

Ball State University

Purchasing Department

Standing Orders Procedure

Purpose

The purpose of a standing order is to provide a procurement method for repetitively purchased, lower dollar value goods and services during a specified period (typically the University's fiscal year). It is essentially a form of open account which is limited in terms of the things which can be ordered, who is authorized to place the orders, the period for which it is to be open, and the total amount that can be ordered. This form of purchase order is useful for departments that have repetitive supply and service needs.

Use of the Standing Order

This method of procurement is to be used for repetitive non-capital purchases such as:

- Purchases which can be itemized and quantified for annual usage
- Maintenance/service agreements and contracts
- Services/items billed at a quantifiable rate plus usage fees, labor, parts, etc.

Only certain types of repetitive purchases are suited to the use of the standing order, and the issuance of such orders must be limited to situations where departmental needs clearly justify the use of a standing order. Except for purchases involving Contracts and Grants, any department anticipating spending less than \$1,000 or having fewer than 24 transactions for particular supplies during a one-year period should use the Procard or DPO to make such purchases as needs arise. Standing orders may not be used to purchase capital equipment. Standing orders will be established only after determination that another procurement vehicle is not available.

Procedure

1. Creating a New Standing Order: After authorization from the dean, department or administrative head, enter an electronic Purchase Requisition in the system indicating the goods and services to be purchased, the estimated annual usage (both in quantity and dollar amount), and the University employees authorized to place orders under the standing order. It is important that the 12-month cost is accurately projected when creating a standing order. After all approvals, including the Budget Office, the Purchase Requisition is the authorization to initiate the procurement process; it enables a Purchase Order to be generated in the system.

2. Renewing a Standing Order: Departments receive renewal requests for standing orders for the next fiscal year on a yellow copy from the Purchasing Department prior to the end of the current fiscal year. First, the department must make a determination on whether or not the standing order should be renewed. If renewal is necessary, the department must make any changes to the description of goods and services to be purchased, the employees responsible to sign for the merchandise, dates, and the estimated annual usage. The account or grant numbers must be confirmed. The dollar amount must reflect the true anticipated expenditure. The department should review the historical amount spent on that standing order to establish the amount needed for the next fiscal year. The Purchase Requisition must be signed by an authorized University staff member and include their printed name, and then returned to the Purchasing Department. If

the standing order is not to be renewed, write CANCEL on the renewal request form and return it to the Purchasing Department. Retain a copy of the renewal request form for departmental records. The Purchasing Department will then review the standing order renewal requests to ensure the conditions for renewal are met before entering the renewal standing orders into the system.

3. Generally, when possible or practical, the Purchasing Agents seek competitive bids or makes comparative market checks before issuing each standing order.

4. The standing order specifies the type of materials which are to be furnished, shows dollar limits for both individual shipments and for the total order, and includes a list of the University's employees authorized to request delivery of materials under the order. The order also indicates the discount or contracted price that is to apply, sets a schedule for the submission of invoices, and provides a suitable record for audit.

5. A standing order will normally be issued on a yearly basis and is subject to review (renewal or cancellation) annually.

6. All acquisitions must be made in strict compliance with all Purchase Order terms and conditions and the University's purchasing policies and procedures.

7. Any revisions/corrections to standing orders must be done by way of a written request to the Purchasing Department. A request to add an additional encumbrance to an existing purchase order or to close a standing order prior to the end of the fiscal year will not be permitted without written justification from the department and approval by the Purchasing Office and/or Budget Office.

8. Standing orders with no activity during a twelve-month period will be cancelled without prior notice to departments.

9. Standing orders with minimal usage during a twelve-month period will need adequate justification to Purchasing to be renewed.

Purchasing Against a Standing Order.

1. The vendor must be given the PO number from an existing, approved Standing Purchase Order in the system.

2. Vendors should be instructed to invoice only for the amount of each individual purchase.

Please contact the Purchasing Department at 285-1532 or www.bsu.edu/purchasing with any questions regarding this procedure.