

<b>Title:</b>		<b>Contents:</b>	<b>P-2800</b>
<b>PURCHASE ORDER</b>		<b>Submitted By:</b>	<b>Purchasing Division</b>
		<b>Approved By:</b>	<b>Purchasing Agent</b>
<b>Effective Date:</b>	<b>12-10-01</b>	<b>Supersedes No.:</b>	<b>Page No.</b>
			<b>1 of 1</b>

**Purchase Order**

A purchase order is a formal agreement between the County and a supplier to purchase commodities at the prices, terms and conditions stated in the purchase order. Purchase orders are issued by the Purchasing Agent. Departments also issue “purchase orders” for supplies and services, based on purchasing authority delegated to the departments by the Purchasing Agent.

**Shipping Terms – Definitions**

The definitions regarding shipping terms for Purchase Order reference are:

1. Free On Board (FOB) Destination or FOB Delivered
  - Vendor pays the freight, which is included in the price.
  - County takes title to merchandise upon delivery.
  - Freight claims and damages are responsibility of the vendor.
  
2. FOB Shipping Point
  - County pays the freight, which is not applicable to sales tax.
  - County takes title to merchandise once it leaves vendor warehouse.
  - Freight claims and damages are responsibility of the County.
  - County must pay vendor even when merchandise is damaged.

**Payment Terms - Definitions**

The Payment terms of a Purchase Order may be defined as:

- Net 30: The full invoice amount is due and payable within 30 days.
- 2%/30: A discount (2%) may be taken if payment is made within 30 days.
- 1%/25<sup>th</sup> prox.: A discount (1%) may be taken if payment is made by the 25<sup>th</sup> day of the following month.

Note: Cash discount period is calculated from the date of receipt of proper and correct invoice or date merchandise was received, whichever is later.

**Changes and Supplements**

County departments are not authorized to change the prices, terms and conditions of the purchase order. Official changes and/or supplements to purchase orders must be approved by the Purchasing Agent.

<b>Title:</b>		<b>Contents:</b>	<b>P-2800</b>
<b>PURCHASE ORDER</b>		<b>Submitted By:</b>	<b>Purchasing Division</b>
		<b>Approved By:</b>	<b>Purchasing Agent</b>
<b>Effective Date:</b>	<b>12-10-01</b>	<b>Supersedes No.:</b>	
		<b>Page No.</b>	<b>2 of 2</b>

**Splitting Purchase Order – Prohibition**

Under no circumstances shall a Purchase Order be split to avoid review and approval by the Board of Supervisors, or to exceed the department’s delegated purchasing authority, or to bypass established County purchasing solicitation requirements.

**Cancellation**

The County reserves the right to cancel or otherwise rescind a purchase order based on the County’s best interest.

**Sales/Use Tax**

The County of Los Angeles pays sales/use tax on all items of purchase where applicable.

**Miscellaneous Elements of a Purchase Order**

Normally, a Purchase Order will contain the following information:

- Vendor Name and Address
- Department name, address, shipping address and billing address
- Purchase order number
- Product/Service description and specifications
- Quantity ordered
- Unit Price
- Source of Quotation (bid number)
- Estimate/Amount Encumbered
- Funding and Accounting codes
- Days for delivery after receipt of purchase order