



## **POLICY FOR THE USE OF BLANKET PURCHASE ORDERS**

The policy and procedures for the use of Blanket Purchase Orders follow:

### **About Blanket Orders:**

1. A Blanket Order is a Purchase Order that is not line-item specific. It is a means to set aside a lump sum of money to a specific vendor that a department may use on a recurring basis to order services/consumable supplies for a specified period of time – usually a fiscal year.
2. Blanket Orders are popular with departments for ordering supplies. However, Blanket Orders for supplies flood Accounts Payable with thousands of invoices that must be manually entered into the system for payment. The resulting purchase order numbers continue to be used by departments for years, long after the orders have been closed out. This creates serious problems and impacts the University's ability to make timely payments.
3. Blanket Orders by their "blanket" nature do not contain specific product information. This greatly reduces the University's ability to utilize product information to obtain better quality and pricing for the products ordered.
4. The Procurement Department reserves the right to deny any requisition for a Blanket Order, especially blanket orders for supplies, when it feels that it is an inappropriate purchasing method. The Procurement Department will contact the issuer when this happens.

### **Restrictions:**

5. Blanket Orders have specific restrictions placed on their use as defined herein.
6. Requisitions for Blanket Orders *shall not be issued* to vendors who are on the *Amherst Marketplace* in the University's PeopleSoft Financials Purchasing System.
  - a. Because Marketplace Requisition items are hard-coded into the system, the blanket order functionality cannot be used. Only line-item specific requisitions can be entered.
  - b. A shortened eProcurement data entry operator training exists for staff and faculty who only need access to the Marketplace to requisition their purchases. This training is rolled out to select departments, based on an agreement between the Director of Procurement and the department. 📞 Contact the Procurement Department eProcurement trainer at 545-0361 for details.
7. Requisitions for Blanket Orders shall not be issued to non-contract vendors if there is an existing Campus or University Contract for the same or similar product. Individual, line-item specific purchase requisitions/purchase orders may be processed to the non-contract vendors for those materials/services that are out of stock or unavailable from the contract vendors.



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- a. Purchase requisitions for Blanket Orders that conflict with this general rule shall include a justification/explanation citing the particular need in the requisition Justification Comments field.
8. Blanket Orders shall not be used to order equipment (Account Codes 741970, 741980, 763100-765915).

### **Change Requests/Change Orders:**

9. Requests to increase Blanket Orders for supplies will be screened on a case-by-case basis by Procurement and may be denied should an alternate method to purchase be available.

### **Procard:**

10. Departments are encouraged to use the University's Procard (Procurement Credit Card) for supply purchases that are not available through the Marketplace, provided the total amount of the purchase does not exceed the limits assigned to the card and further provided that the purchase is appropriate for the Procard.
  - a. See the Procard User Guide at <http://www.umass.edu/procurement/Procard/ManualIndex.html> for the policy for ordering services using the University's Procard.
11. For those situations where the vendor is not available on the Marketplace or the Procard might not be appropriate for the purchase, requisitions to request Blanket Purchase Orders may be issued in accordance with the following policies and procedures:

### **Requisitioning Procedures, General:**

12. Each requisition for a Blanket Order shall contain text to identify it as a blanket order, together with a brief description of the types of product/services to be ordered, and the effective dates; for example, "Blanket Order for miscellaneous laboratory supplies, effective July 1, 2008 through June 30, 2009."
13. It is up to the departments to insure that available balances are not exceeded and that the purchase order is increased or decreased, as needed, within the parameters of the policy contained herein.
14. Only one open Blanket Order per vendor, per budget charged, may exist in the University's Financials System at one time. Blanket Orders may not be dovetailed among various budgets within a single department to avoid the dollar limitations set forth herein. The abuse of the use of such orders will be monitored closely by the Procurement and Controller's Departments.
15. Each purchase requisition issued for a Blanket Order shall contain a list in the description or comment portion of the requisition of those individuals who are authorized to order against it.
16. In accordance with the preceding policy the following three types of Blanket Orders may be issued:



