

 SP Jain School of Global Management <small>DUBAI • MUMBAI • SINGAPORE • SYDNEY</small>	Purchasing Policy and Procedures
Document Type	Policy and Procedures
Administering Entity	President, Vice President - Administration, Director – Finance/Chief Financial Officer, Regional Heads – Finance and Accounts (Finance Managers) , Heads of Campuses (HoCs), Course Directors (Deans)
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1. Purpose

This policy defines the requirements and procedures for purchasing activities at the S P Jain School of Global Management (S P Jain / the School).

2. Definition and Scope

- a. For the purposes of this document purchasing activities are broken into operating and capital expenditure items.
- b. Operating expenditure include items which are expensed during the same accounting period and for the purposes of this policy are broken into two subheads:
 - i. Regular expenses which include but are not limited to: staff salaries; lease rentals; and annual maintenance contracts.
 - ii. Other purchase and expenses activities which include financial transactions such as but not limited to: purchase of fixed assets; non- fixed asset purchases such as stationary, consumables etc.; promotional and marketing expense; staff business expense reimbursements; staff business travel etc.
- c. Capital expenditure items include purchase of fixed assets or long-term use assets for example furniture, air conditioners, building improvements and renovations etc.
- d. This policy applies to all the campuses of the School referred to as S P Jain Global in the policy.
- e. All amounts stated are in Australian Dollars and equivalent limits in local currencies will apply to other campuses.

3. Policy Principles

- a. The School is committed to robust financial management of its higher education operations.
- b. The Board of Directors approves S P Jain Global's annual budget and monitors the financial position on recommendation of the Finance Committee.
- c. All expenditure outlined in this policy is approved within the context of the School's approach for financial and budget management.
- d. The approach for purchases will be followed by the School's campuses and by each department in the campuses.
- e. Any purchases over and above the approved budgets will need to be approved by the Director – Finance/Chief Financial Officer or delegated staff prior to any commitment towards such expenses.

4. Purchasing Approval & Delegations

a. Operating Expenditure

- i. Departments Heads will approve up to \$500 of budgeted operating expenditure items subject to the department's overall expenditure being within approved yearly budgets.
- ii. Heads of Campuses (HoCs) and Course Directors (Deans) will approve up to \$5,000 of budgeted operating expenditure items subject to the concerned department's overall expenditure being within approved yearly budgets.
- iii. Select Department Heads designated jointly by Vice President- Administration and Director – Finance/Chief Financial Officer will approve up to \$ 25,000 of budgeted operating expenditure items subject to the department's overall expenditure being within approved yearly budgets
- iv. The Director – Finance/Chief Financial Officer/Vice President – Administration will approve up to \$ 50,000 expenditure being within approved yearly budgets.
- v. The President will approve above \$50,000 of budgeted operating expenditure items subject to the department's overall expenditure being within approved yearly budgets.
- vi. All unbudgeted operating expenditure up to \$1,000 will be approved by the Finance Manager (Head of Accounts -Location Specific) based on the need for the expense or escalated to the Director – Finance /Chief Financial Officer at the Finance Manager's discretion.
- vii. All unbudgeted operating expenditure above \$1,000 and up to \$10,000 will be escalated to the Director – Finance /Chief Financial Officer/Vice President - Administration for his or her decision.

viii. All unbudgeted operating expenditure above \$10,000 will be approved by the President.

b. Capital Expenditure

- i. Budgeted capital expenditure per single item up to \$5,000 will be approved by Select Department Heads designated jointly by Vice President- Administration and Director – Finance/Chief Financial Officer.
- ii. Budgeted capital expenditure per single item up to \$50,000 will be approved by the Director – Finance/Chief Financial Officer/Vice President- Administration or his or her delegate based on the Head of Accounts'(location specific) recommendation.
- iii. Budgeted capital expenditure per single item above \$50,000 will be approved by the President or his or her delegate based on the Director – Finance /Chief Financial Officer's recommendation.
- iv. All unbudgeted capital expenditure up to \$10,000 will be approved by the Director – Finance/Chief Financial Officer/Vice President – Administration based on the recommendation of the Finance Manager (Head of Accounts - location specific).
- v. All unbudgeted capital expenditure above \$10,000 will be escalated to the Director – Finance /Chief Financial Officer for his or her decision and will be approved by the President based on the Director – Finance /Chief Financial Officer's recommendations.

