



UNSW Procedure			
Procurement		Purchase Order Procedures	
Responsible Officer		Director of Procurement	
Contact Officer		Procure to Pay and Purchasing Manager	
Superseded Documents		Accounting Manual Section 11 Items 2 - 45	
Associated Documents		Accounting Manual Delegations of Authority Occupational Health and Safety Policy Procurement Policy Purchase Order Terms and Conditions Purchasing Guidelines Sustainability Policy	
Version	Authorised by	Date Approved	Effective Date
[0.1]	Stephen Rees, Director of Finance as relevant delegate in Section 4.2.3 of the Register of Delegations	30 th September 2010	1 st January 2011

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1. Purpose and Scope

This procedure outlines the actions and process that must be followed for expenditure relating to University funded acquisitions of goods and services obtained from external Suppliers to the University.

The objectives of these procedures include supporting learning, teaching and research activities and University staff through the provision of goods and services that meet requirements, are timely, ethical and compliant and represent good value.

The Purchase Order Procedures:

- present the steps required to implement, comply and meet the intent of the Finance Policies (and other UNSW Policy) in relation to purchasing activities
- are the preferred, endorsed and supported purchasing method for UNSW
- cover all University funded purchases, for all University entities not limited to faculties, divisions and associations, including those not separately incorporated
- apply to supply obtained from preferred and non-preferred, on-shore and off-shore Suppliers for goods, services, supply under contracts and agreements including leases, equipment, materials, labour, contractor, consultant and public utilities services

- do not apply to purchases acquired by UNSW credit or purchase card ,staff reimbursements or payroll transactions, petty cash, or any student refund activities or through internal or centrally managed charging mechanisms such as FMOOnline, local stores and web stores
- relate to the transactional elements for goods and services including assets and non-assets, one-off, regular and periodic, singular, bulk and blanket, any currency type, and amount only orders.

This method (Purchase Order method) is the University's preferred and acceptable method of purchasing.

Purchasing methods not covered by the following procedures are Credit Card and Reimbursements.

Purchasing Method	Type of Purchase	Recommended Use
Purchase Orders (these procedures)	Preferred and supported purchasing method	All and any goods and services
Credit/Purchasing Card	Appropriate for nominated categories or where low value one-off supply, or online payment or at point of sale is more suitable	Travel and entertainment expenses Conference fees Subscriptions Emergency expenses
Reimbursement (staff reimbursement and petty cash)	Supported where Purchase Order or Credit Card methods are not viable	Low value Payment required at point of sale Emergency expenses

2. Definitions

Accounts Payable: This is the University Finance department responsible for the processes relating to issuing payment to Suppliers for goods and services.

Approver: A staff member with University financial delegation. Purchases can only be made with the approval of a University financial delegate. A financial delegate is therefore required to act as an approver of a Purchase Order as it is a commitment of University funds.

Assets: Items with an enduring life that provide a future benefit for more than twelve (12) months that are not classified as an expense. At UNSW, these are accounted for as Assets where value is \$5,000ex GST or greater.

Buyer: A staff member who is nominated by the Faculty or Division to be responsible for purchasing tasks and activities that support the buying needs of Requestors in line with University policy, processes and procedures. A Buyer may be an expert purchasing officer responsible for sourcing goods and services for UNSW, usually working as part of a Buying Network managing Purchase Requests and Purchase Orders. Buyer's access to the finance system for specific purchasing and related tasks is authorised by Finance.

Buying Network: The university-wide group of Faculty and Division staff that carry out purchasing duties (usually Buyers) which are supported by Finance.

eProcurement: The sub-system used within the University's finance system that provides business-to-business electronic trading functionality. The University utilizes this system to process various components of transactions with some of its Suppliers.

Finance: A UNSW department within the Office of the Executive Director of Finance and Operations.

Finance Portal: A web-based user front end NS Financials sub-system that can be accessed by staff for a number of finance processes. The Finance Portal is used by staff for purchasing related tasks including raising Purchase Requests, actioning receipts, approving Purchase Orders and maintaining user defaults.

Goods: Items that form a tangible and physical economic output including materials, equipment, products and commodities.

NS Financials/Purchasing System/Finance System: The University's finance system which is a software application provided by PeopleSoft. The system is referred to as NS Financials at the University. It is the technology used for purchasing (and other) financial processes and transactions. The Finance Portal is a sub-system of the finance system which is used to access certain frequently used features.

