

 جامعة الشارقة UNIVERSITY OF SHARJAH	Policy Main Title	Fiscal Resources and Procurement	Effective Date	1/10/2021
	Policy Subject	Purchase Order Management	Last Review date	11/12/2025
	Policy Number	FRP-19	Next Review date	10/03/2028
	Responsible Entity	Procurement and Supply Chain Department	Approved By	VCFAA

Overview

Purchase Order “PO” is a legally binding document made with vendors that serve as a tool when placing order during the procurement lifecycle and outlines UOS’s terms and conditions for the provision of material / goods or services requested by end user.

Scope

This policy applies to all staff in the procurement department. The scope of the Ordering process includes the Purchase order placement, Open purchase order, Repeat purchase order, Purchase order amendments, Purchase order cancellation, and Purchase order closure.

Purpose

The main purpose of this policy is to:

- Officially communicate UOS’s procurement requirements to vendors in line with the purchase requisition details and end users’ needs.
- Ensure that all details submitted to vendors are in line with the UOS’s requirements and standards.
- Governing the overall ordering process through a legally binding document made with the appropriate vendors in order to protect the UOS’s legal right during the procurement lifecycle.
- Monitor the performance of vendors through clear criteria and guidelines articulated in the approved purchase order agreed with vendors.

Abbreviations and Definitions

UOS: University of Sharjah.

PRs: Procurement Requisitions.

POs: Purchase Orders

Policy

- All purchases made by UOS shall be accompanied with a purchase order depending on the nature of goods/material / service requested by end users.
- All POs shall be linked to PRs on the system in order to ensure integrity and accuracy of data.
- POs shall be issued only to vendors who demonstrated their capabilities and competencies during the pre-qualification and evaluation process and those who are awarded by the UOS.
- All contracts made with vendors shall be accompanied with a complementary purchase order (internal purchase order) depending on the type of contract, and purchase orders shall be linked to all contracts uploaded on the system.
- The Procurement Team shall monitor the status of open purchase orders by obtaining weekly feedback and inputs from end users with respect to the expected delivery / service date and discuss the reason of delay or any issues (if any) in deliveries associated to purchase orders.

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- Repeat Purchase Order aims at shortening the ordering process by placing similar orders for material / services over a specific period of time with a minimal intervention of the Procurement Team and therefore increasing the overall efficiency of the P&SC Department by reducing the level of effort, time and approval of (POs).
- The Procurement team is responsible for managing the overall process of PO amendment and any variation(s) that might be the result of a change in goods / material specifications, quantities, prices or service's scope of work, etc.
- End users shall ensure the accuracy of invoices, whether for a progress payment or final payment on the system within 2 working days from the receipt date of invoice.
- The Procurement Team shall ensure that no quantities / service milestone shall remain open in the system and all goods / material / services are received as per the PO's line items and contract's terms and conditions.
- Purchase Orders shall be only closed on the system after closing the "Store Receipt Voucher" and "Service Receipt Voucher" and ensuring that all goods / material / service is received or rendered by vendors.

Procedures

Purchase Order Placement

- All purchases made by UOS shall be accompanied with a purchase order depending on the nature of goods/material / service requested by end users.
- All POs shall be linked to PRs on the system in order to ensure integrity and accuracy of data.
- POs shall be issued only to vendors who demonstrated their capabilities and competencies during the pre-qualification and evaluation process and those who are awarded by the UOS.
- Small purchases / incidental expenditures up to 10,000 AED can be paid through petty cash in line with the approved petty cash policy in the Finance manual and do not require the issuance of purchase order. However, some purchases exceeding 10,000 AED might also follow the petty cash policy articulated in the Finance manual with are subject to exceptional approval from the Finance department to deviate from the standard purchasing process stipulated in this manual.
- For such purchases, invoices shall be directly submitted by end users to the Finance department for verification and payment. These types of purchases shall include, but not limited to, the following:
 - The renewal of annual memberships and subscriptions,
 - Ordering office supplies from an approved vendor, and
 - The reimbursement of travel expenses (transportation, food, etc.).
- All contracts made with vendors shall be accompanied with a complementary purchase order (internal purchase order) depending on the type of contract, and purchase orders shall be linked to all contracts uploaded on the system (***please refer to policy Contract Management Lifecycle***).