c. The table below summarises the above delegations:

Amount <i>(All amounts are stated in Australian Dollars and its equivalent in local currency will apply in other campuses)</i>	Budgeted	Approving Authority
Operating Expenditure – Budgeted		
Up to \$500 or equivalent	Yes	Relevant Department Head
Up to \$ 5,000 or equivalent	Yes	Relevant Course Director (Dean) or HoC
Up to \$25,000 or equivalent		Select Designated Department Heads
Up to \$50,000 or equivalent	Yes	Director – Finance /Chief Financial Officer / Vice President (Administration)
Above \$50,000 or equivalent	Yes	President
Operating Expenditure – Adhoc		
Up to \$1,000 or equivalent	No	Finance Manager (Head of Accounts -location specific)
Up to \$10,000 or equivalent	No	Director – Finance /Chief Financial Officer/Vice President – Administration
Above \$ 10,000 or equivalent	No	President

Amount <i>(All amounts are stated in Australian Dollars and its equivalent in local currency will apply in other campuses)</i>	Budgeted	Approving Authority
Employee Payouts		
Monthly Salary	Yes	Regular Salary on approval of Finance Manager (Head of Accounts-location specific) and Director – Finance / CFO / Vice President (Administration)
Bonus or Incentives	Yes	President /CFO / Vice President - Administration
Capital Expenditure – Budgeted		
Up to \$5,000 or equivalent	Yes	Select Designated Department Heads
Up to \$50,000 or equivalent	Yes	Director – Finance /Chief Financial Officer/Vice President Administration
Above \$50,000 or equivalent	Yes	President
Capital Expenditure– Adhoc		
Up to \$10,000 or equivalent	No	Director – Finance /Chief Financial Officer/ Vice President (Administration)
Above \$10,000 or equivalent	No	President

d. All expenditure outside of pre-approved budgets must follow the below procedure:

- i. Before committing to any expenditure, staff members must ensure they have the required approval in writing. “In writing” includes email approval; approval via a School policy; a petty cash voucher, quotation or contract signed by a person with appropriate financial authority; or approved within the thresholds below.
- ii. In their interactions with students, staff members must also be cautious not to commit, either in writing or verbally, any expenditure that has not received appropriate prior approval.
- iii. This process also applies to staff reimbursements. Accordingly, staff members must ensure they have appropriate approval before undertaking any activity for which they will later seek reimbursement from the School.
- iv. In particular, non-routine infrastructure, repairs, maintenance and other expenses whether operational or not will
 - Need accounts approvals at the proposal stage
 - After due approval from Accounts the same will require 3 quotations
 - Internal audit will review the quotations check with market and choose the best option
 - This will be then included in the monthly budget
 - Purchase orders can then be placed
 - Accounts will make the necessary transfer

- e. In addition, the following **monthly purchases limits** will apply:
 - i. The Administration Department is authorised to purchase essential stationery each month up to a maximum value of \$1500, after which further approval is required.
 - ii. The Facilities and Accommodation Department is authorised to purchase essential items for the repairs and maintenance of campus and accommodation facilities up to a maximum value of \$1500 per transaction, after which further approval is required.
 - iii. The IT Department is authorised to purchase essential computer and telephone hardware for staff members, in particular when a new staff member joins. The IT Department is also authorised to purchase essential items for the repairs and maintenance for campus, IT and accommodation facilities up to a maximum of AUD \$100 per transaction, after which further approval is required.
 - iv. The Library is authorised to purchase essential subject resources once the final subject outline is received. The quantity of any one resource purchased will align to the class size and is set by the Library Collection Development Plan.
 - v. All payments made by electronic funds transfer will be submitted by the Finance Manager and released by the Head – Finance & Accounts, to ensure a dual-approval process when releasing money from the School’s bank accounts.
 - vi. All expenses that exceed \$5,000, whether capital or operations, must receive endorsement from the Head – Finance & Accounts and be approved by the President/Vice President (Administration) or Director – Finance/Chief Financial Officer.
- f. Any unavoidable emergency approvals done in exceptional circumstances when the authorised staff is not contactable/available will need to be ratified by the approving authority.

