000 purchase order form.)
- e. Departments are encouraged to have vendors deliver or mail items to the Receiving Department. To avoid unnecessary costs, direct pick-up of items by requisitioning departments is discouraged, except in rush or emergency situations.
- f. Departments are responsible for the availability of funds prior to submitting a \$5,000 purchase order.

5. Security and accountability for \$5,000 purchase orders. All unused \$5,000 purchase orders must be retained in a secure place and must not be countersigned until issued.
6. Cash purchases of \$25 or less. Purchases costing \$25 or less may be made with petty cash funds without use of a \$5,000 purchase order. In the absence of a petty cash fund, personal funds may be used. Individuals and operating units may obtain reimbursement for such expenditures by sending a completed check request form, with a copy of the paid receipt, to the Accounts Payable office.
7. Limited purchase check orders may be used for small purchases \$1,000 or less (see <http://www.ap.admin.utah.edu/userguid.htm>). These check orders are prepared by the ordering department and are delivered (or mailed) to the vendor without preparing a requisition or obtaining the approval of the Purchasing Department. Persistent improper use of the limited purchase check will result in withdrawal of the privilege to use this means of making small dollar purchases, and may result in disciplinary action for fraudulent use.
8. Approved University credit cards may be used for small purchases (see <http://www.purchasing.utah.edu/pcard/index.html>).

C. Small Purchases Costing less than \$45,000.

1. Informal procurement. Small purchases of goods and services (i.e., purchases estimated to cost less than \$45,000) may be effected by the Purchasing Department on an informal basis. Purchases costing \$20,000 to \$45,000 should be documented with three (3) written bids or proposals. Purchases costing \$5,000 to \$20,000 may be made based on documented verbal bids, or without bidding, when the purchasing agent determines from available information that the use of formal bidding procedures would not be sufficiently cost effective or expeditious to meet the needs of the requisitioning department or unit in a timely and economical manner.
2. Splitting of small purchases forbidden. Procurement requirements may not be artificially divided among two or more small purchase orders of less than \$45,000 in order to avoid normal bidding procedures.
3. \$5,000 purchase orders. Small purchases totaling \$5,000 or less may be made directly, without submission of a requisition to the Purchasing Department, pursuant to Section IV.B, above.

D. Rush Orders

1. Planned procurement. Departments should anticipate procurement requirements as far in advance as possible to provide sufficient lead time to apply established purchasing procedures and still meet delivery requirements.
2. Special handling requests. Upon request, the Purchasing Department will make every effort to obtain requisitioned supplies and services in the most expeditious manner possible, and will attempt to honor special handling and delivery instructions as appropriate.
3. Small purchases. Departments are encouraged in appropriate cases to use the direct purchase order procedure, as provided in section IV.B. above, or University approved credit cards (see <http://www.purchasing.utah.edu/pcard/index.html>) to expedite small purchases. In cases of urgency, where the needed procurement is

estimated to cost less than \$20,000, the department may specifically request that informal procurement procedures be used by the Purchasing Department by providing appropriate written justification.

4. Expedited procedures. Requisitions for supplies or services needed on an urgent, high priority basis may be delivered in person to the Purchasing Department, together with a written request that the requisition be processed on a rush order basis. Such requests will be processed immediately and with maximum feasible speed consistent with bidding and other legal requirements.
 - a. The cost of long distance telephone calls, FAX and sending required paperwork air overnight to secure rush orders will be charged to the requisitioning department.
 - b. Purchase orders to be placed with vendors outside the continental limits of the United States will ordinarily be sent by facsimile machine or U.S. mail.
 - c. When appropriate, a requisitioning department may be authorized by the purchasing agent to deliver a duly authorized purchase order directly to a particular vendor and to take immediate possession of the purchased goods. In such cases, all memoranda, receipts, packing lists, invoices and other documents relating to the purchases and received from the vendor must be immediately transmitted to the Purchasing Department.

5. Emergency Procurement

1. When there exists a threat to public health, welfare or safety as the result of emergency conditions, as determined in writing by the president or vice president for administrative services, or his/her designee, the purchasing agent is authorized to make emergency procurements. Such emergency procurements shall be made with as much competition as practicable under the circumstances.
2. The written determination of the existence of the emergency, stating the basis thereof, together with a written statement of justification for the selection of the particular supplier/vendor shall be placed in the contract file.

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1. For additional definitions, see Policy and Procedure 4-1.