

SYSTEM/CYCLE: Acquisitions and Payment Cycle

FUNCTIONS:	Ordering & Requisitions	Receiving the order	Recording	Payment of purchase order	
People/Division	<ul style="list-style-type: none"> - Warehouse and purchase dep - Warehouse manager; and a Procurement Manager or Order Clerk 	<ul style="list-style-type: none"> - Receiving function: Purchasing department - Ordering clerk. & Warehouse manager 	<ul style="list-style-type: none"> - Accounting Department - Accounting clerk 	<ul style="list-style-type: none"> - Accounting department - Cashbook Clerk 	-
Docs and Records	<ul style="list-style-type: none"> - Order form - Quotation - Supplier list - Requisition form 	<ul style="list-style-type: none"> - Supplier delivery note - Purchase order form - Requisition form 	<ul style="list-style-type: none"> - Supplier invoice; SDNS; Order form; Journals entries. 	<ul style="list-style-type: none"> - Cancelled cheques; supplier invoice; EFTs receipts; Receipts for cash payments. 	-
Risks	<ul style="list-style-type: none"> - Unauthorised orders maybe placed. - Placing orders to unauthorised suppliers. - No placement of orders. - Ordering unnecessary goods. - Duplication of order. - Ordering goods for personal use. 	<ul style="list-style-type: none"> - Receiving incorrect goods - Receiving wrong quality and quantity of goods. - Late delivery of goods. - Accept short deliveries. 	<ul style="list-style-type: none"> - Non-entry record for purchases. - Recording incorrect amounts in the journals. - Recording fictious purchases. 	<ul style="list-style-type: none"> - No payment. - Incorrect amounts maybe paid to the supplier. - Late payments to the supplier. - Loss of discounts due to late payments. - Interest charges due to late payment. 	-
Controls	<ul style="list-style-type: none"> - Warehouse manager should 	<ul style="list-style-type: none"> - Compare the supplier 	<ul style="list-style-type: none"> - There should be supervision or 	<ul style="list-style-type: none"> - . 	

	<p>authorise the purchase orders/requisition forms.</p> <ul style="list-style-type: none"> - 3 pre-approved supplier list should be put in place - All orders should be placed to pre-approved suppliers only. - All orders should be accompanied by valid pre-requisition forms. - All pre-requisitions forms should be authorised by a factory manager. - 	<p>delivery note with the order form to ensure correct quantity and quality</p> <ul style="list-style-type: none"> - Upon delivery, recalculate the delivered good to ensure accuracy - Only accept full delivery and follow-up on short deliveries. - Pre-numbered good received note should be generated and sent to the supplied - Upon movement to the factory proper authorisation should be done before any transfer 	<p>reconciliations must be conducted regularly after all transactions have been recorded.</p> <ul style="list-style-type: none"> - Upon entry to the journals, the accounting clerk should make use of the supplier invoice and compare it with the original in order to record accurate amounts. - No transaction can be recorded without supporting documentations: supplier invoice, requisition forms, and customer order. 	
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