

POLICY ON PURCHASES



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PART A - USERS

1. PURPOSE

The purpose of this policy is to inform employees of the University of Venda on purchasing of all goods (capital and consumer goods) and services, excluding the purchase of professional services by the Physical Resources and Special Projects Department.

2. Purchases

Purchases may only be made from approved suppliers of the UNIVEN.

2.1 Process flow for purchases

The process comprises the following:

- 2.1.1 A request for the supply of goods and services to the UNIVEN by means of an official requisition. Requisitions include the following subsystems:
 - Requisitions by means of Official Purchase Requisitions.
 - Reporting of faults and job assignments that may lead to purchases.
- 2.1.2 Approval of requisitions on the basis of availability of funds.
- 2.1.3 Obtaining of quotations or tenders.
- 2.1.4 Acceptance of quotations/tenders.
- 2.1.5 Order and allocation of funds.
- 2.1.6 Approval of the order.
- 2.1.7 Issuing of an order form after completion of 1) to 6) above.
- 2.1.8 Inspection of goods after receipt.
- 2.1.9 Issuing of a goods-received voucher.



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- 2.1.10 Signing of the invoice by the receiver of service/budget controller.
 - 2.1.11 Instruction for payment of transactions.
 - 2.1.12 Payment for successful transactions according to the terms agreed upon with the supplier.

2.2. Requisitions

2.2.1 Creation and approval of requisitions

2.2.1.1 A requisition must be completed, preferably electronically, for all identified needs for goods and services with an indication of the estimated costs. Reporting of faults and job assignments via the internet to, for example, Computer Services and Maintenance are included in this.

2.2.1.2 If requisitions are completed manually, it must be done in ink throughout. Unused lines must be struck through. The person who fills out the requisition, must use an original copy.

2.2.1.3 Requisitions must be approved by the immediate head for relevance, validity, estimated cost and funding. Therefore the requester and the person who approves it may not be one and the same person.

2.2.1.4 Approval and further handling of the requisition are subject to the availability of funds.

2.2.2 The further handling and facilitation of the approved requisition are the responsibility of the purchaser in consultation with the requester/user.

2.2.3 Re-approval or cancellation of requisitions

2.2.3.1 Requisitions must be re-approved if:

- the total costs increase by more than 10% or R50 000 (whichever is the smallest);
- the entity funding the costs changes.

2.2.3.2 Requisitions must be cancelled if:

- the need for the goods/service no longer exists;
- the requisition is rejected by the immediate head.



2.2.3.3 All copies of a handwritten requisition must be cancelled by means of a double strike through diagonally across the page and printing of the word "cancelled" between the lines.

2. Requisitions for items stocked by Procurement Services

Requisitions for items stocked by Procurement Services must be issued by the stores.

3. Quotations and tenders

Obtaining one quotation for a guideline on the cost is primarily the responsibility of the requester. At the request of the requester, quotations may also be obtained by the purchaser. Consultation with the purchaser in the case of any ambiguities or deviations is compulsory.

- *In the case of specialised equipment and vehicles end-users may specify the make and model and competitive quotes will then be requested for such equipment and vehicles.*
- *In the case of emergencies, any available contractors on the approved emergency list may be contracted to fix the problems.*

It is the responsibility of Procurement Services to facilitate the tender process and ensure that the policy on tenders is complied with.

4. Minimum requirements for the invitation of quotations or tenders

4.1 Prescribed minimum requirements for quotations and tenders are as follows:

Monetary value (VAT included)	Minimum requirements
Up to R1 000	At least one oral quotation
R1 001 – R10 000	At least one written quotation
R10 001 – R50 000	At least two written quotations
R 50 001 – R300 000	At least three written quotations
R300 001 and above	Tender (open or closed)

4.2 Purchases may not be divided into smaller units in order to change the minimum requirements for quotations and tenders.

4.3 The requester of a requisition, the person who approves it or the purchase may deviate from the minimum requirements under the following circumstances:



- 4.3.1 If the pool of suppliers does not provide for such products/services.
- 4.3.2 If goods or services must comply with complex specifications.
- 4.3.3 If the procedure contributes to more effective purchases.

