



ADMINISTRATIVE
POLICIES AND PROCEDURES MANUAL

DATE ISSUE
3/28/00

REVISION
1

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E1-170.0

SUBJECT

PURCHASING

SUB-TOPIC

SMALL ORDER SYSTEM (SOS)

The Small Order System exists to simplify and expedite the purchases of small dollar orders. Upon written request from the department manager level, the Purchasing Department may delegate purchasing authority to a department for purchases up to \$500.00 (for most users). The procedure for use of the Small Order System follows. Failure to follow these procedures may result in the revocation of delegated purchasing authority.

- I. **DEFINITION:** The Small Order System (SOS) shall serve as delegated authority to specific departments to purchase merchandise when the order value is \$500.00 or less and the requisitioning department is authorized to use the SOS system. When a requirement is realized for an order with a dollar value less than \$500.00, the department having the need will:
- A. Check the Central Stores catalog to determine if the item is available through Central Stores. Generally, office supplies must be purchased from Central Stores.
 - B. For commonly used items, the organizational unit should determine if a state or local contract exists through the Purchasing Department.
 - C. If the need can't be satisfied by either (A) or (B) above, the department may select the vendor capable of providing the item(s) at an acceptable price. Each department should refer to the Historically Underutilized Business (HUB) bidders list whenever possible. This list is furnished by the Purchasing Department and lists the minority- and women-owned business registered with the Purchasing Department.
- II. **EXCEPTIONS:** Purchasing needs which can't be satisfied by the SOS program are:
- A. Printing or reproduction services (unless unavailable from UTD Print Shop).
 - B. Services which are provided by University organizational/auxiliary units.
 - C. Federal grant and contract fund requirements when within the final thirty (30) days of the termination of the grant.
 - D. Radioactive materials (unless approved in advance by the Radiation Control Officer).
 - E. Purchases which require prepayment.
 - F. Purchases from an individual.
 - G. Travel-related purchases (hotels, rental cars, etc.)



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III. CATEGORICAL RULES:

- A. Purchase Orders are valid only for purchases less than \$500.00 (freight included). (NOTE: Some service departments have been granted a higher limit.)
- B. Each SOS must be signed by the proper Account Manager as identified on the Budget Department's Signature Authority List.*
*Departmental requests to add someone to the Signature Authority List must be made on the Signature Authority Form. A dollar limit of \$500.00 can be stated to limit the authority of order placement.
- C. "Splitting" of orders constitutes a direct violation and removal of the SOS privileges will be considered. "Splitting orders" is defined as placing more than one order with the same vendor in a short period of time to purposely avoid the \$500.00 per order restriction.
- D. Person placing order must secure firm pricing before releasing SOS P.O. number.
- E. SOS Purchase Order shall be filled out completely by the requisitioner and distributed upon placement of order.
- F. SOS orders are not encumbered. Each department is responsible for determining funds availability before order placement.

IV. HOW TO PLACE ORDERS:

- A. Identify what is needed.
- B. Ensure that Account Manager approves the purchase.
- C. Requisitioning unit contacts vendor verbally, secures firm pricing and delivery date, and places order. Vendor must be instructed to reference SOS P.O. number on his invoice, to send invoice to Accounts Payable and deliver order to Central Receiving.
- D. Requisitioning unit must determine who will pay freight charges. F.O.B. Point Destination would indicate freight charges (if any) will be paid by the vendor. F.O.B. Shipping Point, prepay and add indicates freight charges will be added to the invoice and become the responsibility of U.T. Dallas



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E. Requisitioning Unit completes the SOS Purchase Order upon placement of order and distributes as shown on the bottom of the form within 48 hours. (See Exhibit E7.) If delivery of the merchandise is expected within 24 hours, the requisitioner must FAX a copy of the SOS Purchase Order to the Receiving Department (FAX 972-883-2434). This is particularly important for overnight deliveries, shipments requiring special handling, etc.

V. HOW TO RECEIVE MERCHANDISE:

- A. Central Receiving will log the order in and then deliver it to the requisitioning unit. The requisitioning unit will be asked to sign for "x" number of packages on SOS number _____. The requisitioning unit is solely responsible for inspecting all orders as they are received.
- B. The requisitioning unit must provide a designated delivery room and a designated individual to accept the merchandise.
- C. The requisitioning unit is responsible for conducting all negotiations for replacement of damaged or incorrect goods.
- D. The requisitioning unit is responsible for resolving discrepancies regarding items ordered.
- E. The requisitioning unit must observe a separation of duties between the purchasing and receiving functions related to SOS activities. The requisitioning department is responsible for maintaining an auditable file documenting the purchases and receipt of merchandise.



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VI. HOW TO PAY:

- A. Upon receipt of invoice from the vendor, the Accounts Payable Department will match the SOS Purchase Order with the invoice. Invoice will be paid if there is no difference in price. Accounts Payable may choose to pay variances of 10% or less.
- B. Invoices received by requisitioner should immediately be forwarded to Accounts Payable for processing.

VII. AUDITING:

- A. The Purchasing Department will conduct a desk audit of every order written.
- B. Internal Audits will conduct periodic audits on a sampling basis to:
 - 1. Determine if purchases have been made of unauthorized items.
 - 2. Determine if orders are being split.
 - 3. Check the validity of receipt of merchandise.
 - 4. Determine adequacy of accounting control.

VIII. USE OF SOS IS OPTIONAL: Any department that desires not to utilize the SOS alternative may submit a purchase requisition to the Purchasing Department in the normal manner or participate in the Purchasing Card Program.