

2.2.4. SUB-PURCHASE ORDER

DEFINITION:

A Sub-Purchase Order (Sub-PO) is a purchase authority that allows a LAWA Requesting Division (RD) Sub-buyer to purchase goods (materials and supplies), non-capitalized equipment, and services valued up to \$ 5,000 including freight/delivery fees and excluding taxes.

POLICY:

A Sub-PO may be used by LAWA Divisions to make micro-purchases of materials, supplies, non-capitalized equipment, and services when such are not found in the Supply Warehouse or are not available through an existing Outline Agreement, Service Authority or DA Contract.

Sub-Pos over \$1,000 will require division managers to approve the Sub-Pos in SAP.

The following guidelines apply to the use of Sub-POs at LAWA:

- (1) Ensure there is sufficient funding in the RD's cost center to pay for the purchase.
- (2) Splitting of a single purchase into two or more parts to avoid exceeding the \$5,000, expenditure limit is prohibited.
- (3) Items or services on Outline Agreements, Service Authorities or Contracts should not be purchased using a Sub-PO, unless the contracted vendor is not able to deliver the required items within the RD's required timeframe. Documentation from the LAWA contracted vendor stating that they cannot meet the RD's delivery timeframe must be loaded to the Sub-PO in SAP.
- (4) Documentation for Sub-Pos over \$1,000 should include that the purchase is a reasonable selection
- (5) RDs Sub-POs for GENPS to a single vendor with a cumulative total of more than \$25,000, within a six-month period in a single fiscal year is an indication that the establishment of an Outline Agreement may be warranted. PSD will only facilitate an RFB for an Outline Agreement if the RD determines that an annual minimum of \$25,000, will be transacted through Release Purchase Orders. If such is the determination, then the RD should proceed to enter a Purchase Requisition in SAP for an Outline Agreement and a corresponding Procurement Wizard Project Request.
- (6) When paying for Sponsorships, the RD must include a justification in the Sub-PO as to how the particular sponsorship benefits LAWA.
- (7) Procurement Services Division will review to see how often Sub-POs are being used to see if contracts should be established or to tell RDs to use an existing contract.
- (8) When paying for "off-the-shelf" Training, the RD must upload an HR approved Specialized Training Request (STR) form to the Sub-PO in SAP.
- (9) When purchasing services to be performed on airport property, including the airfield operating area, the vendor must provide proof of insurance and/or submit a hold harmless agreement as determined by LAWA Risk Management. To lessen the administrative burden, RDs are encouraged to utilize vendors that already have approved insurance and/or a hold harmless agreement listed in Risk ITS. Proof of insurance or a hold harmless agreement is not required when materials and supplies are purchased.
- (10) Only IMTG Divisions are allowed to create Sub-POs for IT software and IT hardware. However, certain IT supplies and accessories such as chargers, flash drives, batteries, privacy screens, or mouse pads may be purchased by RDs with a Sub-PO. The

RD should first check with the IT Service Desk to obtain guidance as to whether the RD is allowed to make an IT related purchase.

- (11) RDs may create Sub-POs for purchase of Office Furniture such as chairs, desks, credenzas, bookcases, file cabinets and podiums, but only after first obtaining written approval (e-mail) from CDG Space Planning. RDs are allowed to create Sub-POs for furniture accessories such as desk lamps, footrests, or stands that are not found on an existing Outline Agreement or Contract.

PROCEDURES:

SAP Sub-buyers must take the following steps prior to creating a Sub-PO in SAP:

STEP 1: Ensure funds are available in the RD's appropriate FY budget cost center.

STEP 2: Verify in SAP (MMBE Transaction) whether material or supply is available in a LAWA Supply Warehouse. If the item is not available through a LAWA Supply Warehouse, then proceed to the next step.

STEP 3: Verify item is not carried on an existing Outline Agreement or Contract managed by the RD, PSD such as the office supplies contract, or by IMTG equipment contract (contact IT Service desk).

STEP 4: Ensure vendor has a LAWA SAP Vendor Number. If not, complete a LAWA Vendor Identification Form (link) with the vendor's City of Los Angeles Business Tax Registration Certificate (BTRC) or Vendor Registration Number (VRN) and an IRS w-9 form to FAMIS Division for issuance of LAWA SAP Vendor Number.

STEP 5: If vendor is providing services on airport property, including the airfield operating area, upload a printout of the Risk ITS page showing that the vendor has approved insurance and /or hold harmless agreement on file with Risk Management.

STEP 6: Create Sub-PO and attach vendor quote or other price/cost information to Sub-PO in SAP.

STEP 7: Upload to Sub-PO in SAP any other required documentation listed in the above policy applicable to the type of purchase being made.

STEP 8: Forward Sub-PO to vendor, and request the vendor include in the invoice the Sub-PO number and the RD's Name and RD's employee name that requested the item.

STEP 9: As soon as items/services are received to the satisfaction of LAWA, then the RD's SAP Field Receiver enter a Goods Receipt or Service Entry Sheet against the Sub-PO in SAP.

STEP 10: The vendor submits the invoice with the Sub-PO number, RD's name and RD's employee's name on the invoice to LAWA Accounts Payable.

STEP 11: Accounts Payable conducts a three-way match (i.e. amounts on invoice, Sub-PO, and goods receipt match) and issues a voucher invoice for payment. If there is no three-way match, the invoice is placed in the RD's invoice queue for corrective action.

STEP 12: If the invoice is vouchered for payment, the Controller's Office mails a check for the amount owed on the next scheduled check printing.

Sub Purchase Order Do's

- Use the Procurement Card first whenever feasible, as it is the most efficient method to purchase low-value items not in stock on annual contract.
- All charges, except taxes, shall be included in the individual Sub PO limit. Do not include freight carrier's name on Sub PO's. When possible, items should be ordered F.O.B. delivered (destination).
- Purchases of safety items and hazardous materials shall pre-approved by LAWA Risk Management-Employee Safety and/or LAWA Environmental Management.
- Rental of equipment on Sub PO's is permissible within the dollar threshold limits.
- Submit a request in SAP and in the Procurement Wizard for the establishment of an annual contract when there is a need for repetitive or routine purchases of like items.

Sub Purchase Order Don'ts

- Splitting of purchases into two or more parts to avoid exceeding the \$5,000 per transaction limit is expressly prohibited.
- Items on annual contracts or that can be purchased with the Procurement Card must not be purchased using Sub PO's.
- Only ITMG can use Sub PO's for the purchase of computer hardware and software.