

# Limited Purchase Order Instructions

Revised 6/01/08

## Policy

Limited Purchase Orders (LPOs), provided by The University of Alabama in Huntsville (UAH) Procurement Services, allow authorized users to make small purchases of **\$1999.99** or less. **Users are not allowed to combine LPOs to the same vendor to make a purchase larger than \$1999.99.** Users assume all responsibilities associated with the orders. When all efforts to resolve conflicts have been exhausted, contact the Procurement Officer who monitors your LPOs for assistance in resolving any problems with the vendor. Failure to comply with the regulations and procedures for LPOs will preclude future use for 30 days.

To request use of LPOs, a Budget Unit Head must do the following:

1. Prepare and sign a memo requesting use of LPOs.
2. Complete a Limited Purchase Order Responsibility Form LPO-1 6/08.
3. Forward the memo and form to the Director of Procurement Services for approval.

## Limitations

The LPO is not intended to replace the normal requisitioning procedure. Purchases over \$1999.99 must follow the standard procedure.

LPOs may not be issued to any vendor where the department has a Standing Purchase Order, without written justification and **prior approval** from Procurement Services. Any department violating this policy will be restricted from use of LPOs for 30 days.

## Exclusions

LPOs may not be used for the following items:

- Advertisements (that require approval HR/Univ Relations/Provost) – legal line ads with no logos are ok, and a copy of the ad is to be attached to the Procurement copy of the LPO
- Alcohol
- Blanket Purchase Orders
- Chemicals
- Computers
- Contracts for Professional Services
- Contract & Grant account code 7435 purchases
- Food
- Membership Dues
- Orders that must be prepaid
- Palm Pilot, Pocket PC, PDA, and other hand-held computer devices
- Registration fees
- Restaurants (breakfasts, luncheons, and dinners)
- Services normally provided by University departments (e.g., UAH Copy Center, Facilities and Operations, Telecommunications)
- Software having license agreements that require signature
- Travel Expenses
- Trophies or plaques

The following items can be purchased on an LPO with justification: Cameras, cassette recorders, VCRs, DVD and CD players, and TVs. **“All items must be used for official business only.” Items must be documented by memo and attached to Procurement’s copy of the LPO.**

Purchases against Contract & Grant and cost sharing companion accounts must be made according to the University’s cost policy. If at a later date the purchase is deemed unallowable on that account, the charge will be moved to the Principal Investigator’s Indirect Cost Recovery (ICR) account or the department’s state account.

## Procedure

LPOs must be issued in a pre-numbered sequence. Procurement Services maintains a record of the numbers assigned to each department.

The LPO must be typed or printed legibly. If more space is needed, attach a list and type “As per attached list” on the LPO. The user then hand-carries or mails the LPO to the vendor. To eliminate duplicate orders when placing the order by telephone or fax, type **“Confirmation: Do not duplicate”** on the LPO before mailing.

LPOs must have all pertinent information, including the following:

- Date of order
- Complete vendor name and address
- Proper organization code (account code is not mandatory)
- Content of order (only items in accordance with University policy and Federal and State law will be approved; contact Procurement Services if uncertain)
- Complete item description (e.g., commodity, manufacturer, model and/or catalog numbers, name of item)
- Monetary figures
- Receipt information
- Signature approval by the Budget Unit Head or those persons to whom signature authorization has been delegated on the Limited Purchase Order Responsibility Form LPO-1 12/07

The **user** is responsible for:

- Ensuring sufficient funds are available in the organization code to cover the purchase
- Properly distributing LPO copies (see Table 1)
- Delivering/ mailing LPO to vendor
- Typing “Confirmation: Do not duplicate” on LPOs placed by telephone or fax
- Consulting with contracted prices; refer to the Procurement Services website [www.uah.edu/admin/bussvcs](http://www.uah.edu/admin/bussvcs) for best possible prices on certain items (e.g., software, office supplies, diskettes) or contact Procurement Services
- Including the following **Statement of Certification of Compliance with Act No. 2006-557**, when faxing the LPO to the vendor. The statement has been added to the back of the LPO:

