

Rapid Purchase Orders

Authority This Guide Memo is under the authority of the Provost, and Vice President for Business Affairs and Chief Financial Officer.

Summary This Guide Memo contains policies on use of the Rapid Purchase Order (RPO) for purchases made directly by departments of goods or services. Section headings are:

1. AUTHORITY TO PURCHASE
2. ALTERNATIVES TO USE OF RPO
3. CRITERIA FOR USE
4. CONFLICT OF INTEREST AND ETHICS
5. EXTERNAL AFFIRMATIVE ACTION

1. AUTHORITY TO PURCHASE

- a. **Delegation of Authority** – This Guide Memo delegates to University departments signature authorization for ordering supplies and services (except for transactions noted in 3.f below) directly from vendors when the total cost of the purchase is less than \$2,500, subject to the limitations contained in this Guide Memo. A department may delegate such authority to those persons authorized to approve departmental expenditures in accordance with Guide Memo 36, Authorizing Expenditures, <http://adminguide.stanford.edu/36.pdf>, or to a selected subsection of that group.
- b. **Department Responsibility** – With this delegation of authority comes the responsibility for departments to observe all University policies and procedures related to purchases, and to observe all government laws and regulations (state and federal) that apply to the commercial transactions placed via the Rapid Purchase Order (RPO). Departments should read all purchasing-related material in this chapter. In addition, copies of the *Procurement Manual* are available in the Procurement Department for reference.
- c. **Audit** – All Stanford transactions, including those using this procedure, are subject to review by internal and external auditors for compliance with sound business practices, institutional policies and procedures, and any applicable laws and regulations.
- d. **Procurement Assistance** – Procurement is available to consult with departments on the use of the Rapid Purchase Order procedure. For assistance, call the buyer who purchases the commodity to be ordered or the Procurement information numbers, 5-BUYS.
- e. **Procurement Systems** – The University has implemented the Oracle Financials systems to manage its financial transactions. All acquisition transactions, including purchase requisitions, reimbursement requests, purchase orders, invoices, and payments must be entered in the Oracle Financials system. This system is referred to simply as "Oracle Financials" elsewhere in this and other Guide Memos.

2. ALTERNATIVES TO RPO

- a. **Campus Wide Agreements** – Departments can order directly from a supplier that has a Campus Wide Agreement (CWA) with Stanford. Many common supply items can be ordered online, using online catalogs in Oracle Financials.
- b. **Procurement Card** – Departments can purchase goods using a Stanford Procurement Card. This card allows Stanford staff to make purchases from most suppliers that are able to accept a Mastercard. See Guide Memo 54.5, Purchasing Cards, http://adminguide.stanford.edu/54_5.pdf, for further information.
- c. **Standard Purchase Requisitions** – Departments may choose to submit a Standard Purchase Requisition to Procurement instead of using an RPO.

- d. **Internal Sources** – Goods or services obtained from Stanford service departments may offer price and delivery advantages over using an outside vendor.

3. CRITERIA FOR USE

- a. **Basic Criteria** – A department may place an RPO for supplies or services directly with a vendor when the total amount of the order is less than \$2,500, including tax but excluding freight.
- b. **Blanket Orders** – Procurement recommends that departments not renew blanket orders or maintenance agreements that have not-to-exceed amounts of \$2,500 or less per year, but use RPOs instead. If a department contemplates making many purchases per year from one vendor, the department should consult with Procurement on the advisability of establishing a blanket purchase order agreement with the vendor (see Guide Memo 54.2, Blanket Purchase Orders, http://adminguide.stanford.edu/54_2.pdf).
- c. **Fabrication Components** – An RPO that includes the Fabrication Number may be used for fabrication components under \$2,500.
- d. **Chemicals** – Chemicals and compressed gases may be purchased using the RPO provided the chemical being purchased is fully identified on the RPO. Data on chemical usage obtained from Oracle Financials is used for reports required by government agencies.
- e. **Impractical Uses** – Although it is not the intent of this Guide Memo to place undue restrictions on use of the RPO, there are certain areas where it is impractical to use it and others where some vendors will not accept orders directly from departments. Such areas include:
- Where orders can be directly placed with suppliers using Campus Wide Agreements.
 - Orders to large manufacturers, such as Steelcase for furniture, in which pricing and stock numbers are complicated and require special processing. For these purchases, use an online standard requisition.
- f. **Uses Not Allowed** – Because of the special nature of certain materials and services, the rapid purchase procedure is not available in the following circumstances:
- Contracts, leases and transactions related to real estate or construction.
 - Biohazards, toxic gases (including lecture bottles), firearms, explosives, and radioactive material.
 - Controlled substances, including narcotics, drugs, and ethyl alcohol.
 - Reimbursable and personal expenses, including travel, registration fees, and other out-of-pocket expenses; see Guide Memo 36.4, Reimbursement of Expenses, http://adminguide.stanford.edu/36_4.pdf and Guide Memo 36.7, Travel Expenses, http://adminguide.stanford.edu/36_7.pdf.
 - Segments of a transaction when the transaction, viewed as a whole, exceeds \$2,500 (excluding freight charges).

4. CONFLICT OF INTEREST AND ETHICS

All procurement activities must conform to the University Code of Conduct (Guide Memo 1, <http://adminguide.stanford.edu/1.pdf>), Staff Policy on Conflict of Commitment and Interest (Guide Memo 15.2, http://adminguide.stanford.edu/15_2.pdf), and Faculty Policy on Conflict of Commitment and Interest (Research Policy Handbook 4.1, <http://www.stanford.edu/dept/DoR/rph/4-1.html>). Any known or apparent violation of these policies, whether by an employee or a supplier, must be immediately reported as directed in these policies.

5. EXTERNAL AFFIRMATIVE ACTION

- a. **Department Responsibility** – The University is committed to doing business with small businesses and other targeted concerns. Departments should seek and use those who can supply their needs, whether or not funding occurs from government sources.
- b. **Public Law 95-507** – If the department is placing an order under a federally sponsored contract over \$500,000, then Public Law 95-507 (Title I Amendments to the Small Businesses Act of 1958) applies to the transaction. Such Stanford-government contracts normally contain subcontracting plans that commit the University to make efforts to place orders with small and minority-owned businesses, to report to the government on all purchases by size of supplier, to maintain certain records, and to cooperate with the Small Business Administration during audits.

For more information, see Guide Memo 58, External Affirmative Action, <http://adminguide.stanford.edu/58.pdf>, or call Procurement's help line at 5-BUYS.

- c. **Reporting** – Procurement files periodic reports to the government on spending under contracts with subcontracting plans. Because Procurement does not process RPO orders, departments are responsible for documenting search efforts and for keeping all records on the transaction.