

	COMPANY POLICY		
	Document Name PURCHASING & DISBURSEMENT POLICY		
Issuer: FINANCE ACCOUNTING DEPARTMENT	Effectively Date: May 31, 2021	Version Number: Version 01	No of pages: 7

OVERVIEW

This Policy is intended to establish the general procedure by which Axadra and its Pillars must process the purchasing of goods and services and disburse payments to Vendors. This Policy will define the general guidelines, responsibilities, and requirements for each stage of process.

SCOPE

This policy applies mandatorily to all purchase requests within the Company and its pillars and shall take effect immediately upon approval/guidance of the General Manager/President.

DEFINITION OF TERMS

1. **Approver** – refers to the higher head who will be the final approver of the PRF. The approver for each request shall depend on the amount of the purchase requested.
2. **Payment Request Form (PRF)** – the form that will be accomplished by Requester (requesting employee) to process the request of the purchase of goods or service.
3. **Purchaser** – refers to the employee who will coordinate with the Vendor to purchase the goods or service. The purchaser may be from IT, Admin, or Accounts Payable depending on the nature of purchase being processed.
4. **Requester** – the employee who initiated the request for purchase through the accomplishment and submission of the PRF.
5. **Quotation** – a document sent from the Vendor offering to sell goods or services at a certain price, under specified conditions.
6. **Vendor** – a business or entity that supplies the needed goods or service requested.

IMPLEMENTING GUIDELINES

I. PURCHASE REQUEST

A. Purchase Requisition Preparation

1. All purchases in the company must be requested through the Purchase Request Form (PRF) which must be accomplished by the requesting employee (Requester). Information for the needed purchase such as the purchase justification, technical specification, delivery instructions, and relevant details must be provided.
2. The following goods and services may be requested through the PRF:
 - a. Physical Assets
 - b. IT Assets
 - c. Consumables
 - d. Online Subscriptions
 - e. Services
3. The Requester must source quotations from at least three (3) suppliers for the following:
 - a. Purchases without existing suppliers
 - b. Purchases for noble or new items
 - c. Purchase from existing Supplier is not available or was re-priced.

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B. Purchase Request Review

1. The Requester's functional manager or the next higher head shall be the reviewer of the purchase request. The manager must review the requisition package and double-check if there is a genuine need for the requested goods or service and verify whether necessary funding is available.
2. In case that a need for an unplanned purchase arises, the functional manager must note in the PRF that the requested purchase is not included in the department's budget.
3. Depending on the price, this will be subject for approval of the approving authority.
4. The Manager must sign in the PRF as proof of approval and accountability on the requested purchase.

C. Technical Review

1. Once the request is approved by the manager, the PRF shall be forwarded to the technical reviewer. Based on the type of goods or service requested, the request should be forwarded to the following as the technical reviewer:
 - a. **Admin:** Physical Assets, Consumables, and Physical Services
 - b. **IT:** IT Assets, Online Subscriptions, and Online Services
2. The Technical Reviewer shall check the specifications of the goods or service requested and assess whether all the necessary details are provided that will help to easily facilitate the purchase, especially for those with more technical requirements.
3. The Technical Reviewer shall also review the quotations and details provided by the Requester, and in the case that the technical reviewer knows a cheaper supplier or vendor of the good or service that would satisfy the requirement, s/he may supersede the quotation for the purchase which should be noted in the PRF.
4. Once the Technical Reviewer approves the quotation from the Vendor with the specification of their goods or service as compliant with the need of the Requester, the PRF shall be forwarded to the final approver.

D. Final Approval

1. The following documents shall be attached to the PRF upon submission to the approver:
 - Document supporting the request justification (if available)
 - Technical Review and Evaluation
 - 3 or more Quotations from different Vendors (if applicable)
 - BIR 2303 of the Supplier (if applicable)
2. The designated approver shall be based on the amount of the lowest quotation identified in the request. The level of approver shall follow the matrix below:

APPROVER	PURCHASE AMOUNT
Department Manager	PHP 1,000 or less
Business Leader / Shared Service Heads	PHP 1,001 – PHP 50,000
Director	PHP 50,001 and above

3. Purchases that are PHP1,000 or below shall be approved by the Department Manager and must be paid through the department's Petty Cash budget.