Preferred Supplier: A Supplier who has been appointed by UNSW following a selection process to provide specified goods and services. Preferred Suppliers usually enter into a contractual relationship with UNSW. UNSW Procurement determines Preferred Supplier status.

Purchase Order: A Purchase Order is a formal UNSW document (usually raised by a Buyer in the finance system) which is provided to a Supplier as the University's request and confirmation for a specified supply of goods and/or services.

Purchase Request: The formal record from a Requestor that goods and services are required to be supplied. A Purchase Request precedes an approved purchasing transaction in the finance system. A Purchase Request is raised and submitted using the Finance Portal – "Purchase Requests" menu.

Receipting: The actions that confirm supplied items are acceptable for payment because they have been inspected and meet (or are an acceptable alternative to) specifications and requirements as detailed in the Purchase Order. Receipting can be carried out by Receptors in the Finance Portal – "Receipting" menu, or directly in NS Financials.

Receiving: Actions that take or obtain items into possession or care. This includes physical transfer of items, and often is an acknowledgement that something has been delivered. Receiving is different to Receipting. Receiving is not required to be recorded in the finance system.

Receptor: A staff member nominated by the Faculty or Division and authorised by Finance to have certain access to the finance system to action receipts that record supplied items.

Requestor: A UNSW staff member who has a need to obtain goods and services for them self or on behalf of another staff member.

Services: Items that are intangible but represent an economic output excluding goods or money.

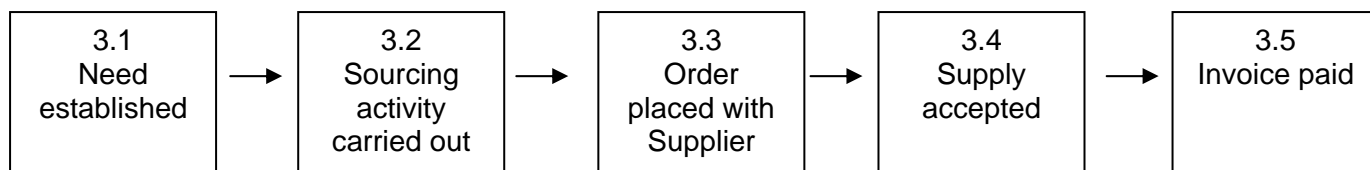
Supplier/Vendor: The external party or entity providing the goods and services that will be due payment for the supply to UNSW. Suppliers include Australian and non-Australian entities, sole-traders, firms, incorporated and publicly listed companies, GST registered and non-registered entities. Suppliers can be manufacturers, distributors, franchisors, retailers, resellers, merchants, agents and individuals. An employee of UNSW is not a Supplier.

Three-way Matching: The process used in NS Financials that compares values on the purchase order, the receipt and the invoice. Successful three-way matching releases the payment to the supplier. Unsuccessful three-way matching produces a match error which needs to be investigated and resolved.

3. Procedure

This section sets out the actions to be performed for purchasing whereby Purchase Orders must be issued for all purchases prior to receipt of supply and invoice (except for those that are acquired using credit card, via reimbursement, or via internally charged mechanisms).

The high-level purchasing events are:



3.1 Need Established

The University consumes goods and services in order to go about its business, to operate and support learning, teaching and research.

A Purchase request can be raised where there is sufficient justification demonstrated that the acquisition of goods and services:

- are required and necessary to support the business and interests of the University,
- are not for private use, and
- funding is available.

Any staff member may submit a Purchase Request before and after sourcing activity is carried out.

3.1.1 Submit Purchase Request (refer Appendix A – PO 09.01)

A Requestor can submit a Purchase Request on-line using the Finance Portal - "Purchase Requests" menu. The following items are mandatory in submitting a Purchase Request and must be entered:

- name of Requestor
- name of On Behalf Of
- description of the nature of required supply
- date supply is required by
- business unit entity of the Requestor
- supply address and location

Further to the mandatory required items, a Requestor can include other information relating to the Purchase Request. Such items as quotes, price, product numbers, specifications and requirements, business cases, requests for approval and similar documents to support a Purchase Request.

This other information can assist the Buyer in sourcing, identifying and confirming requirements; provide background to the Approver regarding justification for the request, and assist in maintaining an audit trail.

