

## QP SP01.01 – PURCHASING

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001				Initial release	RF	
002	2003-01-21		M			
003	2008-10-27		M	Format Change and Revision	TL	TL
004	2010-08-17	Par 2,3,4	M	Format change, Add reference to Turtle Diagram, Revisions	MdB	TL
005	2010-10-19	Par 7	M	Spelling: Bill of Lading & SAD500	WG	TL
006	2012-11-21		M	Change of responsible persons	IR	TL
007	2013-02-06		M	Change of responsible persons	IR	TL
008	22 Apr 2016		M	3 Yearly Cycle Review of Document updates	M. d Swardt	M. d Swardt

\* **A** - Added    **M** - Modified    **D** - Deleted

### NOMENCLATURE AND ABBREVIATIONS

RFQ: Request for Quotation  
 BOM: Bill of Material  
 MRP: Material Resource Plan  
 P/O: Purchase Order  
 COC: Certificate of Conformance  
 POP: Proof of Payment  
 OTD: On-time-delivery  
 SOP: Standard Operating Procedures

### PURPOSE

To provide a standardised purchasing procedure, applicable to all stock and project related purchase orders.

### SCOPE

This document describes how purchasing activities are executed, stipulating authorities and responsibilities towards actions to provide a standardised purchasing procedure at AAT Composites.

### DOCUMENTATION

Doc. No.	Title
SP01	Process Analysis (Turtle Diagram): Procurement
QP SP01.02	Supplier Selection and Control
QP SP06.07	Document Control
QP SP01.03	Goods Receiving
QP SP01.04	Goods Return
QP SP01.05	Material Storage
--	Approved Supplier List
--	Request for Order (standard company printed booklet)
--	Request for Quotation
--	Purchase Order (Pastel)
--	Goods Receipt Note (Pastel)

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### PROCEDURE

The Procurement Manager may designate tasks to other Procurement Staff.

#### A. Stock Items

1. Stock items listed on the BOM shall be controlled by the MRP System.
2. Stock items not listed on the BOM shall be controlled by the Low Level Report which is checked daily by the Procurement Manager.
3. When there is a need for such stock items, the Procurement Manager shall inform the Consumable Buyer, who in turn will order stock items in accordance with reorder levels and quantities as determined or based on average usage.

#### B. Request for Order of Non-Stock Items

1. When there is a need for non-stock items, the Requestor shall clearly identify the material or items required and draw up the specifications once all the different types of materials have been identified.
2. The Requestor shall complete a requisition (Request for Order) which must be authorised by a Department Head and handed to the Procurement Department for verification.
3. This Request for Order form serves as authorisation to purchase, and ensures that the Department Head is aware of and approves such a purchase.
4. The requisition (Request for Order) is attached to the P/O after the order procedure is completed.
5. When requesting specialized items, a quotation shall be attached to the Request for Order form.
6. The Procurement Manager shall:
  - a) Verify the request for order and carry out a check of its correctness.
  - b) Examine the materials requested, check existing stock levels and investigate any alternative materials.
  - c) Discuss the results of this with the Requestor for confirmation of the request.

#### C. Request for Quotation

1. Quotations shall be obtained from Suppliers on the AAT Composites Approved Suppliers List according to Supplier Selection and Control (QP SP01.02) procedure.
2. Where no suitable listed Suppliers exist, the Procurement Manager shall submit an alternative to the Quality Manager for assessment.
3. Except in the case of a Sole Supplier or where specified by the Customer or a repeat order, at least two quotations shall be requested when:
  - a) Cost of items is greater than R5000.
  - b) Orders are considerably more or less than previous orders.
  - c) Items are ordered from a new Supplier (excluding once-off purchases)
  - d) Products are manufactured for the first time (first off's).
4. There are a few situations where this does not apply (i.e. for operational reasons) and in only these circumstances, this can be waived. However, such a waiver needs to be authorised by the General Manager, Senior Manager: Finance and Admin or Senior Manager: Customer and Programs.
5. The Buyer shall proceed as follows when requesting quotations:
  - a) If drawings, specification or instructions are required by the potential Supplier in order to quote, copy(s) of the relevant document(s) must be obtained from the Manager: Production Support and Configuration Management for quotation purposes according to the Document Control (QP SP06.07) procedure.
  - b) The RFQ shall clearly state requirements i.e. description, quantity, required delivery date and any special quality requirements.
  - c) Where documents or drawings are issued, they shall be listed in the RFQ stating title, number and revision.
  - d) If required, requirements may be discussed with potential Supplier until the AAT Composites requirements are clearly understood.
6. After receipt of a quotation, the Buyer shall compare it to the initial RFQ and note any exclusions and/or alternatives.
7. If there are exclusions, alternative arrangements shall be made to ensure all requirements are met.

