3.5 LIMITED PURCHASE ORDERS

The LSU Health Sciences Center Purchasing Department is offering a new service to departments, which may relieve some of the "red tape" involved in small order procurement. The Purchasing Department has developed a "Limited Purchase Order". The Limited Purchase Order allow authorized departmental staff members to purchase items across the counter totaling $250.00 or less from any retail or wholesale institution which accepts LSUHSC purchase orders.

For example: An authorized staff member can take a blank Limited Purchase Order to a store and make a purchase of up to $250.00. The purchased items are simply listed on the order form, along with the purchase price. The order form is then signed and left with the store clerk. The store in turn will bill the University. When received in Accounting, the invoices are paid by Accounts Payable.

A. The new service will give the Medical Center departments the following advantages:

1. The ability to buy small order needs directly, eliminating the requisition/purchase order process, mailing the purchase order, and delivery from the vendor.

2. It will eliminate the need for petty cash.

3. It will increase the across the counter purchasing authority from $50 (petty cash) to $250 (Limited Purchase Order.)

4. It will allow the buyer (authorized departmental staff member) to shop for exactly what he needs.

B. How to obtain Limited Purchase Order Forms

1. Submit a request to Purchasing (per attached sample internal transaction form), indicating the following:

   a. Number of Limited Purchase Order forms requested.

   b. Account numbers which will be used, including grant accounts.

      (1) Limited Purchase Orders using grant accounts must be brought to Grant Accounting for approval prior to use. Invoices on charges against grant accounts will not be paid unless grant approval appears on the Limited Purchase Order.

   c. Personnel who are authorized to use the Limited Purchase Orders.

C. Limited Purchase Order Forms

These are a three-part form, pre-numbered, with copies to be distributed as follows:

1. Part 1 (invoice copy) - to be retained by person making purchase, and forwarded to Accounting. This is Accounting's authority to pay the invoice when it is received from the vendor.

2. Part 2 (vendor copy) - to be left with vendor at time of purchase. This is for vendor’s records.

3. Part 3 (department copy) - this copy should be maintained in the department's files for control purposes.
D. Limited Purchase Orders

1. Limited purchase orders may be used for across-the-counter purchases of up to $250 per day. It should be brought to your attention however, that Louisiana Revised Statute 39:1596 prohibits artificially dividing purchases to constitute small purchases. Therefore, similar or like purchases which total more than $250 should be handled through Purchasing on a requisition form. This would also apply to the purchase of the same items from more than one vendor on the same day or from the same vendor on consecutive days, if the total exceeds $250.

2. Items which cannot be purchased on Limited Purchase Orders:
   a. Orders which are mailed to out-of-town vendors. All such orders must be handled through Purchasing on a requisition form;
   b. Books;
   c. Flowers or floral arrangements from state appropriated funds;
   d. Items which require special approval, such as:
      (1) Radioactive materials;
      (2) Narcotics;
      (3) Animals or animal supplies;
   e. Food or beverages;
   f. Office supplies (which are available through General Service Store);
   g. Telecommunication devices such as telephones, pagers and related equipment;
   h. Any item for any purpose other than official Medical Center business.

E. Department’s Responsibility

1. The department head may distribute or authorize the use of these orders at his discretion. The signature of the department head or an authorized personnel must appear on the order in the space provided.

2. Departments should make certain that the account number listed on the Limited Purchase Order is correct and is included on the list account numbers which appeared on their request for order forms. This is essential as Accounts Payable will not pay invoices on other than approved account numbers.

3. It is the department’s responsibility to designate accounts which contain an available source of funds.

4. Departments should maintain appropriate control over the limited purchase order forms assigned to them. The ultimate responsibility for payment of any charges made on Limited Purchase Orders rests with the department to which they are issued. Steps should be taken to insure the use of the orders by appropriate personnel, and for the use for which they are intended. Should any unauthorized personnel use the orders or should an unauthorized purchase be made on them, the responsibility again rests on the department concerned.

5. In order that records maintained by departments may be consistent, all limited Purchase Orders must be logged. Attached is a sample of the log which must be maintained within the Department. A copy of the log must be submitted to Accounting on June 30 of each year.

Complete all the data as shown on the attached sample log:
(1) Date purchase is made
(2) Limited purchase order number
(3) Name of vendor from whom purchased
(4) Account number to be charged (must be on approved account)
(5) Exact amount of order
(6) Date payment was made as shown on Ledger Print-out
F. Audit of Limited Purchase Orders:

1. The Purchasing Office will make periodic audits of Limited Purchase Orders for the purpose of insuring compliance with these procedures and state purchasing laws.

2. The department shall make available to Purchasing, all logs, copies of limited purchase orders and invoices on file in their office, upon request.

3. Any discrepancies or abuse of these procedures which are noted by Accounts Payable will be referred to Purchasing for remedial action.

4. Continued abuse of the use of Limited Purchase Orders may result in the authority being rescinded from the department.

G. Payment of Limited Purchase Orders

1. Accounting will pay the invoices on Limited Purchase Orders upon receipt of invoice from vendor, and the original copy of the Limited Purchase Order from the department.

2. A record of all payments will be made on the monthly departmental general ledger report. These records should be checked carefully against departments control records for accuracy.
**Limited Purchase Order Forms. 25 sets per pad.**

Account numbers which may be used:
- 584-70-0500
- 584-70-5555 (grant approval required)

Personnel authorized to sign Limited Purchase Orders:
- John Doe
- Mary Smith
- Sally Jones

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**DELIVER TO**

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<td>Approval Business Manager</td>
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General Service Store

RECEIVED BY: Approval Date

**PURPOSE FOR WHICH MATERIAL IS TO BE USED**

**DATA PROCESSING INFORMATION**

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