



# The University of Sydney

## Finance and Accounting Manual

### Purchasing: Purchase Order Procedures

Approved by Chief Financial Officer on 12 May 2005

Date of effect: 1 June 2005

#### Table of Contents

OVERVIEW .....	2
1. Purpose .....	2
2. Coverage .....	2
KEY ASPECTS OF THE PURCHASING PROCESS.....	2
PROCEDURES .....	2
11. Annual Orders .....	3
12. Trade-In .....	3
13. Purchases from Overseas .....	3
13.1 Forward Exchange Cover .....	3
13.2 Overseas Purchase from Local Suppliers .....	3
13.3 Letter of Credit .....	3
13.4 Prepayment of Overseas and Local Suppliers .....	4
14. Leasing.....	4
RELATED INFORMATION .....	4
15. Resources and Weblinks .....	4
(i) References .....	4
(ii) Forms .....	4
16. University procedures superseded or replaced by this procedure:.....	4
CONTACTS AND REVIEW .....	4
17. Contacts .....	4
18. Review .....	4



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#### OVERVIEW

1. **Purpose**

This procedure is a supplement to the University's [Purchasing 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 Purchasing: 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 are issued from PeopleSoft Financials for all goods and services acquired with the exception of items acquired on a University Corporate Card. PeopleSoft purchase orders can be issued by the following Purchasing Teams in the University:
- Financial Services Purchasing
  - Facilities Management Office (only FMO purchase orders)
  - Faculty of Health Sciences Cumberland Campus (only Cumberland campus purchase orders)
  - Department of Pharmacology (only Pharmacology purchase orders)
5. Areas acquiring goods and services must comply with the Quotation and Tender requirements specified in section 5 of the Purchasing 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 Purchasing 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. 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 or Authority. The requisition is entered into PeopleSoft Financials and the purchase order printed and faxed to the supplier unless requested otherwise. A copy of the purchase order is returned if requested to the area acquiring the goods or services and the Purchasing Team retains and files the documentation.

8. PeopleSoft Purchase Orders include a tolerance level of 15% (ie, the invoice/payment total can vary from the purchase order by up to 15% without amending the purchase order).
9. Purchase orders that require an increase of more than 15% 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. 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.

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

13. **Purchases from Overseas**

13.1 **Forward Exchange Cover**

Areas of the University purchasing goods from overseas for more than A\$10,000 can take out a Forward Exchange Cover to the value of the goods to minimise foreign exchange rate fluctuations. Forward Exchange Cover can be arranged by Financial Services Purchasing.

13.2 **Overseas Purchase from Local Suppliers**

Areas of the University purchasing goods through local suppliers for overseas goods for more than A\$10,000 can take out a Forward Exchange Cover to the value of the goods to minimise foreign exchange rate fluctuations. Forward Exchange Cover can be arranged by Financial Services Purchasing.

13.3 **Letter of Credit**

Some overseas suppliers 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 on condition that the specific documents identified in the letter of credit are presented. Letters of credit can be arranged by Financial Services Purchasing.

### 13.4 Prepayment of Overseas and Local Suppliers

Overseas purchase orders that require prepayment for more than A\$10,000 require a Stand-by letter of credit. Stand-by letters of credit can be arranged by Financial Services Purchasing.

Overseas and local purchases by local suppliers that require prepayment for more than A\$10,000 require a Bank Guarantee. Bank guarantees can be arranged by Financial Services Purchasing.

### 14. Leasing

Details as to the supplier of the goods and the leasing company are to be included on the requisition. Unless the leasing company and the supplier are Purchasing Preferred Suppliers for the specific items being acquired, the Purchasing Policy must be followed including quotation requirements.

## RELATED INFORMATION

### 15. Resources and Weblinks

#### (i) References

- [Purchasing Policy](http://www.finance.usyd.edu.au/docs/purchasing_policy.pdf)  
http://www.finance.usyd.edu.au/docs/purchasing\_policy.pdf
- [Purchase Order: General Terms and Conditions](http://www.finance.usyd.edu.au/docs/generalterms_purch_order.pdf)  
http://www.finance.usyd.edu.au/docs/generalterms\_purch\_order.pdf

#### (ii) Forms

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

### 16. University procedures superseded or replaced by this procedure:

- Purchasing Policy: Guidelines and Procedures – Revised April 2004
- Purchasing and Payment Procedures: 21 August 2003 Sections 2.1 to 2.8 inclusive

## CONTACTS AND REVIEW

### 17. Contacts

- Financial Services Purchasing  
Phone: (02) 9351-4836 Fax: (02) 9351-4592  
Email: [apapangelis@finance.usyd.edu.au](mailto:apapangelis@finance.usyd.edu.au)

### 18. Review

The Finance and Accounting Manual will be reviewed annually and on an ad hoc basis if required.

Changes to purchasing policy will be approved by the Tender Board and other amendments will be approved by the Chief Financial Officer.

Amendments to forms, schedules and weblinks will be processed by Financial Services.

Amendments to the Finance and Accounting Manual procedures and forms are listed on the FS website under:-

- [FAM Amendments](#)
- [Amendments to Forms](#)

Please forward suggestions and comments on the Finance and Accounting Manual via the [Feedback Form](#).