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4. For purchases with amounts that are greater than PHP1,000 up to PHP50,000, the Business Leader or the Shared Service Head by default shall be the approver.

II. PURCHASE ORDER

A. Purchase Order

1. Once the purchase request has been approved, the Purchaser or the Technical Reviewer shall coordinate with the chosen vendor.
2. A Purchase Order Form shall be used when the company has a Credit Line or Net 30 arrangement with the Vendor.
3. All purchase details in the PRF must be indicated in the purchase request sent to the Vendor including the price, delivery instructions, goods or service's technical requirements, terms and conditions (if applicable), and other remarks.
4. The quotation provided by the vendor shall be included as attachment when sending the PO. Other instructions such as the discounts that the company is eligible for as a PEZA business should be indicated in the request for the Vendor to note in the preparation of the invoice.

B. Vendor Coordination

1. The technical reviewer of the purchase request shall be the Purchaser.
 - a. IT
 - b. Admin
 - c. Accounts Payable
2. The Purchaser must send the purchase request to the Vendor and copy furnish the Requester in the email.
3. All coordination with the Vendor from the placement of order until the arrangement of delivery must be done by the Purchaser.
4. Information on the delivery date, the needed payment mode, and payment date for the Vendor must be relayed to the Accounting Department for the processing of payment.

C. Purchase Order Cancellation

1. A placed purchase order may be cancelled by the Purchaser if any of the following happens:
 - a. The quotation for the good or service changes and becomes more expensive than the initial quote provided by the Vendor.
 - b. The delivery date will be beyond the needed date of the Requester.
 - c. The specification of the requested goods or service cannot be provided by the Vendor.
 - d. The request was cancelled by the Requester before the cancellation window.
2. The order shall be cancelled by the Purchaser and the Requester must be informed. The Vendor who provided the second lowest quotation shall then be considered. This shall entail the revision of the PRF and an approval shall be obtained from the Approver through email.
3. If a cancellation is made by the Requester after the allowed cancellation window, the value of the purchase will be charged to the account of the Requester and the Approving Manager

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III. RECEIVING OF GOODS

A. Goods Inspection

1. The Purchaser must be the one to receive the good from the Vendor and must conduct an inspection upon acknowledging receipt of the goods. An inspection must be done to verify the following minimum conditions:
 - a. The goods conform to the purchase request requirements and other relevant documents (for example: correct model number, description, size, type, color, ratings, etc.)
 - b. The quantity ordered against the quantity shipped or delivered.
 - c. There is no damage, and it is operational/functional.
 - d. Delivery documentation (packing list, certifications, etc.) is acceptable.
2. In case when there is any non-conformance with any of the standards mentioned, the Purchaser must inform the Vendor to process the replacement or to facilitate the corrective action needed. The delivered goods must be kept by the Purchaser until it is shipped back or picked by the Vendor.

B. Receiving Report

1. The Purchaser must accomplish a receiving report to document the receipt of the goods or the completion of a service. The documents supporting the delivery such as Delivery Receipt or Invoice shall be included as attachments. Proof of receipt such as picture of the item should also be included.
2. The Purchaser must maintain copies of all the pertinent documents of the received items (product manual, warranty card, etc.) and must scan them for reference.
3. The Requester shall sign the RR to acknowledge the receipt of goods once it is turned over by the Purchaser. The acknowledgement from the Requester shall be construed that the goods are received in satisfactory and acceptable condition. For services, the RR shall be signed off by the Requester once the service has been supplied satisfactorily.

