Buying goods and services

Introduction

If you or your team are involved in buying goods or services, you need to understand the policies and processes for doing this. 'Goods or services' could be as complex as a large piece of cutting-edge scientific equipment or as basic as ordering catering for your team awayday. The University spends a considerable amount on goods and services every year and must ensure it is doing so effectively, ethically and transparently to protect its reputation, as well as getting value for money to make best use of our resources.

To ensure we maintain our reputation as a professional, ethical buyer it is important that everyone involved in buying understands the policies and processes, follows these and knows the limits of their authority. The purchasing process covers everyone involved in the purchase (not just the finance team) and is in place to facilitate not obstruct. The aim is to support colleagues in thinking about what to buy, who to buy it from, and what price to pay, and then arrange the purchase in a way that manages risks for the University.

Five steps to get started

1.	Recognise when you are making a purchase	Find out what your team typically buys or whether any unusual purchases are anticipated. Common purchases may include goods such as stationery, lab materials or IT-related equipment, but may also include services such as venue hire, printing, data analysis or consultants. Make sure you recognize when you are making a purchase so you can follow the right processes. Remember, buying from colleges may also constitute a purchase.
2.	Familiarise yourself with the Purchasing Principles	1. Genuine (approved) need for the purchase, with deliverables agreed before commitment to supplier. 2. Value for money is achieved. 3. Budget is available and spend is in line with any restrictions on the budget. 4. The supplier is suitable to undertake the work and to conduct business with the University. 5. The purchase is on appropriate terms and conditions, agreed before commitment is made to the supplier.
3.	Understand how buying should happen	You may already be familiar with the relevant policies and processes, but teams can deviate from good practice through oversight, misunderstanding or because they have not updated their practice. Familiarise yourself with the guidelines and check your team follows them. Once you have started purchasing, consider what do you do well, and what could be improved?
4.	Understand conflict of interest	Consider whether there are, or could be seen to be, conflicts of interest. Read the material on this topic before you begin buying. You must manage your relationship with suppliers carefully, so that you are not open to charges of accepting gifts or hospitality that breach University rules.
5.	Heed your instincts!	If you feel something is not right when purchasing goods or services, stop, think and check. Discuss it with your manager or finance team and seek advice from the Finance Division before going ahead. Trust your instincts.

Common misconceptions to be aware of

- **I can buy from anyone**. The University has a list of preferred suppliers (available via the Finance Division website) who have agreed terms and conditions and deliver value for money. Wherever possible, you should use a preferred supplier unless you can make a case otherwise.
- **Value for money means 'cheapest'**. Value for money is the balance of the full life cost (the initial purchase price and any ongoing maintenance or disposal costs) quality and risk. It takes into account considerations such as 'will they deliver on time to the right place?'.
- **I have budget available, so don't need to consider price.** When making a purchase at home (e.g. a new washing machine or some decoration work) you would normally check the price of different suppliers or get quotations. There is a similar process in place at the University, and it's your responsibility to make sure that you are getting a good deal (value for money). If you are not using a preferred supplier and spending less than £25k you should obtain two quotations. If you expect to spend over £25k from any supplier there are tender processes to follow, and the Purchasing Department must be involved if it is over £100k.
- **I can contact the supplier and place an order.** A purchase order should always be used to place the order with the supplier (with limited exemptions). The purchase order forms a written agreement between the University and the supplier, references the University's terms and conditions, ensure purchases are appropriately approved and enables budget monitoring. Authority to commit the University to spend must have specifically delegated to you – purchase orders are approved by someone with this delegated authority before they are sent to the supplier. This is an important way for the University to manage risks around purchasing.
- **My responsibilities end when I have my delivery.** Don't forget that you need to confirm that you accept what has been received i.e. that you are happy for the University to pay for it.

Further resources

University pages

- The Finance Division's Introduction to Purchasing is a good place to start.
- Browse the Finance Division home page or 'Popular links' list for links to relevant topics. The Expenditure and purchasing page has links to widely-needed subjects such as payments, buying, expenses and using petty cash.
- Staff Gateway's How do I…? page has useful links to finance topics.
- The Policies and statements page of Compliance has links to topics you may need more understanding of such as Conflict of interest and Bribery and fraud.

Related guides from this series

- Understanding finance
- Compliance awareness

About this guide

This guide has been developed for staff who have recently taken on the responsibility of managing other staff members. Guides were produced to cover key topics to induct, guide and support managers through key areas of responsibility. These guides are intended to be 'living documents' and will be re-released over time. Please get in touch with feedback and suggestions: **pod@admin.ox.ac.uk**

People & Organisational Development

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