
UCLA Policy 741: Low-Value Purchases

Issuing Officer: Administrative Vice Chancellor

Responsible Dept: Purchasing

Effective Date: June 30, 2010

Supersedes: UCLA Procedure 740.1, dated 9/1/1999

I. REFERENCES

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I. REFERENCES

1. University of California Business and Finance Bulletin, BUS-43;
2. UCLA Policy 740, Purchasing Goods and Services;
3. UCLA Purchasing website, www.purchasing.ucla.edu/purchasing/.

II. PURPOSE

This policy provides requirements and guidelines governing purchases under low-value purchasing authority which has been delegated to individuals in operating units outside the Campus Purchasing Department (Purchasing). This authority provides a convenient means of obtaining low-value supplies and services quickly, provided that related policies and guidelines are adhered to and the authority is not abused.

III. DEFINITIONS

BruinBuy is a web-based commercial system that allows users to search for and order items from multiple suppliers.

Low-Value Authorization (LVO Authorization) is a limited purchasing authority delegated to operating units for the purchase of supplies or services that are **not available from established agreements or campus service units**.

Low-Value Purchase (LVO) consists of supplies and services that do not exceed a cost of \$5,000 per vendor, per day, per account-code, excluding transportation costs and excluding sales and/or use tax.

Strategic Sourcing is a systematic process for reducing the total costs of purchased materials, products, and services while maintaining or improving quality and service.

IV. GENERAL POLICY

A. Campus Purchasing Authorization

1. The Campus Purchasing Director may delegate LVO Authorization to qualified individuals in operating units outside the Purchasing Department. However, this delegation does not include authorization to sign contracts or agreements directly with a vendor. If a vendor requires a signature on its contract or quotation form, Purchasing must review the contract and the requesting department will be required to prepare and submit a requisition. Active LVO Authorizations and procedures for requesting an LVO Authorization may be found at <http://map.ais.ucla.edu/go/1001630>
2. Operating units must demonstrate that they have the capability to administer and control such delegated purchasing authority in compliance with University policy. This includes the ability to

divide responsibility so that certification of receipt of purchases and review of charges are not done by the person to whom purchase authority has been delegated. Standard UCLA payment terms are that payment is due in full 30 days after the item is purchased and units are expected to take action required to pay vendors and address any related issues on a timely basis.

3. All purchases made under delegated purchasing authority shall be in accordance with University purchasing policies including UC Business and Finance Bulletin, BUS-43, and UCLA Policy 740. Non-compliance with the provisions of this or other University purchasing policies shall be cause for the withdrawal of delegated purchasing authority.
4. LVO Authorization shall not exceed \$5,000. Exceptions may be considered on a case-by-case basis and must be issued in writing by the Campus Purchasing Director.

B. Purchasing Stipulations

1. When to issue an LVO: The appropriate time to issue an LVO is at the time of commitment to the vendor. LVOs may not be issued to pay invoices after-the-fact for goods or services already received. University terms and conditions should be presented to the vendor when the order is placed, or else the vendor's terms and conditions may govern the transaction. Vendor terms and conditions may violate UC policies, may not provide the required protection, or may have onerous business terms. The BruinBuy system "fax to vendor" function should be used to present the order to the vendor as it includes the University terms and conditions.
2. Multiple LVOs: The issuance of multiple LVOs on the same day or repeat orders on consecutive days to a vendor for the same or related material, or the issuance of multiple invoices by a vendor in order to circumvent policy, are prohibited and shall be cause for the withdrawal of LVO authorization.
3. Federal Funds: Federally funded purchases are allowed on LVOs, with several caveats. The federal government requires maximum competition for purchases of \$3,000 and above. Federal auditors require departments to keep documents which identify multiple quotes validating the vendor selection or a brief source justification, and LVOs must comply with applicable federally required terms and conditions. These departmental files may be reviewed during audits.
4. Repetitive requirements: Goods, services and repairs for which there is a repetitive requirement must be made against restricted (departmental) or campus-wide blanket orders, or from campus or system-wide Strategic Sourcing agreements. Departments then issue releases against those blanket orders in the Purchasing (BruinBuy) system.
5. Strategic Sourcing Agreements: The use of Strategic Sourcing Agreements is strongly encouraged and is mandated for units within the purview of the Administrative Vice Chancellor. Strategic Sourcing Agreements provide the University with better overall value. A Vendor Agreements List containing the campus-wide and Strategic Sourcing agreements can be found on the Purchasing website.
6. Small business purchases: An exception to the general guideline to use Strategic Sourcing Agreements is made for the use of small businesses, including self-certified small businesses or those certified by the Small Business Administration or other certifying agencies, as part of the University's obligations as a federal contractor. For federal contracts with Small Business Subcontracting Plans, goals for purchases with various categories of small businesses are contractually required. For more information, see UC Business & Finance Bulletin BUS-43, Part 5, Purchasing and Public Policy.
7. Corporate Credit Card purchases (Pcard): Pcard purchases are a form of low-value purchase orders, and are subject to the same restrictions as LVOs, as well as separate Pcard restrictions found in the UCLA Procurement Card User Guide. The Pcard purchase limit is \$2,500 per purchase or lower, as requested by department management.
8. E-commerce: BruinBuy electronic catalog purchases or Supplier Site Order purchases, or purchases against established agreements, are not considered LVOs.

