

Low Value Purchase Order System (L.V.P.O.)

Effective Date:	September 30, 1991
Cancels:	March 12, 2001
Dated:	May 1, 2002
Signature/Position:	Assistant Vice-President Finance
Policy Ref:	FI 18.0

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[SUBJECT](#)

Low value purchase order system (L.V.P.O.)

[GENERAL](#)

The Departmental Low Value Purchase Order has been established to improve efficiency and effectiveness for various departments on campus when ordering goods and services when the **dollar value of the purchase is less than \$1,500.00**. The Low Value Purchase Order is not subject to the same authorization procedures that are used for regular purchase orders. After being completed by the department, the departmental purchase order must be forwarded directly by the requisitioner to the supplier. The requisitioner does not need to forward the departmental purchase order to Purchasing Services for advanced approval.

[INTENT](#)

To establish the authority and responsibility of the Requisitioning Department and to formulate the procedures related to the procurement of the goods and services and payment of the supplier invoices. This purchase order results in the departments/faculty member having more responsibility and accountability for their department budgets or research contracts. It is the responsibility of the department budget authority/faculty member to ensure funds are available for all purchases/expenditures.

SCOPE

This procedure applies to all funds administered by the University and **may be used for all off campus purchases and/or rentals of equipment, supplies, or services with a value of \$1,500.00 or less per order, exclusive of foreign exchange, applicable import duty, taxes, freight charges, etc.**

This procedure does not apply to the following which are covered by separate Policies/Procedures:

- | | |
|--|--|
| Construction Contracts | <ul style="list-style-type: none">• Policy - PR11.O |
| Petty Cash Item | <ul style="list-style-type: none">• Policy - FI4.0• Financial Procedure 5.3.01 |
| Purchases Over \$1,500.00 | <ul style="list-style-type: none">• Policy - FI18.0• Financial Procedure 2.3.00 |
| Systems Contracts. | <ul style="list-style-type: none">• Policy - FI18.0• Financial Procedure 2.3.03 |
| University Wide Purchasing Agreements -
Examples: | <ul style="list-style-type: none">• Blanket/Standing Orders• Cooperative Buying Agreements• Paperless Order Contracts, etc. |
| Spirits (Alcohol)
Animals and Vertebrates | <ul style="list-style-type: none">• Animal Care Committee (ACC) Approval<ul style="list-style-type: none">◦ FAX to Animal Care Services at:
(519) 837-2341 |

RESPONSIBILITY

The Requisitioning Department is responsible and accountable:

1. For supplier search and selection, product specification, quality, quantity, price negotiation, preparation of the Low Value Purchase Order (L.V.P.O.), tax application, freight charges, delivery requirements, placing the order, expediting, amendments, returns, etc.
2. For the custody, control and use of the sequentially numbered Low Value Purchase Orders and must maintain accurate records related to all orders issued.
3. For issuing the Low Value Purchase Orders direct to suppliers provided the Order is approved by the Departmental Signing Authority or Authorized Delegate(s) having jurisdiction over the fund to which the charge will be made.
4. For maintaining segregation of signing authority between authorization to purchase and payment authorization in order to comply with University internal control e.g. the authorization approving the purchase and the authorization for payment must be different.

NOTE: In approving Low Value Purchase Orders, reference should be made to Delegation of Authority for commitment of University funds (Ref. GE 5.0)

5. For ensuring that the funds are available to meet the payment terms of the Supplier.
6. For ensuring the proper Goods and Services Tax and Provincial Sales Tax is applied to all Low Value Purchase Orders.

7. For ensuring the accuracy of their shipments, and communicating to the Supplier any discrepancies, and to negotiate and arrange for the return of any goods ordered or shipped in error, found to be defective, require repair or replacement or cancellation.

NOTE: Customs/Traffic, Purchasing Services, (519) 824-4120 x52105 and Mail Services, (519) 824-4120 x52264, must be notified if the return consignment includes dangerous goods.

8. Purchases are not to be artificially divided to allow the use of the Low Value Purchase Order.
9. The Requisitioning Department is authorized to act on University business only. The University will not be responsible for payment of purchases made by employees on their own behalf.
10. The Low Value Purchase Order **cannot be used** for:
 - the purchase of animals including cephalopods, octopus, squid and all vertebrates.
 - the purchase of ethol alcohol.

