

Purchasing



What is Themis Financials?

Themis Financials forms part of the integrated administration system used by the University of Melbourne. Themis Financials is comprised of individual modules which interact with the University's General Ledger database to provide accounting, reporting and financial management functions.

Themis Financials - purchasing

External trading is the process of purchasing goods and/or services from suppliers that are external to the University. The Themis Purchasing module is used to create/process purchase orders and receipt goods received.

When purchasing from external suppliers the following methods may be used:

- Petty cash (up to \$100)
- Employee reimbursements (open)
- Purchase cards (up to \$5,000 and assets under \$1,000)
- Purchase orders (over \$5,000 and assets over \$1,000)

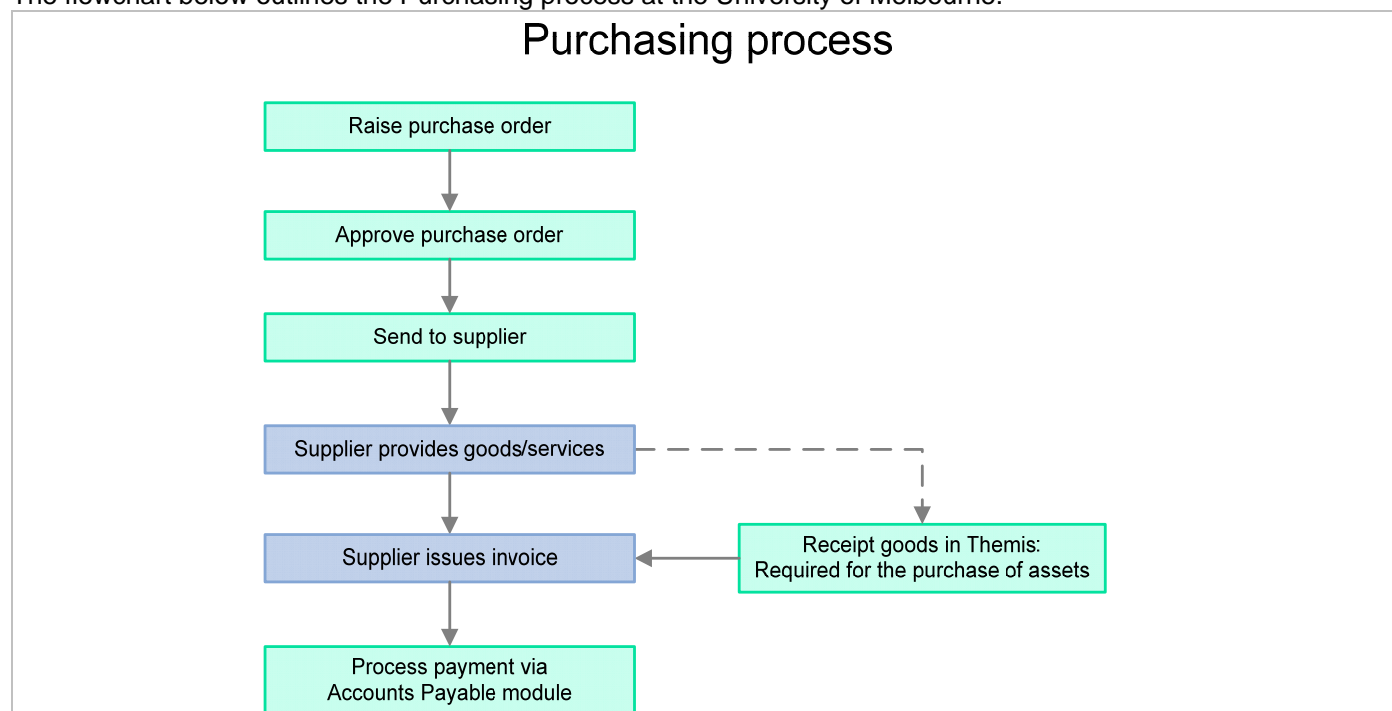
Purchase methods that involve Themis accounts payable:

- **Petty cash** is used when University staff have paid small amounts of money for goods (e.g.: coffee, milk, stationery, etc) and have received an invoice. The invoices are processed through the accounts payable system.
- **Employee reimbursements** are used when staff have incurred out of pocket business expenses for goods and services and received a receipt for the transaction. The receipt is reimbursed from the department's budget using the accounts payable system.

Purchase methods that do not involve Themis:

- **Purchase cards** used for transactions of up to \$5,000 and most departments/faculties have at least one purchase card available for use. Purchases are administered independently of Themis. Financial Operations offers training and guidance on the use of purchase cards.

The flowchart below outlines the Purchasing process at the University of Melbourne.



Purchase order process

When a department has identified a need for goods and/or services to be purchased from an external supplier, the following process may be used to create a purchase order:

- Buyer completes the department requisition process, if applicable.
- Buyer creates a purchase order. **Note:** if the supplier is not already in Themis, the buyer will need to create a new supplier record.
- Approver reviews the purchase order, and may approve, reject or request an amendment.
- Once approved, the purchase order will print to the buyer's printer and may be sent to the supplier, who will provide the goods/services requested.
- If applicable, the purchasing department receipts the goods in Themis (e.g.: when purchasing an asset).

Purchase orders use the natural Account codes in the 5XXX series.

When do I create a purchase order?

You should create a purchase order when you are purchasing goods or services from an external supplier, and an alternative method of purchase (i.e.: petty cash, purchasing card, etc) is not suitable. Please refer to the *Purchase order rules* section below for further details.

