



Standard Operating Procedure Purchasing Procedures (August 2019)

In relation to policy **CP0013 Purchasing and Procurement** the following procedures should be followed.

Purchasing Procedure

1. Access and training for the Purchase Order System is provided by Business Services to authorised staff.
2. Authorised staff are responsible for the security and correct usage of the Purchase Order System and must use a password protected screen saver and not give access to any other staff member.
3. Access to the Purchase Order System does not automatically pass from one staff member to their successor. Delegation levels are removed by Business Services for staff who have left and new staff are added in the normal manner.
4. For internal control purposes, at least two employees must be involved in ordering, receiving and approving any transaction, i.e. No single employee will order, receive and approve a transaction(s).
5. Only a staff member with appropriate delegated financial authority can approve transactions, and only within budget limits.
6. A staff member with delegated financial authority may not approve his or her own expenditure, and it must be escalated to budget line manager, e.g. the expense claims for Budget Managers must be approved by their Manager.
7. A staff member with delegated financial authority may not approve any expenditure to a person or organisation where they have direct or indirect family links, an ownership interest, or are involved in the management of that entity.
8. Every item or service to be paid for by the Polytechnic must be supported by a tax invoice or other appropriate document if a tax invoice is not available.
9. Otago Polytechnic Purchase Orders should be fully complete prior to issuing to the supplier. Where the price cannot be confirmed at the time of raising the order an estimate should be entered. The estimate used should be that of a conservative nature.
10. A single purchase is not to be split over more than one purchase order.
11. Before approving invoices for payment and/or delivering the lines on an electronic purchase order, approved staff must:
 - ensure the goods/services have been delivered or supplied
 - confirm that quality is acceptable.
12. The invoice received will be matched by the Business Services Team against the appropriate purchase order previously approved by authorised staff.
13. In the event of partial fulfilment of orders backorders shall be created from the original purchase order in the financial system until the order is complete.
14. Expenditure for utility items such as telephone, rates and leases do not require order numbers but still require coding and authorisation. This is provided an authorised delegate for contractual commitments has signed the contract.
15. Travel purchases should be completed through the contracted preferred travel supplier and approval is via the on-line portal rather than through the normal purchase order system.
16. Credit card purchases and staff reimbursements are managed through the online web expenses system and require tax invoices, or other appropriate documentation to be uploaded to web expenses.
17. Overseas payments (excluding by credit card) are made by Business Services. The request for overseas payment form (accessible from the Business services team site on Tūhono) is to be completed and appropriate supporting documentation attached to the form.
18. Maintenance of the electronic purchase order system including supplier details, security access, delivery points and general ledger codes will be done by Business Services Team.

Specific items

19. Expenditure which falls under policies **CP0008 Sensitive Expenditure** or **CP0012 Conflict of Interest** must be approved in accordance with those policies.

20. Reference should also be made to conditions and limits imposed by policies *CP0005 Delegations from Council to Chief Executive* and *MP0303 Authorities and Delegations from Chief Executive*.

Ethical Purchasing and Procurement

Sustainable and ethical purchasing includes purchasing both products and services. It is desirable that the purchasing of products and services contributes to the Sustainability and Fairtrade aspirations of the organisation:

Educational excellence

- Use best practice for sustainability in all operations.
- Increase Otago Polytechnic responsibility in regard to compliance, accreditation and monitoring associated with sustainable practice.

Financial Sustainability

- Reduce Otago Polytechnic supply chain cost through sustainability efficiencies.

Community Confidence

- Contribute as much as possible to the local economy by using local products and services.

Environmental and Social Responsibility

- Encourage staff to make healthy choices that consider the environment.
- Create a culture and work environment that is based on sustainable practice
- Minimise the waste, energy, water and chemical footprint of Otago Polytechnic on the environment.
- Limit the overall impact of Otago Polytechnic activities on biodiversity.
- Reduce the Otago Polytechnic supply chain impact on the environment.

Sustainable and ethical purchasing and procurement requires the purchaser to include and consider the impact of social, environmental, political and economic performance factors in a systematic way when making decisions about specific products or services. Furthermore, considering such impacts often results in sustainable purchasing reflecting the full cost (social, environmental, political and economic) of a product or service. In most cases any higher up-front costs can be offset by reduced costs in waste and by longevity of product versus more frequent purchasing.

The Product Purchase Process

Products should be purchased thinking about the ethical status of the supplier, how the product is going to be used and the consequences of any environmental, social, political or economic outcomes as a result of the purchase.

For products this includes:

- How the product is made and what the product is made of?
- Where the product was made, and by whom?
- What traceability systems are in place to confirm the above with certainty?
- How will the product be used?
- What processes are in place for the disposal of the products waste/packaging and/or dangerous goods?
- How does the product contribute to or detract from Otago Polytechnic sustainability aspirations (impact)?
- Is there an alternative product with less environmental impact, or can product be hired or borrowed instead of making a purchase?

The Service Procurement Process

For services this includes:

- How will the service contribute to the sustainable practices/aspirations of the business?
- How will that service advance the business process?
- How does the service provider model a sustainable and ethical process? For example does the service provider:
 - Have their own policies in place around equal employment, privacy, sustainable/ethical purchasing, waste minimisation, Fair Trade, and staff wellbeing?
 - Have procedures in place for the disposal of assets, waste/packaging and/or dangerous goods?
- Have design processes do they have to create cyclic systems when it comes to resource and waste management? How does the service provider help re-design, re-orientate and change current practice?
- What ongoing support is in place from the service provider (supply chain) to assist the change process?
- What sustainability record does the service provider have?
- Does the service provider hold any third party certification, and/or have transparency in their social and financial accounting?
- What positive actions is the service provider taking today (or planning for the future) in regards to supporting/benefiting their staff and wider community?