IV. PAYMENT PROCESSING

A. Payment Processing

1. The payment for Vendors shall be processed once the Vendor confirms the acceptance of the purchase order by the Purchaser. The Accounts Payable of the Accounting Department is responsible in preparing the payment to be made which may depend on the preferred means of the Vendor. Payment for Vendors can be done through the following:
 - a. Check Payment
 - b. Cash Payment
 - c. Bank Transfer
 - d. Credit Card Payment.
 - e. Paypal Payment
2. For check payments, the Check Voucher shall be prepared by the Accounts Payable which will be subject for the approval of the Accounting Manager and for check signature of the company's designated check signatory.
3. Check payment shall be named after the authorized representative or to the corporate name of the Vendor, or to company's Admin personnel (in case of cash payment).

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B. Payment Approval

1. The Company Head shall be the one who is responsible for the approval of all payments to be made for all purchases.
2. All payment requests, except cash payments, shall be submitted to the Company Head for final approval. The request shall be completely documented including the approved PRF, acknowledged purchase order, and Check Voucher as reference for the payment.

C. Disbursement of Payment

1. Check Payment

- a. Check payment to Vendor may be collected by a representative that is authorized by the Vendor. This may be collected upon the delivery of the goods or depending on the terms or conditions set for the payment.
- b. The Official Receipt for the goods should be given by the representative upon collection of the check.
- c. Check payments collected by an authorized representative of the Vendor shall have a receiving acknowledgement through the check voucher form.

2. Online Bank Payment

- a. Payment to Vendor may be deposited through their official bank account if the Vendor is unable to collect check payments due to distance constraints or other circumstances.
- b. Once the payment is deposited, proof of payment shall be sent to the Vendor which they must confirm the receipt.
- c. Official Receipt for the Purchase must then be issued to the Accounting Department.

3. Cash Payment

- a. Cash payment shall be done when the amount of purchase is PHP1,000 or less. For such purchases, the petty cash budget of the Requester's department shall be used.
- b. For cash payment more than PHP1,000 see check payment.
- c. The Official Receipt for the purchase shall be kept by the Department for monitoring and for reconciliation of Petty Cash expenses.

4. Credit Card Payment

- a. Purchases that are for online use such as subscriptions and purchases from overseas Vendors/Suppliers may be paid through the company's credit card. For these transactions, only the Accounting Manager may process the payment of purchases that require credit card payment.
- b. Accounts Payable shall monitor in the monthly credit card Statement of Account if the purchase has been billed and process the payment.

D. Payment Schedule

1. Payments shall be processed by Accounting every Mondays to Thursdays.
2. Release of checks shall be scheduled every Friday afternoon.
3. Processing of payment may be done by Accounting on the same day of payroll processing.
4. Payments that are required or approved by the Director or CEO to be processed on a different day shall be processed by Accounting accordingly.

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E. Payment Recording

1. Disbursed payments shall be monitored if the issued checks have already cleared, and the transferred bank payments have already been received.
2. A monitoring file shall be maintained for check and payment clearings by the Accounts Payable Specialist.
3. All Capital and Technical Assets (if VAT-exempted) must be recorded and declared to PEZA by Accounts Payable within 5 days after the purchase.
4. Monitoring for Accounts Payable and reconciliation of record with the Accounting System should be done by Accounting daily after each transaction is completed.

E. Advance Payment Request

1. Advance payment request is approved by the management on a case-to-case basis.

V. TRANSACTION MONITORING

A. Document Filing

1. All proof of payments for purchased goods or service shall be submitted to the Accounts Payable Specialist which include all the following documents:
 - a. Approved PRF
 - b. Copies of 3 Vendor Quotations
 - c. Acknowledged Purchase Order
 - d. Receiving Report
 - e. Invoice
 - f. Official Receipt
 - g. Signed Check Voucher / Proof of Bank Transfer / Credit Card SOA
2. The Accounting Department shall maintain the hard copies of all documents that are used for the purchase transaction which shall be scanned and saved in the department's online repository for reference during audit.

B. Procurement Monitoring

1. An end-to-end monitoring shall be maintained for all submitted and processed PRFs in the company. The monitoring shall be able to track the status of the Purchase Request from its submission until the payment to the Vendor has been made.