Certification Pursuant To Act No. 2006-557

Alabama Law (Section 41-4-116, Code of Alabama 1975) provides that every bid submitted and contract executed shall contain a certification that the vendor, contractor, and all of its affiliates that make sales for delivery into Alabama or leases for use in Alabama are registered, collecting, and remitting Alabama state and local sales, use, and/or lease tax on all taxable sales and leases into Alabama. By accepting this Limited Purchase Order, the vendor is hereby certifying that they are in full compliance with Act No. 2006-557; they are not barred from bidding or entering into a contract pursuant to 41-4-116, and acknowledges that the awarding authority may declare the contract void if the certification is false.

To copy and paste this statement for inclusion with the LPO to the vendor, visit the Business Services' website at [www.uah.edu/admin/bussvcs](http://www.uah.edu/admin/bussvcs). Click on Forms, and then click on the "LPO Instructions."

The **vendor** must reference the LPO number on invoices, on shipping documents, and in the shipping address. For example:

The University of Alabama in Huntsville  
Central Receiving Building  
User Name/Department/**LPO Number**  
301 Sparkman Drive  
Huntsville, AL 35899

The **user** secures the merchandise and signs the Accounting/Receiving copy (yellow) to verify receipt. Do not send the Accounting/Receiving copy to Accounts Payable until you have received the merchandise.

NOTE: Invoices received from vendors must be forwarded to Accounts Payable. Payment will not be issued without an invoice.

NOTE: **Do not hold the Procurement copy** waiting for the merchandise to be received. Procurement Services must receive this copy within 5 working days from the time the LPO is issued unless prior approval is authorized by Procurement Services.

## Minor Repairs

If processing minor equipment repairs on an LPO, indicate the following:

- UAH inventory number, if applicable
- Product serial number
- Brand name
- Model number
- Equipment problem
- Actual cost of repair (no estimates)

## Freight Charges

If incurring freight charges for items delivered to UAH, indicate freight charge (no estimates) as a line item and include it in the actual total price.

## Distribution

LPOs have four copies to be distributed as in Table 1.

**Table 1, LPO Distribution**

<b>Copy</b>	<b>Recipient</b>	<b>Instructions</b>
<b>White (1)</b>	<b>Vendor</b>	Completely fill out this copy with the date and items being ordered. Show complete descriptions, prices, and total for order. Obtain signature approval by the Budget Unit Head or those persons to whom signature authorization has been delegated on the Limited Purchase Order Responsibility Form LPO-1 12/05. Only persons having authority may sign and issue the LPO. Without this signature the LPO will not be valid.
<b>Pink (2)</b>	<b>Procurement</b>	Procurement Services must receive this copy within 5 working days from the time the LPO is issued unless prior approval is authorized by Procurement Services. Failure to comply will preclude future use for 30 days.
<b>Yellow (3)</b>	<b>Accounting/ Receiving</b>	Complete the bottom section of the LPO and <b>attach all pertinent documents</b> (e.g., invoices, packing slip). Forward to Accounts Payable after receiving merchandise, except on Contract & Grant and cost sharing companion accounts. Merchandise received against Contract & Grant and cost sharing companion accounts must be sent to the Office of Sponsored Programs (OSP) for review. OSP then will forward the LPO to Accounts Payable for payment.
<b>Blue (4)</b>	<b>Department</b>	Retain for department files.

## Voids

If voiding an LPO is necessary, justify the reason in a memo and send to Procurement Services with the Purchasing and vendor copies of the LPO. Send a copy of the memo to Accounts Payable with the Accounting/Receiving copy. Retain the department copy for your files. Notify the vendor if the vendor copy has been mailed.

## Replenishment

Allow Procurement Services one day notice for replenishing LPOs. Contact the Buyer who monitors your departmental LPOs to request a new batch. You will be contacted when the LPOs are ready for pick-up.

## Record Retention

Retain LPO departmental copy in office for 3 years after the end of the fiscal year in which the records were created; then destroy.