3.2 Sourcing Activity Carried Out

In order to raise a Purchase Order, details relating to the required goods and services must be identified. Selection of items and Suppliers is based on a number of elements that include: fit to requirement, price and value for money, non-cost items, whole-of-life costs, warranty and additional services, quality, maintenance and disposal, and risk factors.

A Buyer will, with assistance if required, obtain necessary information to raise the Purchase Order. These activities may represent sourcing which includes a range of procurement processes such as finding, evaluating, negotiating and engaging with Suppliers.

A Requestor or Subject Matter Experts may have already identified the necessary sourcing information. Activities may have already been carried out, like the appointment of a Preferred Supplier, which may reduce the need to obtain further required information.

Compliance to University Policy and procedure is mandatory. Dependant on the nature of the supply and its value, there are varying compliance requirements. This compliance is necessary regardless of the funding source of the purchase.

3.2.1 Identify Specific Details for Supply

A Buyer will develop a Purchase Request into a Purchase Order when the following sourcing information is confirmed and accepted in line with Procurement Policy:

- The Supplier
- The specific goods and services
- The price and currency
- The terms

3.3 Order Placed with Supplier

Once sourcing activity is carried out, a Buyer develops a Purchase Request into a Purchase Order.

A Purchase Order must be approved by a Financial Delegate. Approval is a mandatory step in the purchase process and constitutes authorisation of expenditure of university monies for university business. If a Buyer is a financial delegate, they cannot approve a Purchase Order which they personally created.

Approval should be on the basis there is sufficient justification to support the need for the goods and services, good value for money is evidenced, there is compliance with policy and procedures and the expenditure is within budget considerations.

Following approval, the Purchase Order is submitted to the Supplier.

3.3.1 Raise Purchase Order

Buyers are responsible for the development of Purchase Orders including their processing in the finance system. Generally a Buyer will:

- Consider and confirm compliance of the purchase with policy, procedure and guidelines
- Seek assistance relating to legal, commercial and risk issues
- Raise in the finance system a Purchase Order (or multiple Orders) based on Purchase Request details, sourcing activities, system requirements, and other information gained or known
- Use Preferred Suppliers where available
- Use eProcurement where available
- Confirm requirements with Requestor and other Subject Matter Experts
- Allocate a relevant account from the University Chart of Accounts
- Cancel a Purchase Request and not raise a Purchase Order if required

3.3.2 Approve Purchase Order (refer Appendix A – PO 01.06)

Purchase Order approval is actioned by an Approver via the Finance Portal – “Approvals” menu (or directly in NS Financials).

An Approver should view the details, query and investigate if necessary, and then approve, deny or reassign the approval step to another Approver.

Purchase Orders cannot be approved without detail of the following as a minimum: the Supplier, item description, price, currency, funding details, GST component and the Requestor or Buyer.

http://www.fin.unsw.edu.au/OurServices/FinancialOperations_Purchasing_Guidelines.html#1

3.3.3 Dispatch Purchase Order

A Buyer is responsible for managing the life-cycle of the Purchase Order. Once a Purchase Order is approved, the Buyer will carry out and/or monitor relevant processes to ensure that the Purchase Order is provided to the Supplier.

3.4 Supply Accepted

Goods and services must be received before a receipt can be actioned confirming supply. An invoice is not required to action a receipt. Often a delivery docket is held as proof of receiving.

Receipts must be actioned for all satisfactory and unsatisfactory supplied items, both goods and services, where there is full supply, or partial and incomplete supply. Single or multiple receipts may be raised.

Receipting should be carried out directly following receiving, by those staff involved in the receiving, or by other staff and at another time. Receipting is different to receiving as it confirms acceptance or non-acceptance of the supply and if the Supplier is therefore entitled to payment. This confirmation impacts the payment of an invoice to a Supplier relating to the Purchase Order.

Entering a receipt will ensure there is an electronic record for the items received or services performed in a satisfactory manner and create workflow to allow three-way matching to be carried out, and subsequent payment.

3.4.1 Receipting (refer Appendix A - PO 05.01)

Once full or part supply of goods and services have been received, checked and accepted a Receiptor should raise a receipt in the Finance Portal - “Purchase Receipts” menu (or NS Financials directly). A receipt is entered by recording the quantity of supply.

