

Governance Service and Finance Purchase Order Review for Cost Centre Managers

SOP manual for Businesslink

*Standard operation procedures for delivering NSW Businesslink's products
and services*

Version: 1.0

March 2011

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The review panel for this document is:

Manager, Corporate Finance

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Introduction

Purpose

The purpose of this document is to provide standard operating procedures for Cost Centre Managers to review outstanding purchase orders.

Background

Cost Centre Managers are responsible for ensuring that purchase orders are current and correct.

They have the delegated authority under Section S12 of the Public Finance and Audit Act to raise Purchase Orders (i.e. authority to commit or incur expenditure on behalf of Businesslink) within their budget and delegation limits.

Businesslink is required to report its commitments in its annual report. Purchase orders contribute to the commitment value and are subject to review by the Audit Office.

Regular purchase order review

Outstanding purchase orders are to be reviewed and:

- if they were raised in a previous financial year, should be closed and if still required, raise a new purchase order for the goods or service
- if the goods or services have been delivered, should be closed
- if the goods or services have not been delivered and are still required, cost centre managers should follow-up with the supplier

Review prior to audit

Prior to the April audit, all open purchase orders, regardless of whether they are overdue or not, are to be reviewed at the end of March.

End of year review

As part of the June review, all standing purchase orders are to be closed with new purchase orders raised for the new financial year.

Audience

The audience for this document includes:

- Cost Centre Managers

Roles and responsibilities

Role	Responsibilities
Cost Centre Managers	<p>Responsible for monitoring and reconciling expenses within their delegate authority, including:</p> <ul style="list-style-type: none">• monitoring and reconciling the cost centre reports• verifying that there is source documentation (expense voucher, purchase order, email, etc.) for all transactions• verifying that transactions are in accordance with Public Finance and Audit Act• following up on questionable transactions and document what steps will be taken• following up on outstanding and overdue purchase orders.
Accounts Payable	Responsible for performing day to day processing of financial transactions and distributing the Outstanding Purchase Orders report.
Contractor Engagement Team	Responsible for raising and maintaining purchase orders.
Contractor and Relationship Management	Responsible for raising and maintaining purchase orders.

