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<b>Blanket Order</b>		Approved by:	Service Line Leadership, Purchasing Process Council, Management Council

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## SSC LINE OF SERVICE

Procurement

## BUSINESS RULE

### BLANKET ORDER

A blanket order is a purchase of goods or services that uses an alternative structure for delivery. Instead of being delivered all together, the goods and services on a blanket order are delivered over a longer period, either on a fixed schedule or from time to time upon later request. In general, a blanket order can be produced by any procurement method.

All equipment leases shall be entered into eVA using a blanket purchase order. The use of blanket purchase orders is otherwise not mandatory. A blanket purchase order is appropriate for the following circumstances:

- The need is recurring on a regular basis (monthly, quarterly, etc.), or erratic but frequent.
- The payment amount is the same for each installment (e.g. monthly equipment lease) or regularly due but the amount varies (e.g. copier usage fees).

A blanket purchase order may be used to effectuate purchases under a term contract, but no blanket purchase order shall cover a period that extends beyond a single fiscal year. A blanket purchase order shall not exceed \$10,000, unless it implements a contract, in which case it shall not exceed the amount of the contract for the order period.

A blanket purchase order shall not be created to include purchases that have already been completed. Blanket orders are for future purchases and must not include line items that have already been invoiced. Completed purchases should instead be entered separately as confirming purchase orders.

**NOTE:** A confirming order is a purchase requisition type to be used when the good(s) or service(s) have already been purchased. The confirming order requisition type is used to document the purchase.

A blanket purchase order may be structured using the following methods, in order of preference:

1. Fixed price(s) and fixed quantities
2. Fixed price(s) and estimated quantities
3. Variable price(s), undetermined quantities, or unspecified items

A blanket purchase order must be substantiated by documentation (e.g., previous year spend, quotes, contract pricing) that supports the transaction and demonstrates compliance with procurement regulations. Where quantities and prices are not known, an amount must be estimated. Where exact items are unspecified, the blanket purchase order must provide information generally identifying the goods or services to be procured.

A PCard may be used to pay for invoices associated with blanket orders, but a blanket purchase order must not be created as a PCO.

Unless exempt from eVA fees, a blanket purchase order will cause the vendor and/or purchasing agency to incur fees for the full amount of the blanket order, at the time of its issuance, regardless of whether the order is completely fulfilled. Fees may be reduced by a subsequent change order reducing the purchase order to the amounts actually purchased.

#### **INSTITUTION RESPONSIBILITY**

The institution shall:

- Structure requisition line items to support multiple receipts of goods or services against the quantities or amounts. Estimate all quantities and amounts that are not fixed.
- Provide documentation to substantiate the items, quantities, and prices of the blanket order.
- Enter the contract number, if applicable.

The institution **shall not**:

- Use the PCard functionality on the blanket order purchase requisition.

#### **SSC RESPONSIBILITY**

SSC shall:

- Set up blanket orders when appropriate to fulfill competitive procurements.
- Verify that a blanket order contains documentation substantiating the need.
- Structure all blanket orders according to best practices.

# PROCEDURE

## SSC Buyer:

### 1. Structure line items

#### 1.1. Requisition for blanket order

A purchase order may be issued as a blanket purchase order, where the goods/services are to be delivered over a period of time. Preparers may flag a purchase requisition as a blanket order by commenting in the requisition Alerts/Messages box that the request is intended to be a blanket order. Line items for a blanket order must be structured in a manner conducive to later receiving, invoicing, and three-way matching.

- Go to step 1.2

#### 1.2. Price/quantity

The method for structuring a blanket purchase order depends on whether prices and quantities are fixed or variable.

If:	Then:
Fixed prices, fixed quantities	Go to step 1.3
Fixed prices, estimated quantities	Go to step 1.4
Variable prices, undetermined quantities, or unspecified items	Go to step 1.5

#### 1.3. Fixed prices, fixed quantities

- When prices and quantities are both fixed, the purchase should specify both
- Create a line item for each of the goods/services to be purchased, identifying the exact price and quantity of each
  - Example: A campus is scheduling quarterly inspections for its fire alarm system at a price of \$650 per inspection. Create a line item for the inspection services with a price of \$650 and a quantity of 4
- Go to step 2.1

#### **1.4. Fixed prices, estimated quantities**

- When prices are fixed, but quantities are not, the purchase should specify the unit price. Estimate the quantity of the goods/services to be purchased, consulting with end-users as needed
- Create a line item for each of the goods/services to be purchased, identifying the exact price and estimated quantity of each
  - Example: A college has contracted for electrical repair services at a price of \$120/hour. After observing that 46 hours of services were required during the previous fiscal year, the college estimates that 50 hours of service time will be required for the current fiscal year. Create a line item for the repair services with a unit price of \$120 and a quantity of 50
- Go to step 2.1

#### **1.5. Variable prices, undetermined quantities, or unspecified items**

- When prices are not fixed, the purchase should be structured to allow receiving based on the dollar amount of the purchase.
- Estimate the total dollar value of the goods/services to be purchased, consulting with end-users as needed.
  - Example: A college frequently purchases books from a contracted vendor that provides next-day delivery. The items and their prices are highly variable. After reviewing the previous fiscal year spend, the college estimates that it will purchase \$6,000 of books from the contracted vendor during the current fiscal year. Create a line item for the books with a unit price of \$1.00 and a quantity of 6,000.
- Go to step 2.1

### **2. Continue purchase**

#### **2.1. Resume purchase requisition**

- After the line items are structured to facilitate a blanket purchase order, resume processing the purchase requisition according to the appropriate procedure
- Go to step 3

### **3. END**

- The process is complete.

## VERSION CONTROL

Version	Author/Editor	Change	Approvals	Date
1.0	Michele Johnson	First published version	Management Council Standing Committee	March 25, 2021
2.00	Michele Johnson	eVA Next edits, variable example correction, and confirming order definition	Service Line Leadership, Process Council, Management Council	2/7/2024