Purchase order rules

There are a number of rules that apply to using purchase orders. These are outlined below:

- All purchases of \$60,000 or greater must be approved by the Tender Board.
- A purchase order is compulsory for:
 - All standard purchases over \$5,000
 - Asset purchases over \$1,000
 - All software purchases greater than \$1,500 (as per ITAAG requirements)
 - All dangerous goods, hazardous and controlled substances, drugs, poisons, and therapeutic goods purchases (i.e.: chemicals, radioactive materials, etc)

Structure of a purchase order

Purchase orders in Themis are made up of four main components:

- The **Header** - contains information relating to the type of purchase order and the supplier.
- The **Lines** - contains details of the goods and/or services being ordered.
- The **Shipments** - contains the details of where the goods/services are to be shipped and the type of invoice matching that is required.
- The **Distributions** - contains data about the chart of accounts code/s and debit amounts.

Approving a purchase order

Once a buyer has created a Purchase Order they must submit it for departmental approval before it is sent. The approver is responsible for checking that all the details on the purchase order are correct, and that the purchase is within the University guidelines and policy.

The following conditions must be adhered to when approving a purchase order:

- Payment must be authorised by a University of Melbourne Authorised Officer (with the appropriate financial delegation).
- The Authorised Officer must ensure that goods and/or services being purchased are in accordance with University policy and are for legitimate purposes.
- There must be two parties to the transaction.

For further details on authorising transactions, refer to the *Authoring Officers: Rights and Responsibilities* document available on the Financial Operations website: <http://www.unimelb.edu.au/finops/pdf/authoffproc.pdf>.

What is an asset?

An asset may be broadly defined as any item owned by your department that has a dollar value and will provide future economic benefits. The University of Melbourne makes the following definitions:

- **Minor asset** (or expensed asset) – an item with a unit value of \$1,000 or more (up to \$9,999)
- **Major asset** (or capitalised asset) – an item with a unit value of \$10,000 or more

Asset records are maintained and processed as transactions to the General Ledger via the Themis Fixed Assets module.

A purchase order must be raised for the purchase of an asset \$1,000 or more. Once received, the purchase order must be goods receipted in Themis to record the asset details to enable an update to the University's Asset Register. Refer to the *What is goods receipting* section below for further details.

What is goods receipting?

Goods receipting is performed when goods have been received from the supplier. Receipting is only required for the purchase of assets.

If the delivered goods have met the specified requirements, the invoice must be matched against the purchase order in Themis, and a goods receipt must be created. This process, also known as three-way-matching, is the process by which assets are recorded in the assets register. **Note:** each asset must have its own goods receipt.

For further details refer to the *Receipting the purchase of an asset (goods receipting)* reference card http://www.themis.unimelb.edu.au/resources/RC_Receipting_Goods.pdf

Themis purchasing rules and troubleshooting

Approval

Themis requires buyers who are creating purchase orders and submitting them for approval to have a Position Number attached to their HR Assignment record. As a casual employee does not have a Position Number, they will receive an error message when they try to submit their purchase order for approval. Should you receive such an error message, please contact the Themis Service Desk to arrange for a Position Number to be allocated.

Printing a purchase order

A purchase order should print automatically to the buyer's printer once it is approved. If this doesn't happen please check:

- that the buyer's printer is set in User Profiles
- the buyer's worklist notifications in case the purchase order has an error

If you need to print a copy of a purchase order, you may do so via the report/request function in Themis. **Note:** the duplicate purchase order will contain a *Copy* watermark.

For further detail refer to the *Printing a duplicate copy of a purchase order* reference card http://www.themis.unimelb.edu.au/resources/RC_Duplicate_Purchase_Order.pdf.

Foreign currency

Purchase orders will normally be raised in Australian dollars (AUD), but if a supplier has been created in the database to accept purchase orders in a foreign currency, this will default within the purchase order when the supplier's name is entered.

If you need to amend this currency selection, please contact the Supplier Maintenance staff in Financial Operations.

Goods Receipting

Often the Receipts screen will display a '+' sign beside the Unit of Measure field. This indicates that the item has multiple distributions (account strings). Click on the '+' sign, to expand the line to display each distribution line.

Note: receipting must be completed for each line.

GST

All purchase orders are created exclusive of GST. The GST amount will be added when the purchase order is approved and printed.

University of Melbourne Purchasing Policy

Refer to the *Financial Policy and Procedure guide, section 8. Purchasing (8.3. External Suppliers)* for further details.

Purchasing goods and services from internal suppliers is preferred to purchasing the same or same type of goods and services from external suppliers.

A purchase order facilitates pre-purchase authorisation. Purchase orders are required for the following:

- purchases valued at \$5,000 or more (except utility bills)
- assets valued at \$1,000 or more
- software purchases greater than \$1,500 as per ITAAG requirements
- all store items
- all purchases of dangerous goods, hazardous substances, drugs, poisons and controlled substances and therapeutic goods
- all travel, regardless of value, if charged to a credit account with a University travel provider.

The University of Melbourne, Finance Policy and Procedure can be located at:

<http://www.unimelb.edu.au/FinPPM/FPP0home.htm>

Getting Help

The Themis website (www.themis.unimelb.edu.au) provides written support in a variety of formats:

- Reference cards (step-by-step instructions for specific tasks)
http://www.themis.unimelb.edu.au/support/ref_cards.html
- Information sheets (overview of specific module, function or responsibility)
http://www.themis.unimelb.edu.au/support/documentation/info_sheets.html
- Frequently Asked Questions <http://www.themis.unimelb.edu.au/support/faq.html>

Themis Service Desk

The Themis Service Desk team provides technical assistance from 9am to 5pm, Monday to Friday. You may lodge Themis queries:

- Online: <http://servicedesk.unimelb.edu.au/itsc/themis>
- By email: ea-help@unimelb.edu.au
- By phone: 8344 9500