11. Required Prior Approval and Instructions:

In order to ensure compliance with Government Legislation, University standards, etc., the following purchases may only be initiated after receiving prior Approval and Instructions from the following Authority:

Miscellaneous Items:

Drugs described in Food Drug Act

Furniture and Furnishings

General Equipment:

- Portable Room Air Filtering Devices
- Welding Equipment
- Machine Tools
- Material Handling Equipment
- Ladders and Scaffolds
- Refrigerators and Freezers
- Waste Receptacles
- Video Cassette Recorders
- Radio Communication Equipment
- Firearms and Ammunition including Dart Guns
- Fire Safety Equipment and Appliances
- First Aid and CPR Supplies
- Chainsaws (other than Grounds Dept.)
- Portable Space Heaters
- Boats and Gas Tanks
- Scuba Equipment
- Climbing Equipment
- Portable Propane Appliances
- Electric Shocking Devices

AUTHORITY FOR APPROVAL

Pharmacist Policy RE.2.0

Physical Resources Policy PR.12.0

Environmental Health & Safety

Laboratory Equipment:

- Autoclaves

Environmental Health & Safety

- Chemical Fume Hoods/Portable Fume Hoods
- Dry Ice Makers
- Biological Containment Cabinets
- X-Ray Machines (Diagnostic and Analytical)
- Lasers
- Gas Chromatographs
- Monitoring Equipment and Analysers
- Microwave Ovens
- Radiation Survey Instruments
- Gloveboxes
- Liquid Scintillation Counters
- Atomic Absorption Spectrophotometers
- Distilling Apparatus
- Pressure Reactors
- Floor Model Centrifuges
- Incubators
- Solvent Extraction Apparatus
- Muffle Furnaces
- Hydrogenators

Personal Protective Equipment:

Environmental Health & Safety

- Hearing Protective Equipment
- Respirators and Breathing Apparatus
- Safety Glasses and Face Shields
- Head, Hand and Foot Protection
- Lead Aprons and Gloves
- Body Harnesses

Chemicals and Other Substances:

Environmental Health & Safety

- Infectious Substances
- Radioactive Material
- Liquid Oxygen (new requests)
- Toxic or Corrosive Compressed Gases
- Materials requiring a Government Permit e.g. viruses, bacteria, exotic insects, etc.

Contracts:

Environmental Health & Safety

- Waste Disposal Requests

PROCEDURE

1. Purchase Requirements

- 1.1. When a requirement exists for Goods or Services and the **value is \$1,500.00 or less, as defined above**, a L.V.P.O. may be used to initiate the order. The Ordering Department must clearly and legibly complete the L.V.P.O. including the screened areas. (Ref. L.V.P.O. Preparation Check List "Appendix A")
- 1.2. The Requisitioning Department may place the order by telephone or facsimile transmission. An L.V.P.O. may be issued as a follow up, if required by the supplier, to ensure the proper terms and conditions apply. The L.V.P.O. must be clearly marked "**CONFIRMATION ONLY**" to avoid duplication.
- 1.3. When the Supplier does not require a written order and the invoice is received directly by the Ordering Department, a **Coding Slip** may be used for Supplier payment on **Canadian purchases under \$1,500.00**. (Ref. Financial Procedure 2.3.04 – Coding Slips)
- 1.4. **Foreign Orders (Purchases Outside Canada)**
Priced documentation is required to clear shipments through Canada Customs. Therefore, a L.V.P.O. must be issued for Foreign Orders. Failure to do so could result in a delay in clearing goods through Canada Customs.
- 1.5. Procedures for ordering goods and services with a **value of greater than \$1,500.00**, Refer to Financial Procedure 2.3.00.
- 1.6. **Sales Tax**
The University is ultimately liable for the payment of applicable Goods and Services Tax (GST) and Provincial Sales Tax (PST), therefore the Ordering Department must ensure the proper Sales Tax is applied to the L.V.P.O. (Ref. A Guide to the Application of Sales Tax, when Purchasing, "Appendix C").
 - 1.6.1 Failure to apply the proper tax code could result in a tax assessment against your Department for any unpaid tax.
 - 1.6.2 Suppliers cannot extend Provincial Sales Tax Exemptions without the receipt of the Certificate of Exemption outlined on the reverse of the L.V.P.O.
- 1.7. **Hydro Approval (For Electrical and Electronic Goods)**
Canadian Legislation stipulates that all electrical and electronic goods sold in Canada or imported must have the appropriate approval as indicated in Article #10 of the Terms and Conditions printed on the reverse of the L.V.P.O. It will be the Ordering Departments responsibility to ensure the Supplier complies.

