

## 230 - PURCHASING

<p><b>1</b></p>	<p><b>Purchase Orders</b></p> <p>Purchase orders are the predominant method of ordering goods and services and should be used for all orders apart from those specified for credit card ordering (refer to 231) and petty cash (refer to 243).</p> <p>The following steps are to be performed before raising a purchase order:</p> <ul style="list-style-type: none"> <li>a) Ensure an approved budget exists, identifying the account and job codes.</li> <li>b) Ascertain what level of authority is required to approve the purchase.</li> <li>c) Consider whether the goods to be purchased can be supplied by an established RedR supplier.</li> <li>d) Where a new supplier is to be used obtain ABN details.</li> </ul>
<p><b>2</b></p>	<p><b>Raising Purchase Requisitions</b></p> <ul style="list-style-type: none"> <li>a) Complete a Manual Purchase Requisition Form (230.A) or enter a PO in NetSuite</li> <li>b) If written or verbal quotations have been obtained, or if the item to be purchased is from a previously determined contract source, full details should be included on, or attached to the Purchase Requisition.</li> <li>c) Only one supplier per Purchase Requisition is permitted.</li> <li>d) Insert account and job codes</li> </ul>
<p><b>3</b></p>	<p><b>Approving Purchase Requisitions</b></p> <p>The Line Manager is required to sign the requisition or approve through the NetSuite or in the CRM (if the PO is related to Deployment or Training course) to evidence that funds are available to commit expenditure for the purchase. It is the responsibility of Budget Managers to :</p> <ul style="list-style-type: none"> <li>a) Suggest suitable suppliers of goods and/or services.</li> <li>b) Evaluate and recommend tenders/quotations called on their behalf.</li> <li>c) Ensure that goods/services are required by RedR and are not for private use.</li> <li>d) Ensure that accurate and complete Purchase Requisitions are forwarded to Finance for processing.</li> </ul>
<p><b>4</b></p>	<p><b>Issue of a Purchase Order</b></p> <p>It is the responsibility of the Finance on receiving the Purchase Requisition to:</p> <ul style="list-style-type: none"> <li>a) Ensure that Purchase Requisitions are accurately processed with correct account code, supplier and other appropriate relevant information in a timely manner.</li> <li>b) Ensure that appropriate authorizing signatures are obtained prior to processing.</li> <li>c) Ensure that RedR procedures are followed regarding tendering and quotations.</li> <li>d) Checking for sufficient funds and undertaking appropriate follow-up action.</li> <li>e) Submitting to the Board for approval, if needed.</li> </ul>
<p><b>5</b></p>	<p><b>Cancelling Orders</b></p> <p>Orders are binding contracts and can only be cancelled if the supplier cannot fulfill the contract or by negotiation between RedR and the supplier. When an order is cancelled,</p>

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	funds committed are automatically returned to the account from which the order was raised.								
<b>6</b>	<p><b>Direct Pay Processing via the Internet or Phone</b></p> <p>Where the Purchase Requisition is received in finance, with an invoice attached, meaning the goods/services have already been supplied to RedR, the following process will occur:</p> <p>a) Finance will ensure all necessary approvals have been obtained before processing.</p>								
<b>7</b>	<p><b>Delegations to Commit Funds and Incur Expenditure</b></p> <p>The RedR Board has delegated the authority to the Chief Executive Officer to commit funds or incur expenditure not exceeding the amounts indicated below.</p> <p>Such delegation is limited to those areas and accounts for which the delegated officer has responsibility and the commitment or expenditure must be in accordance with the purpose for which the funds were allocated.</p> <p>For the payment of recurring services and utilities and those payments that are required the following officers are delegated to approve payments for the nominated RedR expenses up to the prescribed limits.</p> <table> <tr> <td>CEO</td> <td>\$50,000 +</td> </tr> <tr> <td>Directors</td> <td>\$10,000 - \$49,999</td> </tr> <tr> <td>Managers</td> <td>\$5,000 - \$9,999</td> </tr> <tr> <td>Coordinators</td> <td>\$5,000 or below</td> </tr> </table> <p>Delegation: In event of the CEO travelling the CFO can delegate for the CEO</p>	CEO	\$50,000 +	Directors	\$10,000 - \$49,999	Managers	\$5,000 - \$9,999	Coordinators	\$5,000 or below
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<b>8</b>	<p><b>Contract Agreements and Licences</b></p> <p>This includes:</p> <ol style="list-style-type: none"> <li>i. Contract agreements</li> <li>ii. Maintenance agreements</li> <li>iii. Licence agreements</li> </ol> <p><b>i. Contract Agreements</b></p> <p>When budget managers propose to enter into contracts or agreements on behalf of RedR for the purchase of goods/services, the financial and legal implications need to be fully explored.</p> <p>When contracts contain clauses that are not standard or vary from previous contracts or agreements, a copy of the contract should be submitted to the Legal team for consideration and advice.</p> <p>Once the budget officer accepts a contract proposal, it is signed by an officer with sufficient delegated authority and sent to Finance for order processing.</p> <p>A copy of the contract must be kept in the budget unit to ensure that all terms and</p>								

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	<p>conditions are met by the contractor. Any enquiries regarding agreements or contracts must then be referred to Finance.</p> <p><b>ii. Maintenance Agreements</b></p> <p>The use of a standing requisition is recommended if the contract will be on going so that each year the contract/order can be renewed with revised or the same details.</p> <p><b>iii. Licence Agreements</b></p> <p>RedR may be required to enter into licence agreements when purchasing computer software or other items.</p> <p>Before purchasing a licence, examine the agreement for the following:</p> <ol style="list-style-type: none"> <li>1) The term or duration of the licence</li> <li>2) The cost of service, if applicable, is fixed or open ended – in general it is desirable to tie any cost increases to the CPI</li> <li>3) What the licence offers, conditions of usage, access by the licensee, confidentiality of any programs</li> <li>4) Options for termination and the notice required for termination by either party</li> <li>5) Frequency of payments as it may be advantageous to negotiate alternative frequencies of payment</li> </ol> <p>If the licence agreement is acceptable, have it approved by an officer with sufficient delegated authority and send the original to Finance for processing of the order.</p> <p>It is the responsibility of the appropriate officers within each service to ensure that both the supplier and the service comply with the terms and conditions of an agreement or contract.</p>
<p><b>9</b></p>	<p><b>Delivery and Acceptance of Goods and Services</b></p> <p>It is the responsibility of the service unit to check the quality and quantities of the goods/services received and report any discrepancies to Finance immediately for corrective action. If discrepancies are not reported, payment of the invoice will proceed within the negotiated settlement terms.</p>
<p><b>10</b></p>	<p><b>Processing in NetSuite</b></p> <ol style="list-style-type: none"> <li>i. Purchase Orders should be raised before the invoice is received</li> <li>ii. Convert Orders in NetSuite to Vendor Bills.</li> <li>iii. Check name of the supplier</li> <li>iv. Enter invoice date.</li> <li>v. Enter invoice number in the supplier inv # field. If there is none, use the account number and a date</li> <li>vi. For Corporate Credit Card Expenses use Credit Card option to record.</li> <li>vii. For staff travel select the person’s name in the ‘employee’ field, Enter account</li> </ol>

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	code from the chart of accounts
viii.	Job code must be entered on each line that has a dollar amount entered.
ix.	Employee expenses and DSAs are coded to their job code.
x.	Training Course expenses are coded to the relevant course –.
xi.	Operating Expenses must also have a job code quoted:
xii.	Check amount matches invoice
xiii.	Place invoice in Accounts Payable folder