4.4 The amended procedure must be approved as follows:

Approver	Maximum amount
Departmental Head	R20 000
Dean/Director	Up to R200 000
DVC, Registrar	Up to R3 000 000
Vice Chancellor	>R3 000 000

4.5 The prescribed minimum requirements for the invitation of tenders and the approved or amended procedures must be revised annually by the Divisional Head: Procurement Services and submitted to the Director: Finance and the DVC: Operations for approval by the EMC.

4.2 Directives for quotations

4.2.1 Oral quotations.

4.2.1.1 Oral quotations are quotations received telephonically or over the counter.

4.2.1.2 Notes must be made regarding the supplier or salesperson from whom the quotation was obtained, the quoted price (VAT included/excluded), by whom it was obtained and the date on which it was obtained. This information must be recorded on the requisition or attached to it.

4.2.2 Written quotations.

4.2.2.1 Written quotations include the following:

- An original document.
- A fax.
- An e-letter.
- A document received electronically as a PDF file.

4.2.2.2 Written quotations must comply with the following requirements:



- They must be on the official letterhead of the supplier.
- Both the postal and physical address including fax and telephone numbers of the supplier must be indicated.
- Where applicable, the VAT and the company registration number of the supplier must be indicated.
- It must be indicated that it is a quotation.
- It must contain the contact details and the signature of the person who issued the quotation.
- The period of validity of the quotation must be indicated.
- It must be indicated whether prices include or exclude VAT.
- The following must be described: The nature of the goods or services that will be supplied/delivered; complete specifications of the product; the specific function of the product; the type of material, size and trade names of goods that will be used or supplied.

4.2.3 Catalogue quotations

These quotations are those generated from the electronic catalogues of approved suppliers.

4.2.4 Should a quotation expire before an order can be placed or approved, a new quotation or a written extension of the expiry date of the existing quotations must be obtained.

4.3 Directives for tenders

Consult the Supply Chain Management policy.

4.4 Borderline cases

As the price of a product or service is not always known beforehand, it may happen that the actual price falls in a higher monetary value interval. In such cases the requirements of the higher interval must be complied with.

4.5 Evaluation and approval of quotation

The following must be considered during the evaluation and approval of the quotation:

4.5.1 The BEE grading of the supplier.



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- 4.5.2 Economic advantages for the UNIVEN must be utilised effectively through the concentration of purchases.
 - 4.5.3 Where applicable, a measure of uniformity regarding products and equipment, for example, computers, must be effected.
 - 4.5.4 There must be continuity in the delivery of goods and services.
 - 4.5.5 It must be possible to deliver goods and services of the right quality, price and quantity at the right place and in time.
 - 4.5.6 It must be possible to provide efficient after-sales service.

4.6 Acceptance of quotation

Consensus about the quotation must be exist between the requester and purchaser. If consensus cannot be reached, the matter can be referred to the Head: Procurement Services and, if necessary, the Director: Finance.

5. Receipt of goods

- 5.1 For the sake of security, orderliness and the effective functioning of the process delivery addresses should be limited to certain staff members and offices in departments/faculties.
- 5.2 The identification of such staff members and offices is the responsibility of the school/department management. They must provide Procurement Services with this information.
- 5.3 All goods must be checked by the responsible person on receipt. The original delivery note must be kept.
- 5.4 Should goods be received without being checked, the receipt voucher must be endorsed as follows: "Received, not checked." This may, however, only happen in exceptional cases. The responsible person must perform the required checking as soon as possible. The department remains responsible for all costs that may result from unchecked receipt.
- 5.5 The checked goods must be marked off on the delivery note in permanent ink. Any differences in quantities, unacceptable quality or cases of damaged items must be recorded clearly on the document.
- 5.6 Any damaged goods, quantities that exceed the number ordered and any items not indicated on the order, must not be received. These non-received goods must be itemised on the delivery note and returned to the supplier immediately.



- 5.7 The receiver of the goods must not issue a separate goods-received voucher. The original signed delivery slip is used as goods-received voucher.
- 5.8 The original signed delivery slip together with a copy of the order must be sent to the Procurement Services.
- 5.9 It is the responsibility of the Procurement Services to create the goods-received voucher on the system and deal with any problems in respect of the supplier and communicate them to the requester.
- 5.10 All supporting documentation must be sent to the creditors division for settlement.

