

Low-Value Purchases

I. References

- A. The President's Policy statement dated July 2, 1970, providing for the implementation of the University's materiel management policy.
- B. The President's Delegations of Authority to Vice President-- Administration and Chancellors dated May 28, 1970.
- C. University of California Business and Finance Bulletins, BUS-3, BUS-16, BUS-32, BUS-42, BUS-43 (Section IV.A.), BUS-51, BUS-57, and BUS-58.
- D. UCSB Policies Manual, Policy 5330, Purchasing Goods and Services at UCSB.
- E. UCSB Policies Manual, Policy 5336, Authorized and Unauthorized Purchases.

II. Definitions

A. Low-Value Items

Low value items are supplies and repairs and services that do not exceed a cost of \$2,500 including sales or use tax, but excluding transportation.

B. Low-Value Purchase Authorization

A low-value purchase authorization is a delegation by the Director of Materiel Management to one or more employees within a unit to purchase low value items directly for University purposes consistent with University policy. Low value purchases of up to \$500/day may be authorized to a unit; or of up to \$2,500/day if the unit designee(s) has completed training through the Office of Contracts and Procurement.

III. Policy

- A. Units with a low value purchase authorization may within their approved thresholds and consistent with University policy purchase low-value supplies, repairs, or services for University purposes except as restricted below. See "Restrictions."

- B. Unit heads and the employee authorized to make low value purchases are responsible for assuring purchases are within their delegated threshold, conform to University policy, and are used for University purposes. Circumventing the low-value authorization threshold by authorizing multiple purchases on consecutive days to one vendor for the same materiel; or by obtaining multiple invoices with two or more dates from one vendor; or by any other circumvention is against University policy and may be cause for the cancellation of the unit's low-value purchasing authority.
- C. Units may request low-value purchase authorizations by contacting the Office of Contracts and Procurement. Authorizations are by contract with a unit for a designated employee(s); a new contract approved by the Director of Materiel Management is required to change the unit's designee for low-value purchases. Once approved a low-value purchase authorization is valid until formally cancelled by the unit or rescinded by the Director of Materiel Management.
- D. Units with a low-value authorization must appropriately separate responsibilities to assure that no one employee has total control over any purchase transaction. Different individuals should be assigned responsibility for 1) making the purchase, 2) certifying that the unit has received the purchases, and 3) reviewing and reconciling the ledgers.
- E. Restrictions
 - 1. Low-Value Purchase Authorizations may not be used to repetitively purchase supplies, services, or repairs that may be obtained through supply and maintenance agreements. If an item is needed on a regular basis, purchases shall be made through one of the following procurement agreements to maximize savings to the University:
 - a. Local supply or maintenance agreement,
 - b. Specific vendor blanket,
 - c. University supply agreement, or
 - d. University pool purchase.
 - 2. A low-value purchase authorization may NOT be used to purchase the following (see referenced Business and Finance Bulletin (BFB) for the appropriate procurement method):
 - a. Animals (BFB BUS-43),

- b. Building repairs (Use a Facilities Management Work-Order),
- c. Building alterations: including but not limited to painting, wiring, rugs, carpets, flooring (Use a Facilities Management Work-Order),
- d. Charters (air, land, or sea) (BFB BUS-63),
- e. Conflict of Interest (BFB BUS-43 II.B and G-39),
- f. Controlled substances including narcotic and non narcotic drugs (BFB BUS-50),
- g. Employee/vendor transactions (BFB BUS-34),
- h. Equipment (Inventorial with a cost + tax greater than \$1,500 per item) (BFB BUS-29),
- i. Equipment rental in excess of 30 days,
- j. Equipment repair if requiring more than one payment (multiple payments should be processed with a vendor blanket order),
- k. Ethyl alcohol (BFB BUS-2),
- l. Firearms and explosives (BFB BUS-43),
- m. Items of Foreign origin (BFB BUS-43),
- n. Furniture (Use a Central Stores Order Form)
- o. Hazardous materials (BFB BUS-43),
- p. Installations involving the erection, construction, alteration, repair, or improvement to any University structure (Use a Facilities Management Work-Order),
- q. Personal items (BFB BUS-43),
- r. Personal or Consulting Services (BFB BUS-34),
- s. Precious Metals, including gold (BFB BUS-43),
- t. Radioactive materials (BFB BUS-43),

- u. Refrigerators/freezers (Requires Environmental Health and Safety review),
- v. Respiratory protection items (BFB BUS-43)
- w. Rugs, carpets or window treatments (Use a Facilities Management Work-Order),
- x. Product recall (BFB BUS-43)
- y. Rebates (BFB BUS-43)
- z. Real estate rentals, and
- aa. Vehicle purchase or rental (BFB BUS-8).

IV. Low-Value Purchasing, Recording, Reviewing, and Notification Procedures

- A. The unit's low-value purchasing designee is responsible for recording the purchase at the time of commitment.
 - 1. Information to be recorded includes the item description, quantity, price information, applicable discounts, F.O.B. point, freight costs if applicable, vendor, person contacted, date of commitment, and the designee's initials.
 - 2. A unit may use a "Request for Delivery Form" or other mechanism provided the requisite information is recorded and retained.
- B. When the item or service is received, another designated employee shall enter the date it was received and its disposition and initial the record.
- C. Units shall reconcile low-value purchase transactions to the campus ledgers monthly.
- D. The Office of Contracts and Procurement will review periodically units' records of low-value purchases.
- E. Expenditures will be reviewed periodically by Accounting Services and Controls and Audit Services to substantiate that units are purchasing within their authorized threshold.
- F. Notifications
 - 1. The Controller, Associate Director for Accounting Services, and Auditors shall notify the Director of Materiel Management if s/he becomes aware that a unit has exceeded its low-value purchasing authorization.

2. The Director of Materiel Management shall notify the unit head of violations of low-value purchase authorizations. Unauthorized low-value purchases shall be handled consistent with UCSB Policy 5336, Authorized and Unauthorized Purchases. The Director of Materiel Management may rescind a unit's low-value purchase authorization if thresholds are repeatedly circumvented or exceeded or if purchasing policies are not being consistently followed by the unit.

V. Forms

- A. You may obtain a Low-Value Purchase Authorization Request Form from the Office of Contracts and Procurement.
- B. You may purchase a Request for Delivery Form from the Storehouse.

For questions regarding this policy, please contact the Director of Materiel Management, the Contracts and Procurement Manager, or the Campus Policy Coordinator.