

## Defining the roles

What should a typical procurement process look like? Who should be responsible for getting approvals – the person requisitioning the item, or the procurement team?

*Assistant administration manager, Abuja, Nigeria*

**JOHN DICKSON** It is essential to the success of any process for the purchase of goods and services to ensure all parties are crystal clear about roles and responsibilities.

There should be a separation of responsibility for raising a requisition for a good or service, raising of a purchase order, handling of vendor data, and payment approval of goods or services received and paid for.

Goods and services can be ordered using procurement cards or through self-billing mechanisms. Invoices should arrive with formal documentation – purchase order (PO) number preferably – so that payment to the supplier is not delayed.

Typically, authorisation for any purchase should be laid out across your company depending on the level of spend, and aligned to budget holder or cost-centre. It should only vary in exceptional circumstances where the authoriser is not available.

**PETER HOBDAY** In our organisation the process will allow any of our employees to raise a purchase requisition for capital expenditure, catalogue items or subcontractors, or external goods and services.

Requisitions go first to the order desk (part of the purchasing function) for checking – except for catalogue items, which go

straight to the budget holder for approval. After the order desk, those requiring purchase approval go to the procurement team and through the hierarchy for approval – purchases of more than €1 million require the CPO's approval.

Once completed, a purchase order is generated and sent to the supplier – with a clear “No PO, no pay” rule enforcing compliance by internal mavericks.

The requisitioner should be responsible for getting approval from procurement and the budget holder hierarchy – this allows for segregation of duties between budget holders, buyers and payers.

**SIGI OSAGIE** This depends on the items being procured and the organisation's policies. Many firms use different processes for procurement of direct materials, non-production items and capital expenditure.

In general, the key stages of a procurement process are – identifying or specifying the requirement, sourcing and ordering the goods or services, receipt, supplier payment and on-going supplier management.

It is common for this process to

### KEY POINTS

- The user requisitions the item, according to the company's processes.
- There should be segregation of duties between budget holders, buyers and payers.
- Procurement raises a purchase order and sends it to the supplier.



### SEND YOUR QUESTIONS TO:

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include the following steps: First, the user clarifies the requirement and raises a requisition, for the cost-centre owner or budget holder to approve.

Second, procurement selects the supplier, finalises pricing, SLAs and T&Cs, raises the PO and approves it.

The last stage includes delivery, invoicing, invoice approval, supplier payment, and on-going supplier management.

Organisations adopt different approaches for PO approvals. For capital expenditure items it is common for the cost-centre owner to approve the PO in addition to procurement.

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