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SA Health

# Policy

## Requisition, Purchase Order and Invoice Management Policy

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Version 4

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Government  
of South Australia

SA Health

## 1. Name of Policy

Requisition, Purchase Order and Invoice Management Policy

## 2. Policy statement

This policy supports consistent and appropriate practices and controls for the creation and processing of requisitions, purchase orders and payment of invoices relating to the purchase of goods and services.

This policy applies to the use of the Oracle Corporate System (Oracle) and the SA Health Invoice Processing Solution (Basware).

## 3. Applicability

This policy applies to all employees and contracted staff of SA Health; that is all employees and contracted staff of the Department for Health and Wellbeing, Local Health Networks (including state-wide services aligned with those Networks) and SA Ambulance Service.

This Policy excludes the purchase of goods and services using a SA Government Purchase Card.

This Policy excludes non-invoice payments such as employee and non-employee reimbursements or refunds which are form-based approvals. Refer to Shared Services SA ([SSSA](#)) [Invoice Payments FAQs](#).

## 4. Policy principles

SA Health's approach to Requisition, Purchase Order and Invoice Management Policy is underpinned by the following principles:

- > We exercise probity in all stages of procurement
- > We conduct our work with transparency and accountability
- > We act with honesty and integrity

## 5. Policy requirements

### **Non-Catalogue Requisition and Purchase Order Management**

Requisitions and purchase orders must be used unless the item is listed in the approved Purchase Order Exemption List (refer Appendix 1) or where conditions described in the section Low Value Purchases are met.

Requisitions and purchase orders must be created, approved and managed in Oracle.

Purchases are not to be split to circumvent (or be perceived to circumvent) procurement policy and appropriate approval requirements.

Requisitions must be provided with a meaningful description and contain as much information as possible to enable Purchasing to source and the Supplier to deliver the required product. The [Oracle Requisitioner User Guide](#) 'for SA Health internal use only' on the Oracle Assist website provides detailed information on completing a requisition.

Any changes to a requisition must be made by the requisitioner. Requisitions requiring changes are to be returned immediately for action.

Purchasing will follow up purchase orders un-receipted at the end of the month, one month in arrears.

Purchase orders receipted that do not have an invoice matched and paid against the receipt will have the entry reversed and the purchase order closed after 90 days.

Retrospective purchase orders are not permitted with the exception of implantable devices and consignment stock which are used based on patient outcomes and then invoiced.

### **Standing Purchase Orders**

A Standing Order must be used where regular deliveries or regular payments will be made against it (for example, perishable food items, temporary staff services engagements or long-term service contracts for equipment). A standing order can be structured as either a dollar value amount or a quantity of goods or services.

Purchasing will review open Standing Orders at the end of each financial year.

### **Supporting Documentation**

Requisitions valued above \$10,000 up to and including \$55,000 (inc GST) must have a written supplier quote attached.

Evidence of the required procurement documentation must be attached to requisitions above \$55,000 (inc GST) where the purchase order forms the contract (instead of an executed agreement).

Requisitions that do not contain the required documentation will be returned to the requisitioner.

### **Invoice Management**

Suppliers must be requested to send all invoices directly to [SSSA](mailto:SSSA) at [APHealthInvoices@sharedservices.sa.gov.au](mailto:APHealthInvoices@sharedservices.sa.gov.au). SSSA will scan and compliance check the invoice prior to work-flowing it (within Basware) to the business unit for actioning if required.

At the time the goods and/or services are delivered/provided, the goods and/or services as received, must be receipted by the requisitioner in Oracle. SSSA will then match the invoice to the receipt, and the invoice will be released for payment.

Short payment of an invoice is not permitted. If an invoice is issued in error, the requisitioner must contact the supplier for a credit note/new invoice.

Credit notes received from a supplier must be forwarded to SSSA for processing via email to [APHealthInvoices@sharedservices.sa.gov.au](mailto:APHealthInvoices@sharedservices.sa.gov.au).

### **Approval**

Approval of a requisition provides financial authorisation to enter into contract as required by [Treasurer's Instruction 8 – Financial Authorisations](#).

Approval of requisitions and payment of invoices must only be approved by the delegate holding the appropriate financial delegation.