A Receptor should enter:

- Quantity received of supplied items both acceptable and unsatisfactory or rejected
- Where supply is not acceptable, a reason for the non-acceptance (faulty, broken or incorrectly supplied)
- Where there is non-acceptance, an action to resolve (replacement supply required, request for credit note or cancellation of supply)

http://www.fin.unsw.edu.au/OurServices/FinancialOperations_Purchasing_Guidelines.html#2

Goods and services classified as non assets can be receipted in the Finance Portal by any Receptor.

A Receptor will be prompted in the Finance Portal to provide the following information to the Buyer which is mandatory to receipt an Asset: asset location, asset administrator, asset serial number(s), asset tag number(s), and manufacturer name.

Due to the nature of additional details required, assets can only be receipted in NS Financials directly and this task is usually carried out by a Buyer.

3.5 Invoice Paid

Suppliers will provide invoices to UNSW to seek payment for the supplied goods and services.

Accounts Payable will not process payment of an invoice without an invoice, a Purchase Order and receipting.

3.5.1 Submit Invoice for Payment

An invoice should be submitted to Accounts Payable directly by the Supplier. If a staff member receives an invoice from a Supplier, they should check the accuracy and content of the invoice and that it references a UNSW Purchase Order. The staff member can then submit the invoice to Accounts Payable for payment processing.

Where there is an approved Purchase Order and receipting, the invoice will be automatically managed for payment by Accounts Payable.

3.5.2 Payment of the Invoice (refer Appendix A - AP 02.01)

Before payment is made a three-way matching process is run in NS Financials.

This process compares values on the purchase order, the receipt and the invoice. Successful three-way matching releases the payment to the supplier. Unsuccessful three-way matching produces a match error which needs to be investigated and resolved (usually by the Buyer). If the value of the invoice is greater than the PO then the Buyer will need to seek further approval from the PO Approver and advise Accounts Payable accordingly.

4. Review & History

The Purchase Order Procedures will be reviewed annually at a minimum, and on an ad-hoc basis as required. Amendments to the Procedures are the responsibility of the Purchasing Manager with approval responsibility of the Director of Finance.

Version	Authorised by	Approval Date	Effective Date	Sections modified
1.0	Stephen Rees	30 September 2010	01 January 2011	

5. Related information

Accounting Manual

<http://www.fin.unsw.edu.au/polguide/polguidehome.html>

Finance

<http://www.fin.unsw.edu.au/>

Financial Delegation

http://www.fin.unsw.edu.au/OurServices/FinancialOperations_FinancialDelegation.html

