

Finance and Accounting Manual

Procurement: Purchase Order Procedures

Approved by the Chief Financial Officer on 14 February 2011

Date of effect: 14 February 2011. Updated: 25 September 2012.

Administrative amendments: 18 December 2017, Commencing 1 January 2018

OVERVIEW

1. Purpose

This procedure is a supplement to the University's [Procurement Policy](#) and applies to purchase orders for the acquisition of goods and services from suppliers external to the University, excluding purchases acquired using a University Corporate Card, Petty Cash or Library information resource order.

The acquisition of goods includes the purchasing and leasing of goods. The acquisition of services includes services provided by contractors and consultants, but excludes staff employed through the University payroll.

2. Coverage

The Procurement: Purchase Order Procedures apply to all University activities including foundations, centres, associations and institutes not separately incorporated.

KEY ASPECTS OF THE PURCHASING PROCESS

3. Accountability requires comprehensive documentation for all purchases. Details of every quotation or tender must be retained.

PROCEDURES

4. University Purchase Orders issued from PeopleSoft Financials are strongly recommended for goods and services acquired with the exception of items acquired on a University Corporate Card or via the University Library using the Millennium integrated library management system (ILMS). Purchase Orders must be used for purchases greater than \$10,000. PeopleSoft purchase orders can be issued by the following Purchasing Teams in the University:-
 - P2P Team (Procurement Services)
 - Campus Infrastructure and Services (only CIS purchase orders) for all contracts and services within CIS for capital works and operations generated via the CIS Project Management System.
 - All other P2P sites that are using PeopleSoft Financials E-procurement module
5. Areas acquiring goods and services must comply with the Quotation and Tender requirements specified in section 5 and 7, respectively of the Procurement Policy.
6. An External Requisition Form (available from University Publishing Service) or an equivalent requisition form is to be completed and forwarded to the relevant Purchasing Team. The form must be approved under the appropriate Delegations outlined in section 6 of the Procurement Policy and either be signed or have a copy of the financial approval attached. Copies of the

relevant quotations, waiver or Tender Board approval are to be attached to the External Requisition Form.

7. **Purchasing Team Verification**

The Purchasing Teams verify that the required quotations, waiver or Tender Board approval has been obtained and that the requisition has been authorised by a staff member with appropriate Financial Delegation of Authority. The requisition is entered into PeopleSoft Financials and the purchase order printed and faxed to the supplier unless requested otherwise.

8. **Tolerance Level**

PeopleSoft Purchase Orders include a tolerance level of 10% or \$500 per line, whichever is the lower (ie, the invoice/payment total can vary from the purchase order by up to 10% without amending the purchase order).

9. Purchase orders that require an increase of more than 10% must be re-approved by the same financial delegate for the total order amount. A [Purchase Order Change \(PeopleSoft\) Form](#) must be completed and sent to the relevant Purchasing Team.

10. **General Terms and Conditions of Purchase Orders**

Refer to the document [Purchase Order: General Terms and Conditions](#) for details applicable to University Purchase Orders.

11. **Annual Orders**

Regular or periodic orders for the same goods or service should be processed as an annual order. Annual orders are processed in the same way as a normal requisition.

12. **Trade-In**

Where trade-in of an existing item is included in the acquisition of a new item, the requisition and purchase order must separately show details of the new item and its cost, details of the trade-in item and the trade-in value, and the net amount of the order.

The cost of the new item being purchased should be charged to the appropriate expenditure account class and the proceeds of the trade-in should be credited to the appropriate income account class (class 3800 for asset sales and 3803 for Motor Vehicles sales).

An [Asset Disposal Form](#) must be completed for the item being traded-in and forwarded to Asset Management.

13. **Purchases from Overseas**

13.1 Forward Exchange Cover

The University maintains TUNOS bank accounts for foreign currencies of US dollars, Pounds Sterling and Euro. Where goods or services up to \$200,000 are procured by the University from an overseas supplier in the above currencies, payment is made from the corresponding TUNOS account.

Where goods or services with a value exceeding \$200,000 are procured by the University from an overseas supplier in the above currencies, Procurement Services Department will liaise with Investment and Capital Management to determine the most appropriate hedging method, with advice also provided to Financial Control and Treasury.

13.2 Letter of Credit

Some suppliers/statutory authorities require a guarantee of payment through a letter of credit when the purchase order is placed. A letter of credit is issued by a bank guaranteeing payment to the supplier/statutory authorities on condition that the specific

documents identified in the letter of credit are presented. Letters of credit can be arranged by Financial Control and Treasury.

14. **Receipting Purchase Orders**

To ensure goods and services have been received in a satisfactory condition the following steps should be undertaken by the person receipting the goods or services:-

- (1) Goods received are checked against the description on the Purchase Order.
- (2) Quantity and price are checked.
- (3) Goods are inspected for damage and returned to the supplier if found to be faulty.

If the goods or service have been received in a satisfactory condition the invoice can be paid. For purchase orders issued by the P2P Team, Procurement Services, the invoice is approved by the receipting agent and sent to P2P Team, Procurement Services for receipting and payment.

For purchase orders issued by a P2P e-procurement team, the receipting agent receipts the goods or service in PeopleSoft and records the receipt number on the invoice or delivery docket and forwards the documentation to P2P Team, Procurement Services to process invoice for payment.

All equipment purchases must have the following information recorded in PeopleSoft:-

- Asset Tag Number
- Serial Number/Service Tag
- Location (where asset is physically located)
- Custodian (surname/first name, eg, Smith, John)
- Manufacturer
- Model

RELATED INFORMATION

15. **Resources and Weblinks**

(i) **References**

- [Procurement Policy](http://sydney.edu.au/policies/showdoc.aspx?recnum=PDOC2011/40&RendNum=0)
sydney.edu.au/policies/showdoc.aspx?recnum=PDOC2011/40&RendNum=0
- [Purchase Order: General Terms and Conditions](http://sydney.edu.au/finance/docs/generalterms_purch_order.pdf)
sydney.edu.au/finance/docs/generalterms_purch_order.pdf

(ii) **Forms**

- [Asset Disposal Form](http://sydney.edu.au/finance/docs/asset_disposal.xls)
sydney.edu.au/finance/docs/asset_disposal.xls
- [Purchase Order Change \(PeopleSoft\) Form](http://sydney.edu.au/finance/docs/PurchaseOrderChange.xls)
sydney.edu.au/finance/docs/PurchaseOrderChange.xls

16. **University procedures superseded or replaced by this procedure:-**

- Purchase Order Procedures: 12 May 2005