5. Purchasing Procedures

- a. Purchase procedures aim to secure services, materials, supplies and equipment from a responsible and responsive vendor who offers the lowest cost.
- b. The Finance Manager will oversee, and coordinate purchasing and will be supported by accounts/purchasing executives for this purpose.
- c. As a general rule, and where applicable, all purchases above \$1500 will be made through a purchase requisition and after obtaining a minimum of two bids.
- d. All expenses that are expected to exceed \$5,000 must be accompanied by three written quotations unless it is of the nature of regular purchases.
- e. It is understood that there are occasions when more than one quotation is not possible. Examples include specialised products not available elsewhere and agreements with preferred suppliers.
 - i. In these instances, an appropriate justification must be provided, and the Finance Manager will use his or her discretion for such amounts up to \$ 1,000.
 - ii. For any amounts above \$ 1,000 any waiver to the procedures of obtaining two quotations will be approved by the Director – Finance /Chief Financial Officer or his or her delegate.
- f. Appendix 1 provides detailed purchasing procedures and processes which must be followed.

6. Conflict of Interest Declaration

- a. Purchasers must not be involved in transactions with any suppliers where a conflict of interest, real or perceived, may exist. If, in the normal course of a staff member's duties, he/she is confronted with a purchasing decision where a conflict of interest may exist with a supplier, the member of staff is to advise his/her supervisor of the conflict and take no further part in the transaction.
- b. Supervisors are to allocate the purchasing decision to another member of staff in such circumstances. The staff member to whom the conflict relates to is to stand down from the purchasing decision and take no further part in the transaction.
- c. Examples of conflicts of interest include, but are not limited to:
 - i. A transaction between a staff member and a member of his/her family or close friend or associate.
 - ii. A staff member being a director, officer, employee, agent, partner, associate, trustee or consultant to an entity which enters into a contract or transaction with the School.
 - iii. Accepting gifts, entertainment, discounts or other favours from any individual or entity that is seeking to do business with the School.

7. Policy Compliance and Oversight

- a. The purchaser is responsible for ensuring that purchases are supported by the appropriate documentation, and that this documentation is forwarded to Procurement.
- b. Purchase compliance testing and review will occur periodically. Non-compliance with this policy will be notified to the manager or head of the area
- c. The 'splitting' of expenses to avoid scrutiny and keep each transaction below a set threshold breaches this policy.
- d. Disciplinary action may be taken against staff members who breach this policy. The School reserves the right to make salary deductions or not issue reimbursements when staff members have been found to commit School funds without approval.

Related Documents

- a. Delegations Authority Policy and Schedule
- b. Financial Management Policy
- c. Financial Accounting Procedures Handbook

Appendix 1: Detailed Purchasing Procedures and Processes

Function	Responsibility
Purchaser/Originator	Raise Purchase Requisitions
Budget Manager/Approver	Approves PRs
Checkers /Accounts Head and Purchaser/Originator	Checks and approves invoices
Account Payable	Process payment for approved invoices

1. Purchase Origination

- a. Appropriate pre-purchase strategy (e.g. solicitation of written quotes, request for quotation, request for tender).
- b. Step 2: Purchase Requisitions.
- c. Step 3: Purchase Orders (including, where relevant, Open Purchase Orders).
- d. Step 4: Purchase Approval Gate.

2. Purchase Requisition (PR)

- a. Purchase requisitions (PR) must be raised online for all goods and services on a separate email, except for:
 - i. Routine utility bills, rent, stationery where there is no increase
 - ii. Variable photocopier costs ("Click" rates, staples, etc.) where there is no increase
 - iii. Student refunds and prizes where there is no increase
 - iv. Bank Drafts and Telegraphic Transfers required in foreign currency where there is no increase
 - v. Memberships and subscriptions where there is no increase
 - vi. Library stock acquisitions where there is no increase
- b. Under no circumstances should the School receive goods or services without an approved PR and an approved Purchase Order (PO) unless specifically exempted as above.
- c. The person raising an online PR may not approve the requisition. Similarly, the person approving a new supplier addition may not also be responsible for setting up the financial and banking detail. Segregation of duty must be maintained at all time to ensure integrity, respect and transparency.

