Beginning October 2, 2009, Financial & Business Services implemented changes to divest the Limited Purchase Check (LPC) program. This was primarily necessitated by a decreased lack of funding from the State (budget cuts in FY09-10). Use of the LPC has now been restricted to payments to human subjects only; whereas prior to this date, the LPC could be used for many other purposes. The only reference to the LPC program in the Regulations Library is as follows:

Policy 3-191, Small Purchases, III.B. Policies & Procedures currently reads:

7. Limited purchase check orders may be used for small purchases $1,000 or less (see Limited Purchase Check Users Guide). 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 Procurement. 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.

Policy 3-191, Small Purchases, I. Purpose and Scope currently reads:

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

Since the LPC payment tool can no longer be used for small dollar purchases, we seek approval to remove the paragraph referencing the program from Policy 3-191. We see this action (deleting a paragraph) as a change with no “academic” impact to the faculty or staff of the university, and therefore recommend its bypassing of the full Academic Senate. See the excerpt from Policy 3-191 (attached) to evaluate the effect of removing this paragraph.
Section III (Policies & Procedures)

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 Procurement & Supply Management (Procurement). 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 procurement responsibility includes compliance with the University's policy governing Small, Minority, and Woman-owned businesses is available from Procurement'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 3-190.)
   b. Capital equipment. (see Policy 3-045)
   c. Purchases from campus agencies. (Bookstore, Printing Service, Facilities, etc.) (See Policy 3-193.)
   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 Policy 3-192).
   e. Purchases from government agencies requiring prepayment. (see Policy 3-100, Section IV.D.2 and Policy 3-192).
   f. Repair or alterations to university physical facilities. Contact Campus Design and Construction.
   g. Purchases from university faculty or staff members. (See Policy 3-101.)
   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 3-192.)
   k. Purchase of items for which advance payment is required. (See Policy 3-100, Section IV.D.2)
   l. Advertisements for personnel (staff or academic) recruiting.
   m. Employee travel expenses. (See Policy 3-030)

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 3-190.)

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:
i. An accurate description of every article listed, including catalog numbers, sizes, colors, etc.

ii. Appropriate accounting distribution code to be charged.

iii. Explicit delivery instructions, including department, name of receiving individual, building and room number.

iv. Estimated cost of the total order.

v. 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.

vi. 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:

i. Because the $5,000 purchase order is comprised of multiple copies, the form should be typed.

ii. The signature of an authorized individual must be obtained (see paragraph 4.a.5 above).

iii. 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 Limited Purchase Check Users Guide). 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 Procurement. 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).