

# Oklahoma State University Policy and Procedures

<b>SMALL ORDER PURCHASES</b>	<b>3-0147 BUSINESS &amp; FINANCE MARCH 1990</b>
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There are attachments for this policy that can be perused in the dean's office.

## GENERAL STATEMENT

1.01 By authorization of the President, University departments are delegated the authority through this Policy and Procedures Letter to make direct purchase of supplies, materials, equipment and services from vendors when the dollar value of the purchase is \$1,499 or less.

1.02 This delegation of authority enables departments to place orders by telephone, small order form, or over the counter. University departments are also authorized to continue processing small order requisitions through the regular University requisitioning channels when it is deemed necessary. The Purchasing Department will not have to be contacted prior to a purchase of \$1,499 or less unless specific assistance is needed, nor is it necessary to process an encumbering requisition.

1.03 As a companion feature of the small order system, departments will be able to send vendor invoices directly to University Accounting of the Controller's Office for payment. Policy and Procedure Letter 3-0201, Section 6.11 explains the processing requirements for payment of small orders.

1.04 Any invoice exceeding \$1,499 cannot be paid without receipt of sealed competitive bids. Consequently, departments must exercise care to ensure that invoices for small orders do not inadvertently exceed \$1,499. The Purchasing Department will monitor transactions to assure that departments are not splitting purchases to evade the requirement of competitive bidding.

1.05 Departments are encouraged to seek telephone quotations when the item is commonly available, especially in local businesses.

## PURPOSE AND SCOPE

2.01 The objectives of the small order system are:

- a. Reduce the administrative cost of processing small dollar purchases
- b. Provide quicker delivery of materials to University departments
- c. Permit greater flexibility for the ordering department
- d. Speed up payment processing to vendors
- e. Reduce the amount of paperwork being processed into the Purchasing Department thereby allowing personnel to devote more time to large dollar procurements where potential savings are much greater.

## POLICY

3.01 Use of and the extent to which departments within colleges or divisions are allowed to use the small order system is at the discretion of deans or division heads.

3.02 To implement the small order system, the Purchasing Department will issue, upon written request from the department head and approval by the dean or division head, blocks of sequential numbers to be used as follows:

- a. Departments will be held accountable for the use of their assigned numbers; therefore, a small order departmental control log (see Exhibit 1) must be used to enter the order numbers in sequence.
- b. When a purchase is to be made for \$1,499 or less, the ordering department will assign the next sequential order number and record all appropriate information as denoted on the small order departmental control log.

3.03 An important integral part of this system is to promote vendor goodwill which, as a result of greatly expedited payment processing, may result in lower prices. It is, therefore, of paramount importance that all departments process invoices for payment immediately upon receipt of goods and/or services.

3.04 The Purchasing Department will periodically request departments to provide a duplicated copy of their fast pay departmental control log to assist in ascertaining the effectiveness of the system, vendor references, control methods, and other pertinent information. Departments should also be aware that the log is subject to compliance audit by the Department of Internal Audits and that repeated abuse in usage will lead to revocation of departmental authority to use the small order system.

## PROCEDURES

4.01 University departments shall use the following procedures for placement of orders:

- a. After ascertaining the anticipated purchase does not conflict with University policies (see Policy and Procedures Letter 3-0145), the ordering department may select a vendor that can supply the items at a reasonable cost and contact the vendor to place an order. It must be determined if the vendor will release the goods based on a telephone order or if a confirming order is required. The department must obtain information whether the required goods are sold per each, dozen, gross, etc.; the unit price; and a complete description of the goods. If the order is for any type of chemical or hazardous substance, be sure to request a Material Safety Data Sheet.
- b. After a definite vendor selection has been made and pertinent information secured, the ordering department must provide the vendor with an order number which shall be the next sequential number from the small order departmental control log. All small orders are to be assigned a purchase order number from the sequential listing regardless of ordering method.
- c. To achieve maximum efficiencies from this system, University departments are encouraged to place orders by telephone when possible. When the order is placed by telephone, the department will arrange with the vendor to either pick up the material or have the material delivered directly to the department or to the Receiving Station.
- d. If the material is to be delivered, furnish the name, address, building, and room to the vendor with instructions to reference the order number on all shipping labels.
- e. The vendor must also be requested to mail an original and two copies of the invoice directly to the ordering department. If the merchandise is picked up by the department, the invoices may be obtained at that time. The invoices must include the departmental order number.
- f. If the vendor requires a purchase order, or if it is not practical to place the order by telephone, the department may send a requisition to the Purchasing Department for processing of a purchase order in the normal manner; however, these special circumstances should be indicated on the

face of the requisition. If a department has frequent needs for purchase orders, the department head can, by memo, secure a limited supply of these documents from the Purchasing Department. In order to effect standardization of forms, no other document should be sent to a vendor.

g. The purchase order supplied by the Purchasing Department will be a two part form, the original copy of which shall be sent to the vendor and the other copy retained in the ordering department pending receipt of goods. The purchase order form is self-explanatory; however, the departmental sequential order number must be entered in the appropriate space and all other pertinent information entered, including a complete description of goods. The purchase order must be signed by the department head.

4.02 Receipt of Merchandise - The ordering department is responsible for the inspection of all items to assure goods received are as specified and for contacting the vendor for correction if necessary. Ensure that Material Safety Data Sheets are enclosed. The ordering department and/or Receiving Station will conduct all negotiations for replacement of damaged goods. In the event of an impasse, the ordering department will seek assistance from the Purchasing Department.

4.03 For commonly used items, ordering departments should check with the Purchasing Department to determine if the items can be procured using existing state contracts.

4.04 Departments are requested to carefully examine all invoices of \$1,499 or less to ascertain if the invoices should be sent to the Purchasing Department for payment processing by requisition or sent directly to University Accounting for payment through the small order system. The following instructions should be followed in this regard:

a. All invoices, regardless of the dollar amount, to be processed in conjunction with a requisition must be forwarded to the Purchasing Department for processing in accordance with established procedure.

b. It is most important that the sequential order number (including alphabetic prefix) be entered on all invoices processed by small order system. When placing orders by telephone or over the counter, vendors must be instructed to enter the order number on their invoices (including alphabetic prefix); however, it is the responsibility of ordering departments to enter and check the accuracy of the sequential order number assigned to the invoice prior to processing for payment.

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