OHS

http://www.hr.unsw.edu.au/ohswc/ohs/pdf/g_OHS_purchasing.pdf

Procurement

<http://www.proc.unsw.edu.au/>

Risk Management

<http://www.fin.unsw.edu.au/RiskManagement/RiskManagement.html>

Staff Code of Conduct

<http://www.gs.unsw.edu.au/policy/documents/codeofconduct.pdf>

Sustainability

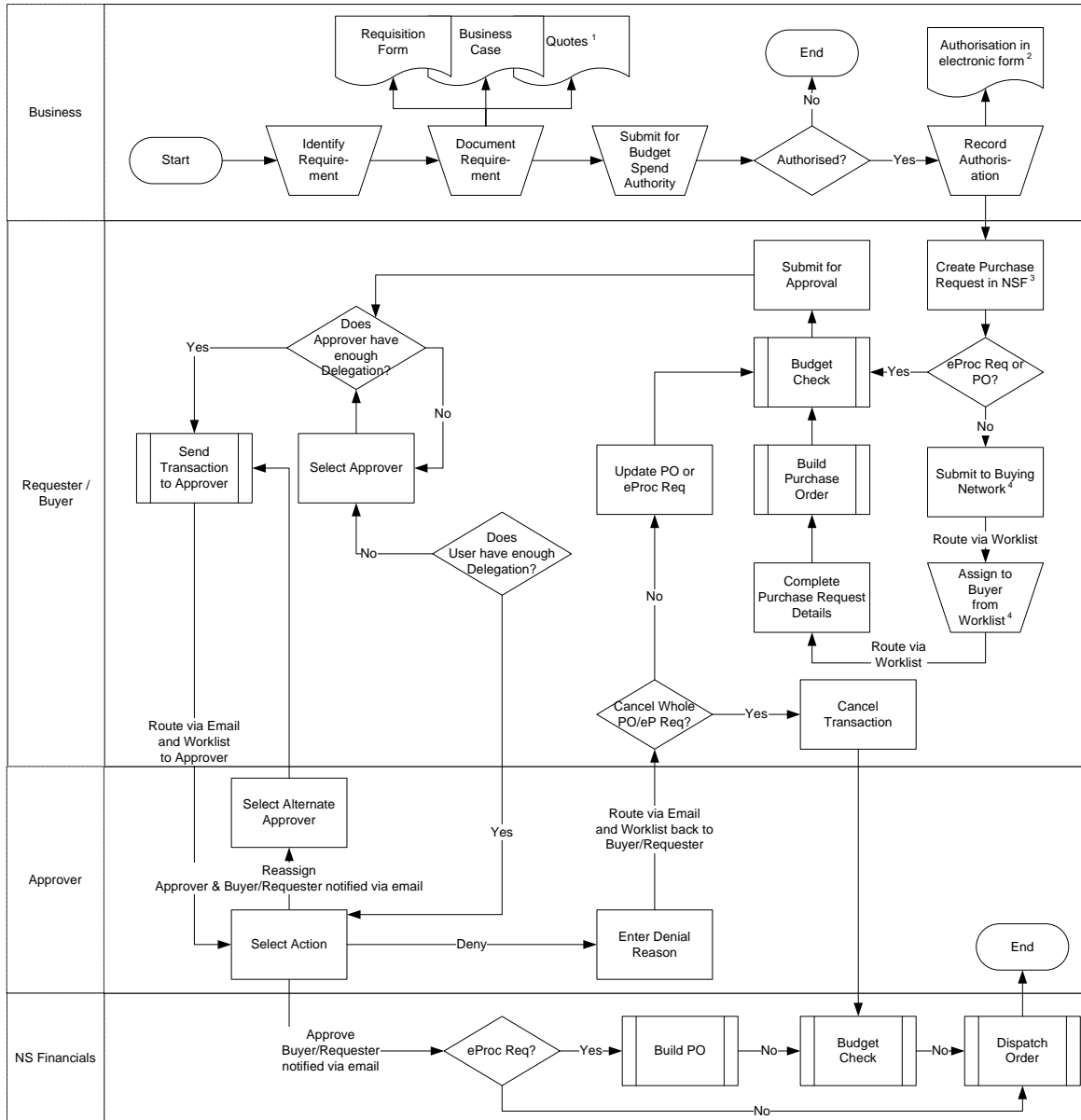
<http://www.sustainability.unsw.edu.au/>

