

**Unit of Competency**

**Functional Area: Sales and Merchandising**

Title	Establish policies and procurement procedures
Code	105322L5
Range	This unit of competency is applicable to practitioners in the import and export industry to establish procurement policies for supplier selection and procedures to handle purchasing activities.
Level	5
Credit	7 (for reference only)
Competency	<p>Performance Requirement</p> <ol style="list-style-type: none"> <li>1. Possess knowledge of procurement <ul style="list-style-type: none"> <li>• Use relevant techniques to establish procurement policies</li> <li>• Use relevant techniques to establish step-by-step sequence to acquire goods from requisition to receipt</li> <li>• Use a wide range of knowledge to establish purchasing</li> </ul> </li> <li>2.1. Establish procurement policies <ul style="list-style-type: none"> <li>• Provide a statement of policy to describe the objectives, responsibilities and authority of the procurement functions</li> <li>• Provide a statement of general principles related to price and quality standards</li> <li>• State the terms and conditions of procurement contracts in accordance with the code of practice</li> <li>• State the relationships with suppliers, and provide guidelines on conflict of interests, gifts and entertainment</li> <li>• Provide guidelines on supplier selection</li> <li>• Provide guidelines on report to senior management</li> </ul> </li> <li>2.2. Establish step-by-step procurement procedures <ul style="list-style-type: none"> <li>• Identification <ul style="list-style-type: none"> <li>• Notify the need to procure items by issue requisitions or bill of materials</li> <li>• Check the requisitions or bill of materials for accuracy and conformity to specification</li> </ul> </li> <li>• Procedures for re-buy order <ul style="list-style-type: none"> <li>• Identify a satisfactory supplier at acceptance price level and quality level according to specification and requirement</li> <li>• Issue purchase order to purchase items</li> </ul> </li> <li>• Procedure for new-buy order <ul style="list-style-type: none"> <li>• Request for quotation</li> <li>• Receive quotation from suppliers and compare price, quality, delivery schedule, terms of trade</li> <li>• Negotiate with suppliers to conclude contracts</li> <li>• Issue purchase order</li> </ul> </li> <li>• Post-ordering <ul style="list-style-type: none"> <li>• Monitor the progress to ensure delivery dates are met</li> <li>• Inspect goods on receipt and ensure conformance to specification</li> <li>• Issue goods received note if goods are received in good conditions</li> <li>• Receive invoice from suppliers and process payments</li> <li>• Transfer the order to completed orders file</li> </ul> </li> </ul> </li> <li>2.3. Establish purchasing manuals <ul style="list-style-type: none"> <li>• Establish policies to provide general guidelines for contract renewal or termination with suppliers</li> <li>• Provide procurement procedures by listing sequence of actions</li> <li>• Provide instructions to give detailed guidance to carry out procurement procedures</li> <li>• Review the purchasing manuals on a regular basis and make revision if required</li> </ul> </li> <li>3. Achieve mutual benefits relationship <ul style="list-style-type: none"> <li>• Regularly review the effectiveness procurement procedure to ensure company interest</li> <li>• Maintain a long-term relationship with supplier</li> </ul> </li> </ol>

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Assessment Criteria	The integrated outcome requirements of this unit of competency are: <ul style="list-style-type: none"><li>• Capable of establish procurement policies</li><li>• Capable of establish procurement procedures</li><li>• Capable of establishing procurement manuals</li></ul>
Remark	