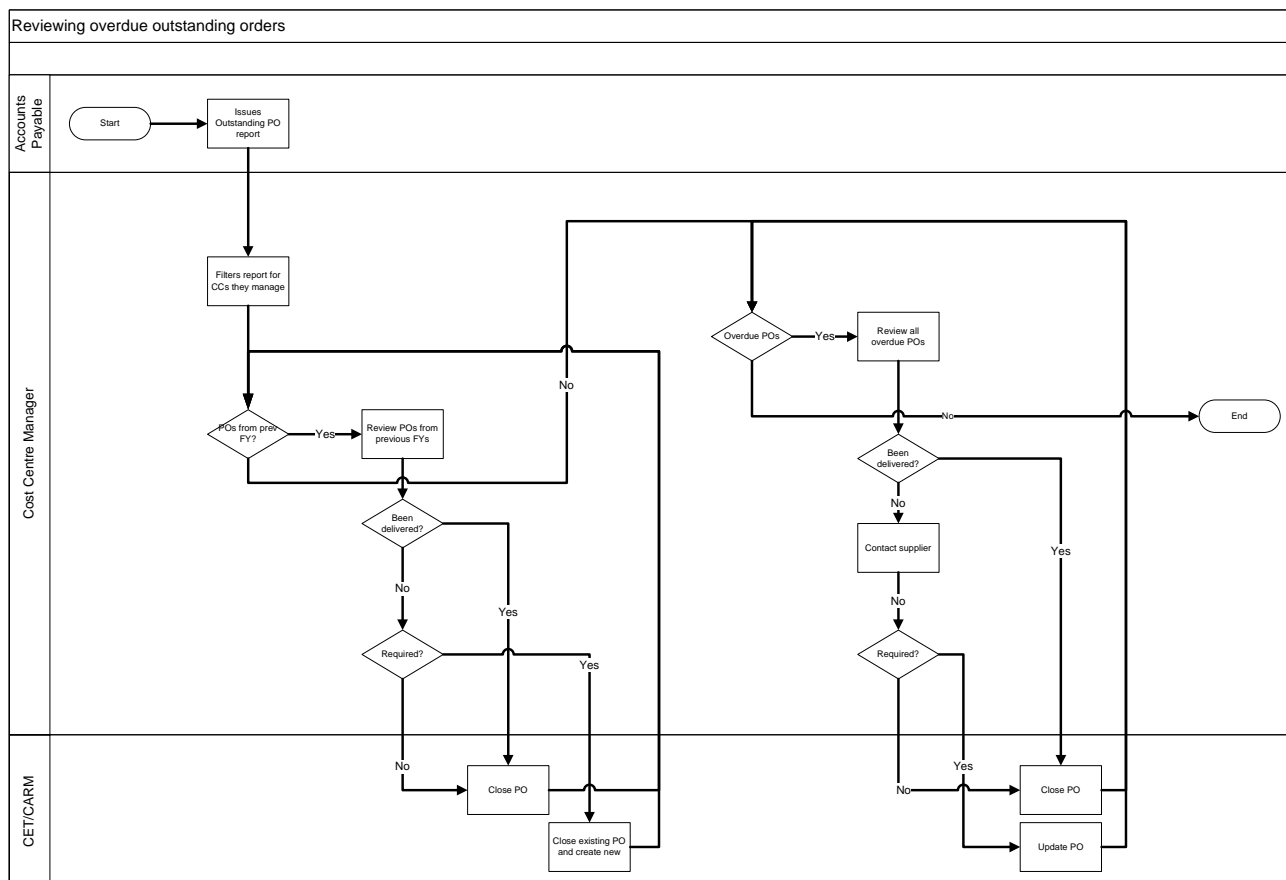
Reviewing outstanding purchase orders

Overview

Accounts Payable issues the Outstanding Purchase Orders report every Friday. It has a tab listing all purchase orders that are overdue: it being more than 180 days since the intended delivery date. It has a tab for each business unit, listing all their outstanding purchase orders.

Cost centre managers are required to review all purchase orders and take appropriate action, for example, requesting that they be closed if they are not required.

Process flow



Procedures

This process requires the completion of the following procedures:

Procedure	Performed by	To be completed by
1. Reviewing overdue purchase orders	Cost centre managers	Wednesday following the report's issue
2. Reviewing outstanding purchase orders	Cost centre managers	Wednesday following the report's issue

1. Reviewing overdue purchase orders

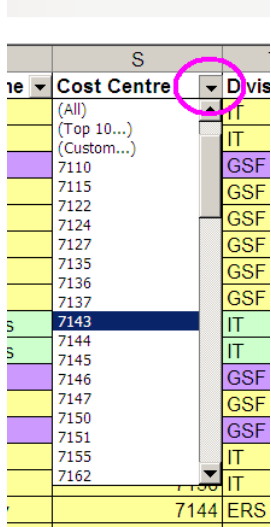
The Highlighted Overdue tab on the Bizlink OS POs report is issued every Friday and lists all purchase orders that have been outstanding more 180 days since the required delivery date.

Cost Centre Managers review the outstanding purchase orders:

- if they were raised in a previous financial year, should be closed and if still required, raise a new purchase order for the goods or service
- if the goods or services have been delivered, should be closed
- if the goods or services have not been delivered and are still required, cost centre managers should follow-up with the supplier.

This task is to be completed by the Wednesday following the report's issue.

Follow the steps below to review overdue purchase orders:

Step	Action	Key points						
1.	Open the Bizlink OS POs report.	<ul style="list-style-type: none">Click the Highlighted Overdue tab.						
2.	Filter the report for the cost centre that you manage.	<ul style="list-style-type: none">Scroll across to column SClick the down arrow next to Cost Centre.Select the cost centre number from the list. <div></div>						
3.	Look for purchase orders raised in a previous financial year.	<ul style="list-style-type: none">Are there any purchase orders that were raised in a previous financial year? <table><tr><th>If...</th><th>Do this...</th></tr><tr><td>yes</td><td><ul style="list-style-type: none">go to the next step.</td></tr><tr><td>no</td><td><ul style="list-style-type: none">go to Step 5.</td></tr></table>	If...	Do this...	yes	<ul style="list-style-type: none">go to the next step.	no	<ul style="list-style-type: none">go to Step 5.
If...	Do this...							
yes	<ul style="list-style-type: none">go to the next step.							
no	<ul style="list-style-type: none">go to Step 5.							