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The following are the types of purchase orders that the Procurement team shall consider when placing orders:

Type of Purchase Order	Criteria
Standard Purchase Order (SPO)	<ul style="list-style-type: none"> ▪ Used when the Procurement Team identifies the need for a one-off purchase of goods / material / service, and for orders where the details, specifications and price of goods / material / services are simple and clear. ▪ No contract is required for such type of purchase order.
Complementary Purchase Order (CPO)	<ul style="list-style-type: none"> ▪ Used when contract is required for such type of purchase order <i>(Please refer to policy FRP-17 for further details about the contract criteria)</i>.

- The Procurement Team shall create a PO on the system in line with the PR details and shall be subject to review and approval within 3 working days in line with the DOA.
- Complementary POs shall not be shared with the awarded vendor. Such type of POs is used for internal monitoring purposes by the Procurement Team.
- The PO shall include, at a minimum, the following information:

Goods / material	Service	Project
Specific information		
Good / material type and specifications (in conformance with the approved purchase requisition / BOQ submitted by end users)	Service's scope of work (in conformance with the approved TOR submitted by end users)	Project details and scope (in conformance with the approved SOW submitted by end users)
Required quantities	Duration of service	Duration of the project
Unit of measurement	Price of service (monthly, annually, etc.)	Price of project per phases
Unit / Total Price	Total price of service	Total price of project
Delivery dates (including partial deliveries, etc.) and transportation and logistics terms and conditions (in conformance with the Incoterms*), if applicable.	Services milestones provided (in a chronological order)	Project phases provided (in a chronological order)
General / Common information		
Vendor's name and contact details		
Purchase order's issuance date		
Currency		
General / special payment terms and conditions (including penalties, partial, interim, etc.)		
Contact details for submitting complaints		

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- The Procurement Team shall submit the approved PO to the awarded vendor within (2) working days from the approval date and shall seek a written acknowledgment from the vendor via email as a confirmation and willingness to initiate the goods / material / service / project delivery.

Open Purchase Order

- The Procurement Team shall monitor the status of open purchase orders by obtaining weekly feedback and inputs from end users with respect to the expected delivery / service date and discuss the reason of delay or any issues (if any) in deliveries associated to purchase orders.
- A monthly summary performance report shall be developed by the Procurement Team including the status of purchase orders (closed, pending, open for more than 30 days, 60, days, 90 days and more than 180 days, etc.) and highlighting any delay or issues in deliveries identified with vendors.
- The summary performance report shall be submitted to the P&SC Director on a monthly basis in order to provide a better clarity about vendor's delivery performance throughout the year

Repeat Purchase Order

- Repeat Purchase Order aims at shortening the ordering process by placing similar orders for material / services over a specific period of time with a minimal intervention of the Procurement Team and therefore increasing the overall efficiency of the P&SC Department by reducing the level of effort, time and approval of (POs).
- Repeat purchase orders might be placed by the Procurement Team under the below circumstances:
 - Items ordered have been delivered successfully,
 - When purchase orders include same prices, terms and conditions including delivery schedule as per service / goods / material requirement,
 - Repeat Orders shall be placed within 6 months period from the date of supply against previous order, and
 - This provision might be also exercised in case of Single Source Procurement. However, where multiple vendors are available, necessary care should be taken in exercising such option.
- Repeat purchase orders shall be reviewed and approved in line with the DOA.

Purchase Order Amendment

- This section will outline the policies related to standard purchase order amendment. Any amendment involving contract made with vendors shall be treated separately as part of the contract amendment process and shall abide by the provision(s) articulated *in "Contract Amendment"*.
- The Procurement team is responsible for managing the overall process of PO amendment and any variation(s) that might be the result of a change in goods / material specifications, quantities, prices or service's scope of work, etc.
- Purchase order shall be amended in case any of the following condition is met:
 - Changes in goods / material quantities;
 - Change in goods / material / service price;
 - Change in expected delivery dates;

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- Change in specific terms and conditions; and
 - Work details which could not be assessed prior to commencement of the work / service / project.
- End user shall amend the respective PR line items and raise it along with the related business justification(s) to the Procurement Team.
 - Budget revision approval shall be obtained by the end user from the Finance Department in order to ensure the sufficiency of budget allocated to the amendment requested by end users.
 - The Procurement Team shall review and assess the justification(s) received from end users and ensure its validity prior to proceed with the amendment.
 - If business justification(s) deemed valid and appropriate, PO amendment shall be processed within (3) working days and shall be sent to vendors after seeking the required approval in line with the DOA.

