

**TO: BUILDING PRINCIPALS, DIRECTORS, CURRICULUM SPECIALISTS,  
and DEPARTMENT SUPERVISORS**

**FROM: Dwayne Odvody, Director of Purchasing  
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**SUBJECT: BLANKET ORDER PROCEDURES**

**Blanket Order Definition:** A blanket purchase order (blanket order) is a purchase order issued to one vendor for multiple purchases of specific goods/services for a specific time period (usually a year) and a not-to-exceed predetermined dollar amount. The blanket order allows purchases, within the terms of the order, to be charged to that specific blanket order. Blanket orders are established by Purchasing at the request of the location/department and may be revoked if abused by the requester or the vendor. Blanket orders may not be used to avoid the bidding process.

It is not appropriate to use a blanket order for a relatively few annual purchases (less than five) totaling a small annual dollar amount (less than \$500). Procurement card and petty cash procedures are in place for these types of infrequent and small dollar purchases.

**Purpose:** When repeated purchases of the same type of commodity or services are anticipated, multiple purchase requisitions and purchase orders may be eliminated by submitting one Non-stock Requisition to establish a Blanket Purchase Order (Blanket Order). A blanket order is set up for a specified dollar value amount not to exceed. LPS differentiates blanket orders by type, i.e. SPO = Service Blanket Purchase Order, FPO = Food Blanket Purchase Order (Nutrition Services only), MPO = Facilities/Maintenance Blanket Purchase Order (Maintenance Department only), TPO = Custodial/Transportation Blanket Purchase Order (Transportation Department only), and BPO = Bond Purchase Orders. Blanket orders are extremely flexible and can be tailored to meet particular customer and vendor requirements. That flexibility adds to the complexity of use of blanket orders, since there is a lack of standard type and there are multiple applications.

Reasons for using blanket orders:

- 1) Reduce paper work on small dollar value items bought repetitively from the same vendor.
- 2) Decentralize the actual act of ordering materials on a day-to-day basis while maintaining centralized control over the selection of vendors and the establishment of prices, terms, and other conditions.
- 3) Reduce the amount of routine information exchanged through the purchasing department after an order has been placed. Since terms, prices and conditions

may not be present, the physical checking of invoices and receiving information becomes a school/department and an accounting responsibility/function.

- 4) Minimize the time spent by professional purchasing staff handling repetitive, routine transactions. Periodic reviews will be conducted by purchasing personnel to determine if the scope and intent of the blanket order procedure is being followed.

**Procedure for Creating:** Blanket orders may be initiated by the location/department or by Purchasing. Locations/departments can initiate by submitting a Non-stock Requisition to the Purchasing Office with the following information:

- 1) The description of the goods/services that are to be covered by the blanket order. This needs to be as complete as possible and may include: specific pricing, contract beginning and end dates, contract terms and vendor contacts. If there is an existing or proposed contract, attach this to the requisition.
- 2) Include, on the requisition, the names of the LPS staff persons authorized to order or otherwise acquire goods/services as a part of the use of this blanket order. Specific names are required. Terms such as "XYZ Department" are not allowed. Non-staff are not authorized to utilize blanket orders.
- 3) Include an estimate of the expected total dollar expenditure that will be charged to this blanket order during the contract period. Be as exact as possible. Contact Purchasing if circumstances change and dollar expenditures need to be substantially changed during the contract period.

**Procedure for Ordering:** Once a blanket order is created, the location/department has the authority and responsibility to order shipments/services under the terms and conditions of the order. Only those staff people that are named on the blanket order are authorized to submit orders. Not all vendors accept orders in the same manner and orders need to meet their specific requirements. **An order to a vendor should always include the specific blanket order number that the order is to be charged to.**

**Procedures for Receiving and Paying Invoices:** The responsibility for verifying receipt of shipments/services for blanket orders belongs with the location/department. It is important that all packing slips and invoices be carefully matched to what was ordered and checked for compliance with the blanket order. The timeliness and accuracy of payments to companies with blanket orders is highly dependent upon the location/department.

The location/department may not receive a copy of the invoice since many vendors mail or fax them directly to the Accounting Department. **It is imperative that packing slips or receiving tickets are forwarded to Accounting as soon as items are received.** An authorized signature is required for payment. Writing the blanket order number on the document is very helpful. If the items are to be charged to an account number other than the default account number listed on the blanket order, write that number on the packing slip, delivery ticket or invoice. Use these same instructions if only an invoice is received.

**Cautions and Limitations:** Locations/departments are responsible for correct application of blanket orders and for ensuring that they are used within the following limits:

- 1) Purchases are limited to the goods/services specified and within the specified contract terms and conditions.
- 2) Equipment items, in excess of \$300, are not purchased on blanket orders unless specifically authorized by Purchasing in setting up the blanket order and priced according to the terms of the order.
- 3) Only those staff personnel specifically authorized on the blanket order are ordering against the blanket order.
- 4) Invoices are carefully reviewed for accuracy, signed and dated, and promptly forwarded to Accounts Payable.

It is important to remember that a blanket order is a contract to pay the vendor for goods/services that are provided according to the terms and conditions of the blanket order. Mistakes, misuse or abuse by the location/department does not relieve that location/department of the responsibility to pay the vendor in a timely manner.