C. Reimbursements

The purchase of individual business travel and entertainment (non-event related) typically is made, with the UCLA Travel & Entertainment Corporate Card, or with personal funds. Reconciliation and reimbursement of travel and entertainment expenses must be sought through the Express expense reporting system upon conclusion of the travel or event. Reimbursement shall be made after appropriate documentation is provided and the expense is deemed to be in compliance with University policy.

The purchase of goods and/or services with an employee’s personal funds and subsequent reimbursement is strongly discouraged, and as of August 1, 2010, is limited to \$500 per transaction. Purchases above \$500 should be made using approved methods of purchasing, including Strategic Sourcing Agreements, department blanket orders, requisitions, LVOs, and Pcard purchases. Reasons why reimbursement of purchases made with personal funds may not be appropriate include:

- A reimbursement seeks approval for a purchase already made. Some purchases may not be reimbursable if they do not comply with policy or relevant laws.
- Retail purchases may carry prices much higher than what is available under existing University contracts. An example is ergonomic office furniture, where typical retail pricing may be more than twice that of comparable furniture available under contract. In such cases, full reimbursement would not be approved.
- Purchases made by employees do not incorporate University terms and conditions of purchase, and authority to sign contracts binding the University is limited to officials with a formal Delegation of Authority.
- Services performed by suppliers may have tax implications for the employee or the supplier.

D. Prohibitions and Restrictions

Certain items and services may not be purchased with University controlled funds, or may require approval by designated Campus Administrative Officers. For a complete listing of LVO-specific prohibitions and restrictions, see the Purchasing website.

Conflict of Interest

State law and UC policy prohibit the purchase of goods and services from Near Relatives (the spouse, child, parent, brother, sister, son-in-law, daughter-in-law, father-in-law, mother-in-law, brother-in-law, or sister-in-law, step-relatives, domestic partner or a relative of the domestic partner of a University employee), current UC employees, as well as, in some circumstances, former UC employees. See UC Business and Finance Bulletin BUS-43, Part 7, Employee-Vendor Relationships, or the Purchasing website for more information.

V. PROCEDURES

A. Establishing Purchasing Authorization

RESPONSIBILITY	ACTION
Department	Maintains purchasing documentation and records of all department personnel permitted to purchase low-value goods or services with departmental funds.
	Keeps Distributed Administrative Security System and Post-Authorization Notices (DACSS/PAN) tables updated to reflect authorized preparers and reviewers (mandatory and non-mandatory).

RESPONSIBILITY	ACTION
Campus Purchasing Director	Evaluates activity, and procedural compliance of departments. Continues or discontinues individual delegation based on that evaluation.
Administrative Information Systems	Provides activity information to campus departments and Procurement Director.

B. Ordering Supplies, Repairs and Services Under Low-Value Authorization

RESPONSIBILITY	ACTION
Department (Individual with Low-Value Authorization)	Places order with vendor by fax, mail, or phone.
	Prepares an online Low-Value Order via the BruinBuy system or PAC system, to record each purchase at the time of the order, and uses the BruinBuy “fax” functionality to present the order and UC terms and conditions to the supplier.
Vendor	Delivers requested goods or performs service.
Department (Individual who did <u>not</u> place order)	Receives goods or services and notes receipt online.
Vendor	Sends invoice to Accounts Payable.
Accounts Payable	Receives invoice from vendor and matches to online order. Schedules invoice for payment.
Department (Individual who did <u>not</u> place order)	Mandatory Reviewers perform timely review of DACSS/PAN messages; department audits for receipt of order.

VI. ATTACHMENTS

- A. List of Purchase Restrictions and Prohibitions
- B. List of Items Requiring Special Approval

See <https://www.purchasing.ucla.edu/purchasing/purchasing-methods/purchase-order-low-value-order-restrictions> for both lists.

Issuing Officer

/s/ Sam J. Morabito

Administrative Vice Chancellor

Questions concerning this policy or procedure should be referred to the Responsible Department listed at the top of this document.