Appropriate authorisations within DHW must include:

- > *Approval of requisitions*
- > *Authority to issue a Purchase Order subject to the approved financial and procurement authorities*
- > *Authority to Make Adjustment to Invoices*
- > *Payment authorisation within own approved budget allocations (subject to limitation for specific items, for example consultants)*

- > *Authority to approve requisitions or payments for approved Contracts between the Minister for Health and Wellbeing and/or a LHN and/or SAAS and another party (subject to payment authorities for specific items)*

The requisitioner and approver must ensure that they have met all authorisation and policy requirements prior to approving a transaction for example procurement process and approval requirements; and confirmation of receipt of goods / services.

Departmental delegated authorisations are reflected in the SA Health Governance and Delegations System (GADS). LHN delegations are reflected in the respective LHN Financial Authorisation Schedules.

Approvals must be given in a timely manner. The originator of the requisition cannot approve their own requisition.

For purchase order exempt invoices, the certification and payment approval process is managed electronically through Basware.

### **Payments**

Accounts must be paid on time (generally within 30 calendar days of receipt unless alternate provisions exist within contracts). Failure to do so may result in an interest penalty to be paid to the supplier. For further information refer to [Treasurer's Instruction 11 – Payment of Creditor's Accounts](#).

Payments must not be made in advance for goods not yet received or services not yet rendered unless certain criteria is met in accordance with [Treasurer's Instruction 11 – Payment of Creditor's Accounts](#).

Urgent payment requests must only be made in exceptional circumstances and a large fee will be incurred. Contact [SSSA](#) for details.

### **Low Value Purchases (<\$2,200 GST inclusive)**

Purchases valued below \$2,200 (GST inclusive) do not require the creation of a requisition or purchase order with the exception of the purchase of agency staff, where a Purchase Order must be generated for the term of the engagement.

Where a purchase order is not issued, business units can choose to purchase items directly from the supplier.

Prior purchases, procurement approval and the financial authority must be obtained from the appropriate delegate. The person who has organised the purchase of the goods and/or services without a Purchase Order being issued cannot approve their own non purchase order invoice.

Business units must ensure that new products are not purchased without prior approval from the SA Health Product Standardisation Committee. Product advice can be obtained by contacting PSCM Purchasing on 8425 9200 (option 1) or via email: [Health:PSCM – Purchasing](#).

Ensure the appropriate contact and business unit must be provided when ordering to ensure the subsequent invoice are correctly work-flowed and approved in Basware.

Where the contact person named on the invoice or delivery advice (cart note) is not available to acknowledge receipt of the goods, the person receiving the goods must notify the contact person of the delivery as soon as possible. This will enable them to certify the invoice for payment in Basware.

## Purchase Cards

Purchase cards are an efficient alternative for low value purchases up to the purchase cards transaction limit. Refer to the [SA Health Purchase Card Policy](#) for further information on the use of purchase cards.

## 6. Mandatory related documents

The following documents must be complied with under this Policy, to the extent that they are relevant:

- > [Treasurer's Instruction 11 - Payment of Creditor's Accounts](#)
- > [Payment of Creditors Accounts Policy](#)

## 7. Supporting information

- > [Oracle Requisitioner User Guide](#)
- > [SA Health Purchase Card Policy](#)

## 8. Definitions

- > **Basware** means - SA Health Invoice Processing Solution– is used by SSSA to work-flow invoices to business units for certification and approval of:
  - Purchase Order related invoices
  - Non-Purchase order related invoices
  - Non-invoices (for example employee reimbursements) - out of this Policy scope.
- > **Business Unit** means – a unit within SA Health.
- > **Health Site** means – a site administered by SA Health.
- > **Invoice** means - a commercial document issued for payment by a Supplier for goods/services supplied against a purchase order and should contain:
  - The words 'Tax Invoice'
  - A unique reference number
  - Purchase order number (if relevant)
  - The date the document is issued
  - Identity and ABN of the seller
  - Identity and ABN of the recipient
  - Date the product and/or service was sent/delivered
  - Description of the product and/or service
  - Identification of what is a taxable supply
  - Unit price and total amount charged
  - GST payable
  - Credit terms
  - Payment terms (SA Government payment terms are 30 days from receipt of a correctly rendered invoice by the agency or Shared Services and not in dispute).
- > **Oracle** means Oracle Corporate System – is used to create requisitions, work-flow requisitions for approval, receipt purchase orders and pay supplier invoices. Oracle is used for:
  - Requisitioning
  - Purchase orders