Step	Action	Key points												
4.	Review outstanding purchase order that were raised in a previous financial year.	<ul style="list-style-type: none">Investigate each purchase order, using the following as a guide:<ul style="list-style-type: none">Have the goods or service been delivered?<table><tr><th>If...</th><th>Do this...</th></tr><tr><td>yes</td><td><ul style="list-style-type: none">request that the PO be closed. See <i>Closing purchase orders</i> on page 9.</td></tr><tr><td>no</td><td><ul style="list-style-type: none">determine whether the PO is still required.</td></tr></table>Is the PO still required?<table><tr><th>If...</th><th>Do this...</th></tr><tr><td>yes</td><td><ul style="list-style-type: none">request that the PO be closed and a new PO raised. See <i>Closing purchase orders</i> on page 9.</td></tr><tr><td>no</td><td><ul style="list-style-type: none">request that the PO be closed. See <i>Closing purchase orders</i> on page 9.</td></tr></table>	If...	Do this...	yes	<ul style="list-style-type: none">request that the PO be closed. See <i>Closing purchase orders</i> on page 9.	no	<ul style="list-style-type: none">determine whether the PO is still required.	If...	Do this...	yes	<ul style="list-style-type: none">request that the PO be closed and a new PO raised. See <i>Closing purchase orders</i> on page 9.	no	<ul style="list-style-type: none">request that the PO be closed. See <i>Closing purchase orders</i> on page 9.
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If...	Do this...													
yes	<ul style="list-style-type: none">request that the PO be closed and a new PO raised. See <i>Closing purchase orders</i> on page 9.													
no	<ul style="list-style-type: none">request that the PO be closed. See <i>Closing purchase orders</i> on page 9.													
5.	Review all other purchase orders that have been outstanding for more than 180 days.	<ul style="list-style-type: none">Investigate each purchase order, using the following as a guide:<ul style="list-style-type: none">Have the goods or service been delivered?<table><tr><th>If...</th><th>Do this...</th></tr><tr><td>yes</td><td><ul style="list-style-type: none">request that the PO be closed. See <i>Closing purchase orders</i> on page 9.</td></tr><tr><td>no</td><td><ul style="list-style-type: none">Contact the supplier to find out when the goods or service will be delivered.</td></tr></table>Is the PO still required?<table><tr><th>If...</th><th>Do this...</th></tr><tr><td>yes</td><td><ul style="list-style-type: none">advise AP that PO is still required with an amended delivery date.</td></tr><tr><td>no</td><td><ul style="list-style-type: none">request that the PO be closed. See <i>Closing purchase orders</i> on page 9.</td></tr></table>	If...	Do this...	yes	<ul style="list-style-type: none">request that the PO be closed. See <i>Closing purchase orders</i> on page 9.	no	<ul style="list-style-type: none">Contact the supplier to find out when the goods or service will be delivered.	If...	Do this...	yes	<ul style="list-style-type: none">advise AP that PO is still required with an amended delivery date.	no	<ul style="list-style-type: none">request that the PO be closed. See <i>Closing purchase orders</i> on page 9.
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6.	Next procedure	2. <i>Reviewing outstanding purchase orders.</i>												

2. Reviewing outstanding purchase orders

Cost centre managers review all outstanding purchase orders to determine if they are still required.

This task is to be completed the Wednesday following the report's issue.

Follow the steps below to review outstanding purchase orders:

Step	Action	Key points												
1.	Click the tab for your business group.													
2.	Filter the report for the cost centre that you manage.	<ul style="list-style-type: none">• Scroll across to column S• Click the down arrow next to Cost Centre.• Select the cost centre number from the list.												
3.	Review all other outstanding purchase orders (i.e., those that are not overdue).	<ul style="list-style-type: none">• Investigate each purchase order, using the following as a guide:<ul style="list-style-type: none">- Have the goods or service been delivered?<table><tr><th>If...</th><th>Do this...</th></tr><tr><td>yes</td><td><ul style="list-style-type: none">• request that the PO be closed. See <i>Closing purchase orders</i> on page 9.</td></tr><tr><td>no</td><td><ul style="list-style-type: none">• contact the supplier to find out when the goods or service will be delivered.</td></tr></table>- Is the PO still required?<table><tr><th>If...</th><th>Do this...</th></tr><tr><td>yes</td><td><ul style="list-style-type: none">• advise AP that PO is still required with an amended delivery date.</td></tr><tr><td>no</td><td><ul style="list-style-type: none">• request that the PO be closed. See <i>Closing purchase orders</i> on page 9.</td></tr></table>	If...	Do this...	yes	<ul style="list-style-type: none">• request that the PO be closed. See <i>Closing purchase orders</i> on page 9.	no	<ul style="list-style-type: none">• contact the supplier to find out when the goods or service will be delivered.	If...	Do this...	yes	<ul style="list-style-type: none">• advise AP that PO is still required with an amended delivery date.	no	<ul style="list-style-type: none">• request that the PO be closed. See <i>Closing purchase orders</i> on page 9.
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no	<ul style="list-style-type: none">• request that the PO be closed. See <i>Closing purchase orders</i> on page 9.													

Closing purchase orders

Requests to close or reissue purchase orders are to be directed to the creator of the purchase order by email. The Accounts Payable Officer is not authorised to close or update purchase orders created by the Contractor Engagement Team or CARM.

See the *Contact list* on page 10.

Reference section

Outstanding Purchase Orders report

The Outstanding Purchase Orders report is issued weekly and lists all open purchase orders with a delivery date of more than six months prior.

Highlighted Overdue tab

Lists all and lists all open purchase orders with a delivery date of more than six months prior, colour-coded according to use:

Colour	Legend	Means
	NOT USED	There have been no receipts against the purchase order.
	PARTIALLY NOT USED (3 MONTHS)	There have been some receipts against the purchase order, but not within the previous three months.
	IN USE	There have been receipts against the purchase order within the previous three months.
	REQUESTED TO REMAIN OPEN	

Overdue

Has the same information as Highlighted Overdue tab without the colour-coding.

Business group tabs

List outstanding purchase orders for each business group.

Contact list

Who	Email
CET	BL-contractors-invoicing@dhs.nsw.gov.au
CARM	BL-ITVCU@dhs.nsw.gov.au
Accounts Payable	purchaseorderrequests@dhs.nsw.gov.au

Glossary of terms and definitions

Term	Definition
AP	Accounts Payable
CARM	Contractor and Relationship Management
CET	Contractor Engagement Team
PO	Purchase Order