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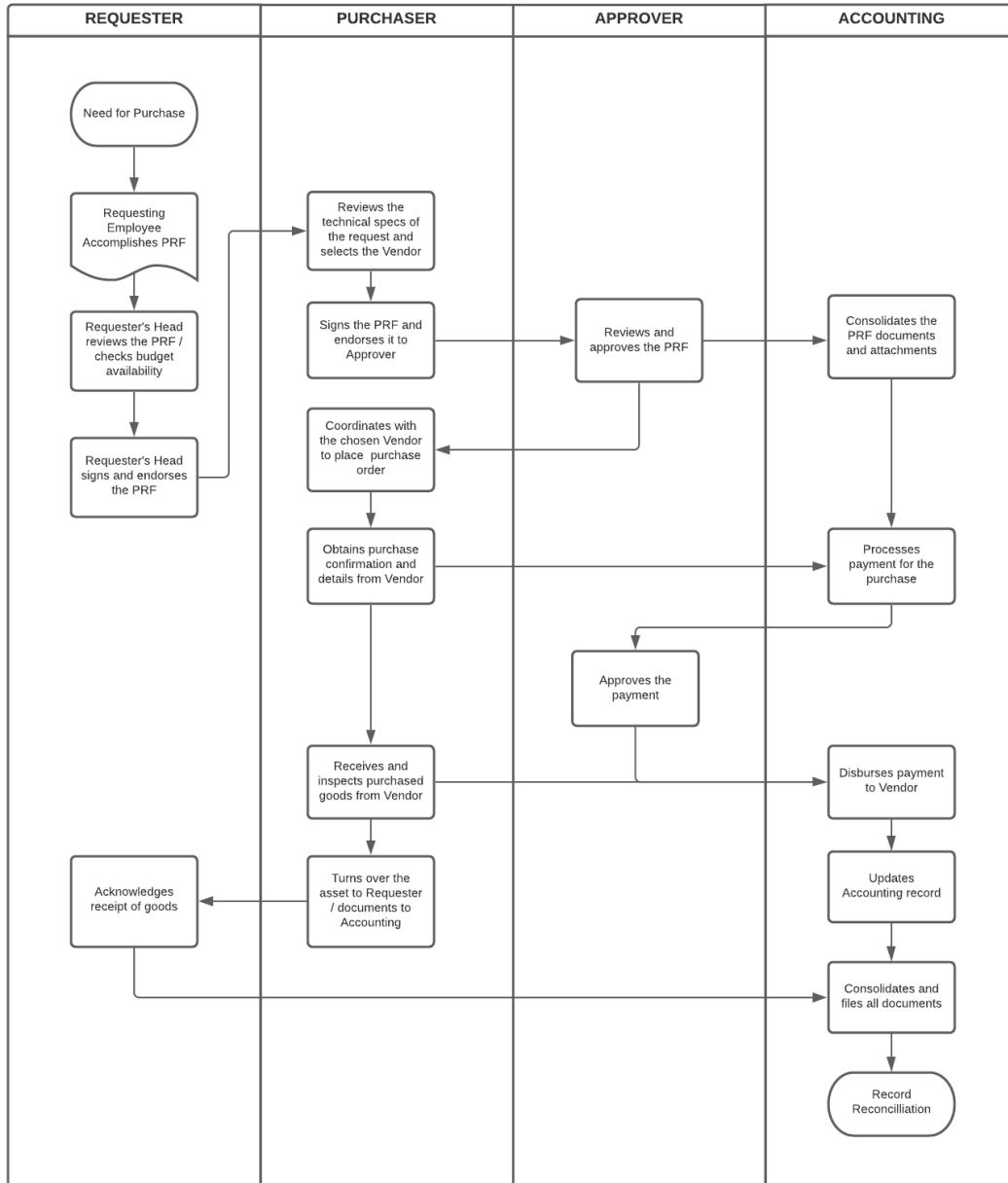
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PROCESS FLOW CHART



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