3. Purchase Orders (PO)

- a. A PR becomes a PO when the appropriate approval is obtained through the workflow process from a head who has the appropriate financial authority to approve the requisition.
- b. Departmental units are responsible for validating the PO order details against the PO number quoted on the tax invoice by the supplier.
- c. An approved PO must be generated in Precoro prior to the acquisition and delivery of goods and/or services.
- d. POs that are not created in accordance with the requirements of the policy will not be approved and will be referred back to the originator.
- e. Suppliers are required to quote the relevant PO number on all tax invoices.

- f. When POs are raised as part of the awarding of a contract, such POs must not be released until the contract or relevant written document has been completed and formally executed in accordance with the School's Contract requirements.

4. Purchase Approval Gate

- a. A Purchase Requisition (PR) becomes a Purchase Order (PO) when the head of department who has the appropriate financial authority approves the requisition.
- b. The Procurement Department then reviews the purchasing process to ensure that all required steps have been followed, and the PO can be created. An approved PO must be created prior to the acquisition and delivery of goods and/or services.

5. Payment Terms

- a. The payment terms in the Purchasing Terms and Conditions, attached to each PO, supersede all payment terms specified unless prior approval is obtained from Procurement or a Contract Agreement following Contract Agreement Policy is signed with a different payment term.

6. Invoice approval and payment

- a. The following process flow is implemented for payment of approved invoices:
 - i. Suppliers email invoices to Finance Department Head directly and not to the Originator
 - ii. Finance scan, validate and forward the invoice to the purchaser/requestor for approval
 - iii. Requestor approves or rejects invoice accordingly
- b. By approving the invoice, requestor acknowledges that goods or services have been supplied as per the purchase order, quantities and price are correct, and that the goods or services provided are of the quality and in the condition specified.
 - i. The invoice is matched to the purchase order in the Finance system.
 - ii. The invoice is then forwarded to the Finance Department for payment
- c. Wherever Precoro flow is available, we are going to use the automatic workflow of Precoro and it is advisable to put all approvals in Precoro rather than manual mails.

7. Evaluating Quotations and Tenders

- a. Procurement will be performing the evaluation of quotations and tenders and provide the analysis to the requestor.
- b. When evaluating quotations and tenders the following assessment criteria may include but not limited to:
 - i. Compliance to the purchasing specifications
 - ii. Price
 - iii. Quality
 - iv. Service delivery timelines
 - v. Installation and maintenance support services
 - vi. Experience and reliability of the supplier
 - vii. Warranty or Guarantee
 - viii. Third party beneficiary

- ix. Mitigation of risk to the School and compliance with requirements of the School's Risk Management Policy including a risk assessment and consultation where applicable
 - x. Compliance with relevant Australian Standards (AS) where applicable or an acceptable international equivalent
 - xi. Quotations for routine items will be reviewed yearly
- d. An evaluation matrix will be generated for each category of purchase by Procurement through consultation with the purchaser to ensure all needs from the purchasers are captured in the evaluation of suitable suppliers. It should be noted that the mandatory criteria provided in the matrix must be evaluated as part of the evaluation process. The variable criteria may be tailored to suit the requirements of the individual tender.

8. Purchasing Procedure

- a. The preferred methods of purchasing, in order of preference, are corporate credit card, electronic funds transfer, staff member reimbursement and petty cash. The School entirely understands that staff members may wish to opt for petty cash as opposed to reimbursement and no explanation will be sought if this is the staff member's preference.
- b. To receive petty cash, staff members must complete and sign a petty cash voucher and submit it to the Finance Manager. The Finance Manager will not issue cash unless they are satisfied that appropriate approvals have been sought.
- c. All requests routed through precoro system need to be aligned with the budget.