

# BLANKET PURCHASE ORDERS – MONTHLY

POLICY No.: **PP-010**

SUPERSEDES No.:

EFFECTIVE DATE: **JULY 29, 2004**

PAGE No.: 1 OF 2

## I. PURPOSE

To define how and when to use blanket purchase orders.

## II. SCOPE

This procedure applies to the use of all blanket purchase orders.

## III. GENERAL

A blanket order is an agreement whose purpose is to attack the small-order problem and to make more convenient for users the acquisition of small-dollar-value products. It allows the use of a single order number for an entire period (one month) and enables selected users to deal directly with a supplier. This agreement is made between a local supplier and the Town to cover products whose needs are immediate and whose uses are sporadic and unpredictable. Typically, blanket orders are issued monthly for amounts not to exceed \$500.00.

A local supplier who provides small volumes of standard products on an irregular basis may be issued a monthly purchase order number—a blanket order—to cover all the small purchases made during a month. The supplier will be instructed according to the following:

- A. Only a limited number of employees are authorized to purchase under a blanket order. None other than the pre-selected individuals may purchase against the blanket order. The supplier is responsible for verifying the identities of those to whom he or she sells goods under the blanket order.
- B. The maximum total monthly dollar value of purchases against the blanket order is \$500. If purchases approach that total before the end of the current month, a new blanket purchase order must be issued. Under no circumstance is the value of a purchase to be spread over more than one blanket order.

*(NOTE: If monthly purchases continue to exceed the \$500 maximum the department will need to consider other purchasing means such as a bid and establishment of an annual contract.)*

- C. The supplier should submit an invoice at the end of the month for the total of all purchases against that blanket order for that month.
- D. If supplier performance has been satisfactory, a new blanket order will be issued for the upcoming month. In no case is the supplier to carry over a blanket order for more than the specific period (one month) covered by the order.
- E. Each employee responsible for the collection of “Blanket Purchase Order-Material Receiving Form” at the end of each month will attach all receipts to the back of the form,

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PAGE No.: 2 OF 2

complete and total it.

- F. If a blanket purchase order is closed without all of the corresponding receipts, the absent receipt will be recognized on the next month's blanket purchase order. Upon opening the next month's blanket purchase order, the submitting department will mark the absent receipt with "OMITTED FROM LAST MONTH'S CLOSED P.O." and must attach it to the current month's blanket purchase order.

A formal blanket purchase order issued to a supplier should contain the following information:

1. The one month period to be covered;
2. General information for every purchase order (date, vendor name, etc.);
3. Items or categories of items to be covered by the blanket order;
4. Personnel (by name) who are authorized to purchase against the blanket order;
5. The maximum dollar value that is not to be exceeded under the blanket order.

## IV. SIGNING AUTHORITY

In all cases, blanket purchase orders must be signed by one of the following:

- Department Head
- Designated Division Head
- Designated Supervisor
- General Services Manager