- Receipting
  - Invoice payments.
- > **PCMS** means – Procurement and Contract Management System.
- > **Purchase Order** means – a commercial document issued by a buyer to a seller, indicating types, quantities, and agreed prices for products or services.
- > **Purchasing** means - the area within Procurement and Supply Chain management that manage purchase orders.
- > **Requisition** – is an electronic document used to describe the goods/services required, the quantity required and the time frame for delivery of goods/services, and includes the authorisation to proceed with the purchase.
- > **Shared Services SA** means – the branch within the Department of Treasury and Finance that processes invoices and other financial functions for SA Health.
- > **Statewide services** includes Statewide Clinical Support Services, Prison Health, SA Dental Service, BreastScreen SA and any other state-wide services that fall under the governance of the Local Health Networks.

## 9. Compliance

This policy is binding on those to whom it applies or relates. Implementation at a local level may be subject to audit/assessment. The Domain Custodian must work towards the establishment of systems which demonstrate compliance with this policy, in accordance with the requirements of the [System-wide Integrated Compliance Policy \(SA Health\)](#).

Any instance of non-compliance with this policy should be reported to the Domain Custodian for the PSCM Policy and Reporting Policy Domain and the Domain Custodian for the Risk, Compliance and Audit Policy Domain.

## 10. Document ownership

Policy owner:	Policy and Reporting, Procurement and Supply Chain Management, Corporate & System Support Services as Domain Custodian for the PSCM Policy and Reporting Policy Domain.
Title:	Requisition, Purchase Order and Invoice Management Policy
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Contact for enquiries:	<a href="mailto:Health.PSCMPolicyandCompliance@sa.gov.au">Health.PSCMPolicyandCompliance@sa.gov.au</a>

## 11. Document history

Version	Date approved	Approved by	Amendment notes
V4.0	27/07/2022	Deputy Chief Executive, Corporate & System Support Services	Update to new policy framework template. Simplify the policy with essential information only, non-essential information will be covered by a guideline.

			Update references to PSSA requirements
V3.0	07/07/2021	Deputy Chief Executive, Corporate and System Support Services	Amendments related to the new SA Government Procurement Policy Framework, including Treasurer's Instruction 18 Procurement.
V2.4	04/09/2020	Executive Director, Procurement and Supply Chain Management	Minor amendments providing guidance in relation to the aggregation of purchases and the use of forward procurement planning.
V2.3	22/08/2019	Executive Director, Procurement and Supply Chain Management	Minor amendments documenting current operations + new section 4.4.
V2.2	03/05/2018	Executive Director, Procurement and Supply Chain Management	Extension of review date.
V2.1	21/12/2016	Executive Director, Procurement and Supply Chain Management	Incorporating minor changes.
V2	16/11/2016	Executive Director, Procurement and Supply Chain Management	Incorporating internal consultation changes.
V1.1	17/09/2015	Executive Director, Procurement and Supply Chain Management	Removed reference to OPS / Basware transitioned sites to reflect completion of OPS/Basware implementation.
V1	03/07/2014	Portfolio Executive	PE Approved version.

## 12. Appendices – Mandatory Instructions

### 1. Mandatory Instruction 1: Purchase Order Exemption List

## Appendix 1: Purchase Order Exemption List

Exemption Description
Employee and non-employee reimbursements, petty cash re-imburements and recoups
Travel booked through the on-line system from the contracted provider
Workcover payments including settlements
Fringe Benefit Tax (FBT) payments
Local Health Networks and SA Ambulance Service Cash Calls
Utility Payments i.e. Electricity, Water, Gas, Telephone
Procurement and Contract Management System (PCMS) transactions
Purchases made using a SA Health Purchase Card
Urgent clinical purchases being goods or services required for patient treatment the same day or within 24 hours or have an OHS&W impact requiring urgent attention
iPharmacy purchases
Payments between SA Government Agencies
Payments against an established contract where payment terms are defined as pay on invoice
Emergency after-hours repairs required to infrastructure necessary to maintain provision of services
Alternate processing arrangements, approved on a case by case basis due to Business to Business processes for new or existing contracts