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- a. Blanket Orders may be issued to *non-contract vendors provided the products/services are not available from a contract vendor (see item 5, above), up to a limit of \$5,000 per fiscal year.*
- b. Blanket Orders may be issued to *contract vendors* against established Campus, University, State and MHEC Contracts, for *products/services* covered by those contracts, up to a limit of *\$10,000 per fiscal year, provided the vendor is not on the Marketplace.*
  - i. **Exceptions:** Blanket Orders for services (Contracts for Services, Maintenance Service Contracts, Leases/Rentals, and Subcontracts for Grants) may be issued against established bids or Subcontracts, or Campus, University, State and MHEC Contracts, in accordance with the prices established for the bid/contract/subcontract and the policy for the respective purchase type. Such orders are not considered to be true Blanket Orders, as they are supported by documentation that defines pre-established costs.
- c. Blanket Orders for an approximate quantity of a specific product or service, where it is anticipated that the total annual need will exceed \$5,000 and is not covered by a Campus, University, State, or MHEC Contract, may be established by entering a purchase requisition for a Request for Bids (RFB) in the University's Financials System. The Procurement Department will advertise and publicly bid the product or service.
  - i. The RFB shall contain a description of the product/service desired, the period of time the order is to cover, and the anticipated total volume required. It shall be accompanied by written specifications when appropriate.
  - ii. Such Blanket Orders may be established for annual requirements up to the limit of the original anticipated annual need. After the bids have been opened and reviewed, an award will be made by Procurement. The RFB requisition will then be sourced to a Blanket Purchase Order for the department to order against as needed.

### **Policy - Budgets Set Up on Fiscal Year Basis:**

17. Blanket Orders for a specific fiscal year may be established against budgets that are set up on a July 1 through June 30 fiscal year basis. All invoices against Blanket Purchase Orders must be received in the Controller's Office by early July. The exact date is determined and published by the Controller's Office prior to the end of the respective fiscal year.
  - a. Blanket Orders for *supplies* against budgets that are set up on a fiscal year basis may not span fiscal year periods.
    - i. All such open Blanket Purchase Orders will be closed out in the months following the end of the fiscal period.
  - b. Blanket Orders for *services* against budgets that are set up on a fiscal year basis may span fiscal year periods provided that there is a written contract or agreement showing that the start and end dates span fiscal year periods.



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- i. Only those monies owed to the vendor in the fiscal year in which the Blanket Purchase Order is issued may be encumbered.
- ii. If a Blanket Purchase Order spans more than one fiscal year, a new line must be entered in early July of each subsequent fiscal year to cover the contract commitment for the respective fiscal year in order to avoid encumbering the total amount in the first year.
- iii. Note that year-end PeopleSoft rollover issues may make it impossible to carry certain blanket purchase orders forward. Every effort will be made to roll known qualified Blanket Purchase Orders for services into the next fiscal period.

### **Policy - Grant/Contract Budgets:**

18. Blanket Orders may be established against *grant and contract budgets* for the period from the effective date of the grant or contract to the expiration date of the grant or contract. All invoices issued against these Blanket Orders must be received in the Controller's Office within 15 days after the expiration date of the grant or contract budget to insure they are paid.
  - a. No new requisitions for Blanket Orders may be issued during the last month of the grant/contract period. Individual line-item specific purchase requisitions shall be issued during the last month.
  - b. Note that PeopleSoft year-end rollover issues may make it impossible to carry certain purchase orders forward. Every effort will be made to roll qualified grant and contract Purchase Orders into the next fiscal period.
19. Any exception to any part of this policy must be justified in writing by the requesting department and receive the prior authorization of the Director of Procurement or his/her designee.

### **Purchasing Job Aids:**

20. See the *Purchasing Job Aids* at <http://www.umass.edu/af/systems/job aids.htm> for instructions on how to data enter a Blanket Order and/or a Request for Bid in the University's Financials Purchasing System.