2. [Ethical Behaviour and Conflict of Interest](#)

Suppliers doing business with the University have a right to fair and equitable treatment. Honesty and integrity are vital. Good relations can best be maintained by conducting business in a courteous and ethical manner. The Ordering Departments are acting under delegated authority and must maintain a fair and impartial relationship with Suppliers. Business information is confidential i.e. prices, quotations, contract terms, source of supply etc. should not be revealed to non-University personnel or competing Suppliers.

Any personal interest which may impinge or might reasonably be deemed by others to impinge on your impartiality in any manner relative to your duties should be declared as outlined in the University Conflict of Interest Policy, GE 31.0.

3. [L.V.P.O. Purchase Order Form](#)

The L.V.P.O. Form is designed to contain all the necessary information and signatures relevant to the processing of the order. The document serves to create the formal legal contractual commitment between the Supplier and the University. The L.V.P.O. Form #020-01 is a six (6) part carbon set form, pre-numbered with a PURCHASE REQUISITION NUMBER on the upper left hand corner and a PURCHASE ORDER NUMBER in the upper right hand corner. The form can be ordered from Purchasing Services using an Internal Transfer Invoice (I.T.I.). The format is identical to the standard University Purchase Requisition form with one exception, the Purchase Order number is pre-printed on the upper right hand side of the form prior to the sets being issued to the Ordering Department. It is the Ordering Department's responsibility to initiate the order, complete the entire form including all of the screened areas and then distribute as follows:

Part #1. ORIGINAL - WHITE

To Purchasing Services as verification that the order has been placed.

Part #2. WHITE

To Supplier THE PORTION BELOW THE "SUGGESTED SUPPLIER" "TEAR-OFF STRIP" ONLY as documentary evidence to ensure; Proof of Order, Terms of Purchase, Tax Application, Delivery Instruction, etc. Enclose applicable drawings, specifications and samples. It is unnecessary to complete the "Tear Off Strip" at the top of the copy (Suggested Supplier, etc.). This portion must be removed and can be discarded.

Part #3. PINK

To Accounts Payable as verification that the order has been placed.

Part #4. BUFF

Department Acknowledgement - retained by the Ordering Department with packing slip(s), covering letters, etc. as an alphabetical open order, follow up, and completed order reference.

Part #5. GREEN

Receiving Copy - forward to person delegated to receive the goods and/or services for the department. Refer to [Paragraph #4](#) for further processing.

Part #6. BLUE

Requisitioning Department - retained by Ordering Department as a numeric record and for reference purposes.

4. [Verification of Receipt of Goods and Authorization for Payment of Invoice](#)

- 4.1. [Part # 5 - Green Copy](#) of the L.V.P.O. is designed for posting the receipt of goods or services. When satisfied that the L.V.P.O. reflects what has actually been received, the Ordering Department Signing Authority or Designate must enter the current date, the quantity of each item received in the column opposite the item(s) received and sign in the space provided at the foot of the column. Forward the copy to the Accounts Payable Department as authorization to process the Supplier invoice, after removing and discarding the "Tear Off Strip" at the top of the copy.
- 4.1.1 For "Partial" deliveries, enter detail of Partial shipment on the [Part # 5 Copy](#), photocopy and send the properly authorized photocopy to Accounts Payable for payment and distribution of costs. This process will be repeated for each subsequent shipment until the order is completed at which time the Original PART #5 COPY of the L.V.P.O. is to be forwarded to the Accounts Payable Department as notification that the order is now complete.
- 4.1.2 Cancelled Orders: If the original L.V.P.O. has been forwarded and is subsequently cancelled, the Original [Part #5](#) copy of the L.V.P.O. is to be properly indicated and forwarded to the Accounts Payable Department as notification that the order is cancelled.