6. Services

6.1 Ordering and acknowledgement of receipt of services delivered.

- 6.1.1 An order must, as always, be created and approved beforehand.
- 6.1.2 The signing of an invoice for services is sufficient proof of full delivery and the quality thereof.

6.2 The policy also provides for the following services:

- 6.2.1 Air voyages
- 6.2.2 Car rental
- 6.2.3 Travelling and subsistence
- 6.2.4 Cellular facilities
- 6.2.5 Physical resources

6.3 Air voyages

6.3.1 Reservations by Procurement Services and travel agents

6.3.2 Requisitions must provide the following information before an order can be created, approved and a flight reservation confirmed:

- The name of the air travel agency and consultant (where applicable).
- The name of the traveller.
- The purpose of the voyage.
- The date and time of departure and return.
- The name of the airline, flight number and class of outward and return journey.



- The route of the outward and return journey.

6.3.4 Consult the Policy on Travelling and Subsistence Costs for directives regarding the flight class persons may travel in.

6.4 Travel insurance

Travellers must make sure that an information brochure is obtained from the official air travel agencies which indicates the conditions, exclusions and cover of the travel insurance policy. Should claims arise, the relevant conditions must be met.

6.5 Passports/Visa

6.5.1 The cost of a passport is for the account of the staff member himself/herself.

6.5.2 The cost of visa for countries that are visited officially is defrayed by the UNIVEN.

6.6 Car rental

6.6.1 Requisitions must contain the following information in order to create and approve an order and make a reservation:

- The name of the supplier and consultant.
- The name of the traveller.
- The purpose of the journey.
- Date and time of departure.
- Class of vehicle required.
- Route.
- Date and time of return.

6.6.2 No payment may be made for a rented car without an official order by Univen to the supplier. A vehicle rented in this way must be paid for by the staff member and reclaimed from Univen. Repayment of this is subject to the availability of funds in the entity concerned.

6.6.3 Staff members are encouraged to be cost-sensitive and not to rent vehicles larger than 1 600 cc without motivation. EMC may rent vehicles up to 2000 cc. When vehicles are rented abroad, Univen will only defray the cost of vehicles in the Economy and Compact classes on



submission of the necessary proof. Claims for repayment of the rent of vehicles in other classes will be considered on receipt of a written motivation and a recommendation by the immediate head.

6.6.4 Staff members who take a rented vehicle outside the boarder of the country are responsible for obtaining written permission from the suppliers to do so and to ensure that the vehicle is comprehensively insured for the period outside the borders of the country.

6.6.5 The person who will drive the vehicle, must take delivery of the vehicle personally, show a valid driver's licence and inspect the vehicle for any damage.

6.7 Travel and subsistence costs

Travel and subsistence expenses must be incurred in terms of the Policy on Travelling and Subsistence Costs.

6.8 Cellular facilities

Cellular facilities are purchased in terms of the Policy on Cellular Facilities.

7. Staff purchases

7.1 Staff members may only purchase items that are stocked by Procurement Services.

7.2 Any such purchases must be made in cash.

7.3 Amounts will be limited to reasonable levels, as products may not be purchased by staff members for resale.

8. Payment to suppliers

Payments may only be made to suppliers if:

8.1 an approved order was issued before the date of delivery;

8.2 a system-generated goods-received voucher was issued for the delivery of the goods and services;

8.3 a valid tax invoice was received from the supplier.

PART B – ADMINISTRATORS

9. Purpose



The purpose of this policy is to inform employees of University of Venda on

- 9.1 promotion of the effective management of expenditure, limiting of the risk of fraud, promotion of ethical and fair actions, the establishment of uniformity in purchasing procedures for all campuses, departments and divisions of the University.
- 9.2 setting of standards for suppliers to regulate the composition of the list of suppliers and ensure that:
- the economic benefits of scale can be utilised effectively through the concentration of purchasing power;
 - where necessary a measure of uniformity is effected with regard to products and equipment, for example, computers, printers and photocopiers;
 - there is continuity in the delivery of goods and services;
 - goods and services that are required are of the right quality, quantity and price and are delivered at the right place and in good time;
 - an efficient post-sale service can be rendered.
- 9.3 ensure that Univen complies with the relevant requirements and goals of the legislation pertaining to Black Economic Empowerment (BEE) and the accompanying codes for good practice.