Purchase Order Cancellation

- Purchase order cancellation is the act of discontinuing a pre-established commitment with vendors for the provision of material / project / service requisition. Cancellation of (PO) shall be considered when vendor does not honor his commitment and fails to deliver as per the PO's terms and conditions or in case the need for materials and services are no longer required by UOS due to business changes or Management decisions.
- This section will outline the policies related to standard purchase order (SPO) cancellation. Any termination of contract made with vendors linked to a Complementary PO shall be treated separately as part of the contract management lifecycle and shall abide by the provision(s) articulated *in "Contract Termination"*.
- The Procurement Team has the right to cancel a standard PO under, but not limited to, the following circumstances:
 - Goods / material / service specifications or performance level is below end users' expectations and UOS's quality standard, and when there is no further opportunity / possibility to enhance the quality or improve the service by vendor,
 - Vendor has failed to commence the work / start the supply, or has without any lawful excuse under these conditions suspended the work / supply,
 - If the vendor has acted in any manner detrimental to the interest, reputation, dignity, name or prestige of UOS and breached its terms and conditions,
 - If vendor / contractor has contracted with another sub-contractor to supply the agreed goods / material or services without prior approval from UOS,
 - Goods / material or service is no longer needed by UOS,
 - A notification from vendors about supply discontinuation due to unforeseen event, and
 - Bankruptcy or insolvency of vendor.
- For goods / material requisition, and prior to the issuance of a PO cancellation, the Procurement Team shall notify its vendor to verify that the goods / material has not been shipped to the UOS's warehouse.
- In case the goods / material has been shipped, the situation shall be handled through negotiation on case-by-case basis to ensure protecting UOS and vendor's interests.

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- The Procurement Team shall hold discussion with end users prior to proceeding with the PO cancellation, to assess the impact of delay of receiving the requested goods / material / service / projects.
- Cancellation of PO shall be made in line with the DOA and shall be immediately communicated to the respective end users and designated vendor in order to avoid any potential conflict and litigation with the vendor.
- In the event where end user's plans are not significantly impacted by such delay, the Procurement Team shall adopt the same sourcing method initially adopted to procure end users' requirements, and the bidding process shall be initiated accordingly.

Purchase Order Closure

- Throughout the PO lifecycle, storekeeper shall raise a "Store Receipt Voucher" on the system against the received goods / material.
- While end users shall raise a "Service Receipt Voucher" on the system for the service rendered by vendors as per the PO's line items / contract terms and conditions.
- End users shall ensure the accuracy of invoices, whether for a progress payment or final payment on the system within 2 working days from the receipt date of invoice, through the reconciliation of the following:
 - **For goods / material requisition:** the "Store Receipt Voucher" matches the PO's line items / details and the contract's terms and conditions.
 - **For service requisition:** the "Service Receipt Voucher" matches the service milestones and details specified in the PO / contract terms and conditions.
- The Procurement Team shall ensure that no quantities / service milestone shall remain open in the system and all goods / material / services are received as per the PO's line items and contract's terms and conditions.
- Purchase Orders shall be only closed on the system after closing the "Store Receipt Voucher" and "Service Receipt Voucher" and ensuring that all goods / material / service is received or rendered by vendors.

KPIs - Purchase Orders

KPI	KPI Measure	Target KPI
Conversion rate of PR to PO	(Total number of PRs raised during the year / total number of POs placed during the year) *100	100%
Average cycle time of PO issuance	(Total time from approving the POs to issuing POs to vendors / Total number of POs placed during the year) *100	less than or equal to (2) working days