5. [Invoice](#)

5.1. The L.V.P.O. advises suppliers to mail invoices in duplicate to the University's Accounts Payable Department. Should an invoice or statement be received by the Ordering Department directly, it should be forwarded immediately to the Accounts Payable Department.

5.1.1 Payment of invoices will be made by the Accounts Payable Department on receipt of the signed [Part #5 - Receiving Copy](#). Therefore, it is important to forward the copy immediately upon receipt of the goods or services. Failure may result in lost discounts and/or incur unnecessary service charges.

5.1.2 The Accounts Payable Department will match [Part #3 - Pink Copy](#) with the ORIGINAL SUPPLIER INVOICE. Verify accuracy and process for payment. Confirmation of payment will be reflected on the Financial Reporting System (F.R.S.).

5.1.3 Invoices under \$250.00 for which Accounts Payable has received the properly coded and approved Purchase Order Copy ([Part #3 - Pink](#)) (which have no price or tax variances, except within the guidelines set in [5.1.4](#), [5.1.5](#)) will be paid without verification of receipt of goods ([Part #5 - Green](#)).

5.1.4 **Price Variance**

The Accounts Payable Policy allows for a price variance less than 10%, or \$50.00 to be processed for payment without prior approval. Variance equal to or greater than 10% or \$50.00 will be adjusted by and paid after consultation and approval from the Ordering Department.

5.1.5 **Sales Tax Variance** exceeding \$10.00 will be cleared in conjunction with Purchasing Services. Less than \$10.00 will be paid without adjustment.

5.1.6 Departments will not be supplied with paid Supplier invoice copies if the original invoice has been forwarded from their department.

5.1.7 **Courier and Freight Invoices**

All courier and freight invoices received by the Ordering Department should be properly coded and forwarded to the Accounts Payable Department immediately upon receipt.

Freight charges included on the Supplier invoice will be charged to the same coding used for the balance of the invoice unless otherwise notified. On specific freight invoices, the **object expense code 63501** will normally be used.

5.1.8 **Prepayment Request from Suppliers**

On occasion Suppliers require a deposit or prepayment. The Supplier's request document and a prepared cheque requisition containing the following statement "Please forward payment with Supplier copy of L.V.P.O." should be attached to the Supplier ([Part #2 Copy](#)) and the Accounting ([Part #3 Copy](#)) of the L.V.P.O. These copies must be clearly marked in capitalized type "**REMITTANCE WITH ORDER**" and forwarded to Accounts Payable for processing.

6. [Return of Goods](#)

- 6.1. The Requisitioning Department is also responsible for problem resolution relative to all L.V.P.O.'s and to negotiate and arrange for the return of any goods ordered or shipped in error or found to be defective.
 - 6.1.1 The Requisitioning Department will prepare all documentation and arrange for the return of unacceptable products within Canada with the exception of Dangerous Goods as defined by Federal Regulations, and all products to a Foreign Supplier.
 - 6.1.2 To ensure proper documentation, the return of all Dangerous Goods and the return of products to a Foreign Supplier must be directed to Mail Services, (519) 824-4120 x52264 and Customs/Traffic, Purchasing Services, (519) 824-4120 x52105.

7. [Supplier Performance](#)

- 7.1. Failure to obtain satisfactory resolution relative to a L.V.P.O. or any complaints regarding a Supplier's behaviour, activities or quality of product service should be reported immediately to the Purchasing Services' Buyer.

8. [Purchasing Services' Assistance](#)

- 8.1. Due to the nature and complexity of many purchases, Purchasing Services will provide assistance to departments upon request. Purchasing Services has available supplier catalogues, product trade indexes, consumer reports, pamphlets, and other reference materials and encourages visits and inquiries on purchasing matters. If you do not know where to order goods and services, Purchasing Services will assist in selecting the proper supplier.
- 8.2. Sales personnel and firms soliciting University business should be referred directly to Purchasing Services.

[APPENDICES](#)

- Appendix "A" - L.V.P.O. Preparation Check List
- Appendix "B" - "Carrier Selection and Shipping Guide"
- Appendix "C" - "A Guide To The Application of Sales Tax When Purchasing"

[FORMS](#)

- L.V.P.O. Front
- L.V.P.O. Back
- P.O. Back - Provincial Sales Tax Codes - Purchase Order (enlarged)
- P.O. Back - Terms and Conditions - Purchase Order (enlarged)