Training

<http://www.fin.unsw.edu.au/OurServices/Training.html>

Purchase Order Approval

PO_01.06 Purchasing Approvals

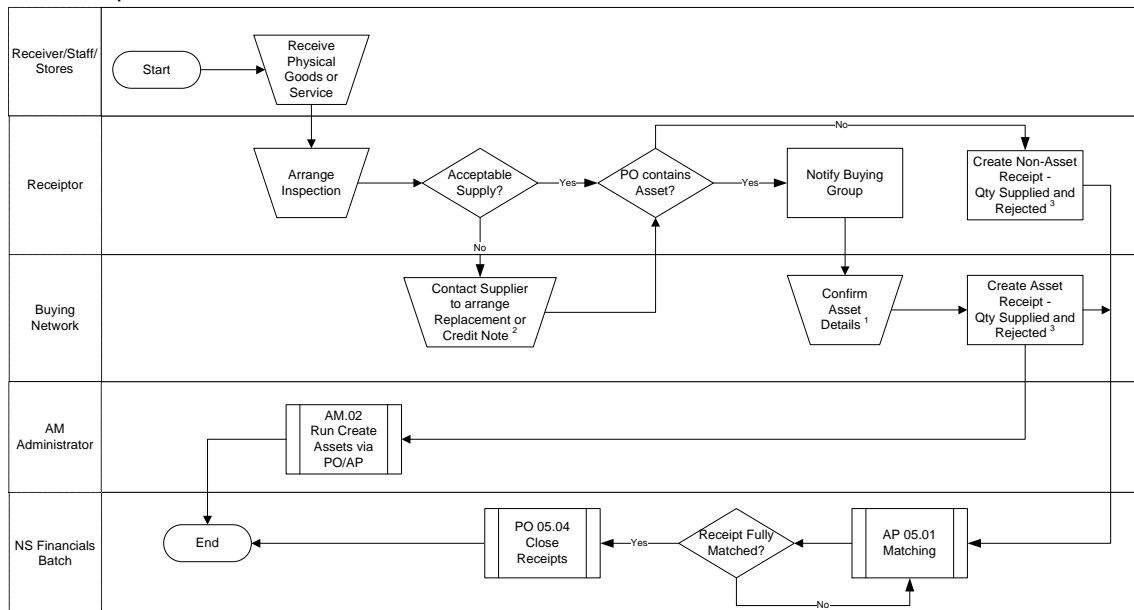


Footnotes:

1. Sourcing and business requirements may be carried out after a purchase request is submitted.
2. This could be in a number of forms ranging from a simple Comment on the transaction in NSF, or an email attached to the transaction, a scanned signed Purchase Requisition Form through to an approved Business Case document.
3. This could be a Purchase Request through the Portal, an eProc Requisition or a Purchase Order.
4. Submitted to Buying Network via worklist (not email) then allocated to an individual Buyer using Reassign function from standard Worklist.

Receipting

PO 05.01 Receipt Purchase Order



Footnotes:

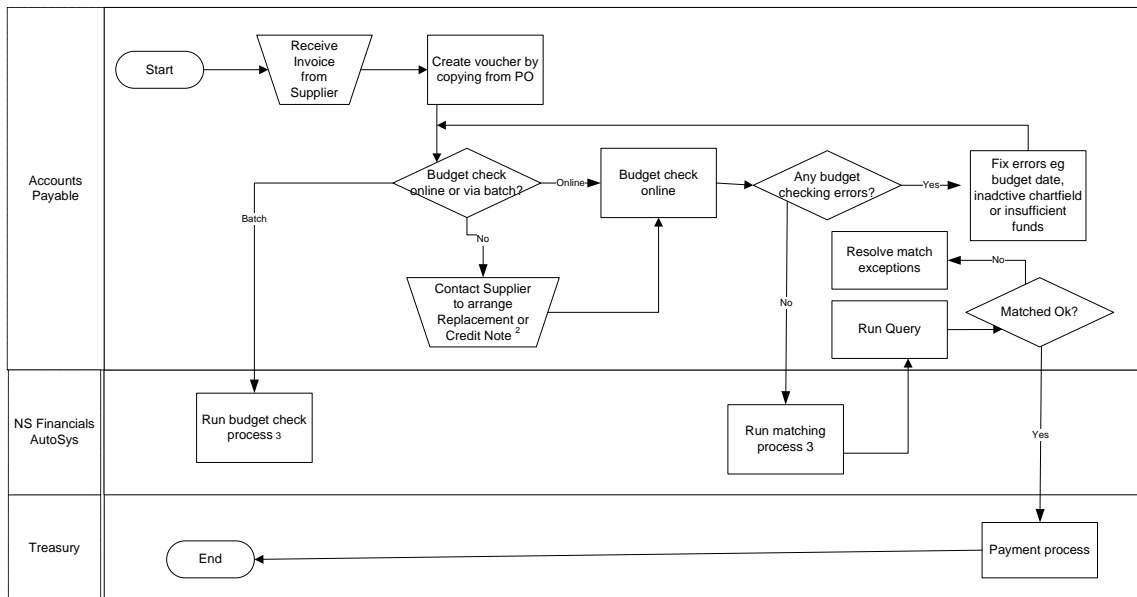
1 Asset Details comprise: Tag Number, Serial Number, Employee ID (Custodian), Owner (Department) and Asset Location.

2 This process may be performed by the Buying Network or the Receptor.

3 Rejections allow users to record non-acceptable supplies. It is optional.

Invoice Payment

AP 02.01 PO Vouchers General



Footnotes:

- 1 All local currency and foreign exchange invoices are processed as per this flowchart except for UNSW vouchers where the foreign currency purchase is greater than \$50,000 AUD.
- 2 System checks for duplicate invoices at entry. All PO vouchers are 'pre-approved' in system terms because approval occurs during the PO process.
- 3 Matching and budget checking processes are run overnight.