10. Suppliers

Products and services are divided into the following groups:

- Products/services purchased from a specific approved panel of preferred suppliers, for example, stationery, chemicals, computers, printers, photocopiers, maintenance services and goods and car rental This category also includes the professional services used by Univen on a regular basis or which are required statutorily (e.g. legal services and auditing).
- Products and services purchased once-off or irregularly from a supplier, for example, accommodation in guest houses, travelling costs, membership fees or tenders. These are referred to as one-off suppliers.
- General products/services purchased from a variety of listed suppliers.



- Products purchased in bulk and made available by Univen and which may only be provided by Procurement Services, for example, paper.

10.1 Composition of the pool of approved suppliers

10.1.1 It is the responsibility of the Procurement Services Division to contract a pool of approved suppliers who comply with the policy and criteria as set out above.

10.1.2 All suppliers must sign a written suppliers' agreement with Univen, except in the case of a one-off contract or transaction.

10.1.3 Regardless of the agreement/contract, the following information must be obtained and confirmed:

10.1.3.1 The registered name of the business.

10.1.3.2 The registration number(s) of legal entities.

10.1.3.3 The postal and physical addresses with an indication as to which address must serve as the contact address.

10.1.3.4 VAT registration number.

10.1.3.5 Banking details (see 1.1.6).

10.1.3.6 Grading for Black Economic Empowerment (BEE) and by whom it was determined.

10.1.4 In order to ensure availability and continuous delivery, an attempt should be made throughout to contract three suppliers per product group or services, where applicable.

10.1.5 A staff member who is a related party of a supplier must declare the nature and extent and may in no way be involved in decision making regarding the inclusion of the supplier in the pool or the contracting of the supplier (purchases included).

10.1.6 Banking details of suppliers must be verified by means of an original cancelled cheque. The name of the account holder must correspond with the registered name of the business. An exception is where the supplier delegates collections to another company/business in writing.

10.1.7 The names of new suppliers are entered into the system by the responsible officer. This officer may, however, not have authorisation to approve the addition to the system.



10.1.8 Staff members with editing access to supplier master data may not approve orders or pay accounts.

10.1.9 Except for the composition of the pool of preferred suppliers, the selection of suppliers is, under other circumstances, subject to the requirements of the intervals for monetary value.

10.2 Preferred suppliers

Where a panel of preferred suppliers for products and services has been approved, the purchaser is obliged to purchase the specific products and services from these suppliers.

10.2.1 Selection process

10.2.1.1 The Policy on Tenders must be complied with for the identification of a panel of preferred suppliers. Also see par. 1.1.4.

10.2.1.2 Suppliers accepted by the panel of PURCO (PURCO contracts) and approved by the DVC: Operations: Operations and the Director: Finance qualify as preferred suppliers.

10.2.2 Alternatives to preferred suppliers

10.2.2.1 Where preferred suppliers exist, purchases may indeed be made from an alternative supplier in case of emergency. Approval must be obtained from the Head: Procurement Services.

10.2.2.2 Emergency purchases are purchases that may lead to significant losses, have an adverse effect on service delivery or lead to exposure to risks should the UNIVEN not make them.

10.2.2.3 The Head: Procurement Services must investigate the emergency purchasing transactions to prevent a repetition of the emergency purchases.

10.2.2.4 Alternative suppliers are regarded as once-off suppliers.



10.3 Maintenance of the pool of suppliers

10.3.1 Procurement Services is responsible for the maintenance of the pool of suppliers and for agreements with suppliers.

10.3.2 Suppliers in the pool must be re-evaluated at least every two years. If, in the opinion of the Divisional Head: Procurement Services, changes occur at a supplier that justify a re-evaluation, it may be required sooner.

10.3.3 Only officers, who have been properly authorised to do so, may change master data of suppliers.

10.3.4 Changes to the particulars of suppliers must be supported by corroborating documentation.

10.3.5 Staff members at Procurement Services who may approve the changes to master data, must have the necessary seniority and may not have editing rights on the system.

10.4 Changing of banking details of suppliers

The following distinction is made:

- The supplier's own account details have changed.
- The supplier delegated collection from debtors to a third party.