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**D. Purchase Order**

1. The Buyer shall process the order as follows:
  - a) Complete electronic order with as much detail as possible.
  - b) Clearly describe the material/product or service and reference part numbers, specifications and any relevant technical data.
  - c) Request a COC for all material which forms part of the final product.
  - d) Print a Daily Stock Order Approval List. This list must be approved by the General Manager, Senior Manager: Finance and Admin or Senior Manager: Customer and Programs.
  - e) Print a Daily Non-Stock Order Approval List. This list must be approved by the General Manager, Senior Manager: Finance and Admin or Senior Manager: Customer and Programs.
  - f) Forward the P/O to the Supplier either by fax, e-mail or by hand.
  - g) Keep the P/O as outstanding until the material arrives.
  - h) Send POP to the Supplier (only in cases where goods must be paid for prior to delivery).
2. The MRP Controller shall ensure that the Supplier is constantly followed up to ensure OTD.

**E. Goods Receiving**

1. All goods received shall be received and inspected according to the Goods Receiving (QP SP01.03) procedure.
2. Goods that do not comply with the technical aspects of the P/O shall be returned to the Supplier as per the Goods Return (QP SP01.04) procedure.
3. Goods shall be received into Stores using a Goods Received Note and material stored as per the Material Storage (QP SP01.05) procedure.

**F. Local Goods Documentation**

1. The following original Supplier documentation for local goods shall be sent to the Goods Receiving Supervisor for final checking prior to payment:
  - a) Purchase order
  - b) Supplier invoice
  - c) Goods received note
2. The Goods Receiving Supervisor shall match the Supplier documents to the Goods Received Note (item description and code, date and quantity).
3. Discrepancies shall be reported to the Procurement Manager and shall be investigated and rectified by the relevant Buyer.
4. Quantity and item code issues shall be reported to the Procurement Manager and shall be investigated and rectified by the relevant Buyer.
5. The Goods Receiving Supervisor shall forward Supplier documents to the Creditors Department.
6. The Creditors Clerk shall match the Supplier Invoice to the Goods Received Note for date, price and quantity. The Supplier Invoice shall then be captured and linked to the Goods Receipt Note on Pastel.
7. Any unmatched and any found errors on the Goods Received Notes shall be reported to the Procurement Manager.

**G. Imported Goods Documentation**

1. The following original Supplier documentation for Imported Goods shall be sent to the Procurement Manager for final checking in case of price and quantity deviations on the P/O against Invoice:
  - a) P/O
  - b) Original Supplier Invoice
  - c) Goods Received Note
2. Price and date issues shall be reported by the Creditors Clerk to the Procurement Manager and shall be investigated and rectified by the Procurement Manager (or delegated to the relevant Buyer).
3. Quantity and item code issues shall be investigated and rectified by the Procurement Manager.
4. The Finance Department shall check the following Customs documentation for completion and correctness:
  - a) Bill of Entry
  - b) Customs Worksheet
  - c) Customs Release Notification
  - d) Customs Declaration Form (SAD500)
5. The Finance Department shall review the Freight Invoice against the SOP of the Freight Forwarder.

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6. The Creditors Clerk shall match the Supplier Invoice to the Goods Received Note for date, price and quantity.
7. The Supplier Invoice shall then be captured and linked to the Goods Receipt Note on Pastel.
8. Any unmatched Goods Received Notes shall be reported to the Procurement Manager and any errors found shall be reported to the Senior Manager: Customer and Programs.

**AUTHORITY AND RESPONSIBILITY**

1. Refer to each section where heading where authorities and responsibilities are stipulated.
2. The Creditors Department shall file all relevant documentation to the Finance Department.
3. The Procurement Department shall file all P/O.

**RECORDS**

**Retention period:**

- Finance Department to retain relevant documentation as per the Financial Audit.
- P/O will be retained for at least the period covering the next Financial Audit.