10.4.1 The supplier's own account details have changed

- Changes must be verified by means of an original cancelled cheque of the supplier. If the supplier does not have a cheque account, an alternative proof of changed banking details may be accepted.
- The name of the account holder according to the cancelled cheque/alternative proof must correspond with the supplier's registered name.
- The supplier delegated collection from debtors to a third party.
- The supplier must communicate arrangements with third parties to the UNIVEN in writing. The third party's registered name and number must be provided.



- A cancelled cheque to verify the banking details of the third party, or an acceptable alternative proof if the third party does not have a bank account must be provided.
- The name of the third party, as indicated on the cancelled cheque/alternative proof, must correspond with the registered name provided by the supplier in the written communication.
- The registered name, registration number and VAT number of the party delegated to, as well as the supporting documentation must be provided.
- The postal or physical address must be obtained.
- Changes must be verified by means of acceptable, supporting documentation, for example, an original official letterhead of the supplier.

10.5 Termination of services as supplier

10.5.1 The status of all suppliers who, for whatever reason, stop being suppliers to Univen must be changed to "inactive" on the system.

10.5.2 A registration as supplier must be terminated in the case of all suppliers:

- from whom no new purchases have been made over the past three years;
- who have been replaced by new suppliers;
- who no longer meet the requirements of Univen; and
- who have stopped doing business.

10.5.3 The person who is responsible for changing the status of suppliers may not have access to initiating or processing of payments.

10.5.4 The reason for the termination of services as supplier must be recorded on the permanent file of the supplier.

10.5.5 The status of suppliers may be changed to "active" after the procedure for the creation of a new supplier has been followed.



11. PURCHASES

11.1 Creation, approval and issuing of orders

11.1.1 No orders may be generated before the process for requisitions, quotations/tenders and acceptance of a quotation/tender has been followed.

11.1.2 Except in cases where procedures have been changed in terms of this policy or policy documents that must be read together with it, no purchases of goods and services may take place without a pre-approved official order.

11.1.3 Orders must be prepared in full accordance with the accepted quotation/tender procedures. The following must be indicated specifically:

11.1.3.1 A cross reference to the requisition.

The delivery address.

The name of the purchaser.

3.1.4 Orders must be approved in accordance with the Policy on Delegation of Authority.

3.1.5 Three copies of the approved order must be printed by the purchaser and distributed as follows:

- The original to the supplier as arranged with the requester.
- A copy to the purchaser who diarises the expected date of delivery.
- A copy to the person responsible for the receiving of the goods.

11.2 Cancellation of orders

11.2.1 Orders may not be cancelled without the knowledge of the requester.

11.2.2 Orders must be cancelled under the following circumstances:

- If the supplier cannot execute them.
- If an order has not yet been executed three months after the expected delivery date.
- If staff members have been guilty of unethical conduct.

11.2.3 If a new order is created to replace an order that has been issued already, the original copy of the latter must be retrieved or the supplier informed of the cancellation in writing. If the supplier has been informed of the cancellation in writing, it is the



responsibility of the purchaser to obtain an acknowledgement of receipt from the supplier in this regard.

11.2.4 Cancelled orders must be closed on the system.

11.3 Undelivered orders

Undelivered orders must be followed up by the purchaser no later than one week after the expected date of delivery and the information must be communicated to the requester.

12. Payment to suppliers for goods and services delivered

Payments will only be made to suppliers if:

12.1 an approved order was issued before the date of delivery;

12.2 a system-generated goods-received voucher for satisfactory delivery of the goods and services has been issued;

12.3 a valid tax invoice was received from the supplier.

5 RELATED POLICIES AND DOCUMENTATIONS

Policy on tenders;

Policy on fixed assets;

Policy on cellular facilities;

Policy on travelling and subsistence costs

Policy on delegation of authority;

Black Economic Empowerment Document.

6 REGULATORY FRAMEWORK

GAAP

King III report on Corporate Governance

Higher Education Act (Act 107 of 1997)

7 REVIEW DATE

This policy will be reviewed after three years or as and when the need arises.

8 RECORD OF CHANGES

REVISION	DATE	AUTHOR(S)	DESCRIPTION



9 APPROVAL

A handwritten signature in black ink, appearing to read 'R. M. M. M.', written over a horizontal line.

Registrar (Secretary of Council)