



Food Manufacture

# Purchasing Department

## Lesson 4

Improve your knowledge of the purchasing department and the various purchasing processes completed in food manufacture.





The most common method to order any goods in a food factory is by the purchase order process.

This does not normally include ordering ingredients for normal processing. Food factories usually have ordering systems in place for regular ingredient and product purchasing.





The purchase order process consists of seven steps:

1. Purchase order creation
2. Purchase order approval
3. Purchase order dispatch
4. Binding contract
5. Goods delivery
6. Matching systems
7. Purchase order closure





# 1. Purchase order creation

A purchase order number is created when a purchase requisition has been approved. A valid reason for the purchase must be outlined.



## **2. Purchase order approval**

Once budget and document checks are complete then a purchase order number is issued. The number is taken from a system recording details about the item, who ordered it, authorised it and where from.



### **3. Purchase order dispatch**

The purchase order number is then used to purchase the goods with the supplier.



## **4. Binding contract**

When the supplier accepts the purchase order number then they have entered into a legally binding contract.



## 5. Goods delivery

The supplier must next deliver the goods.

A quality check is then performed on the goods by the food factory once it has been delivered. The supplier must be informed of any defects or issues.

The delivery note should be signed by the person receiving the goods to confirm it is the correct product and free from defects.





## 6. Matching system

The purchasing department must collate the purchase order request, the purchase order number, the signed delivery note and the invoice.

All documents must be checked to make sure they match up. No extra items which haven't been authorised should be added to the order.

If they all match up authorisation will be given and the invoice will be paid.



## **7. Purchase order closure**

All documents are stored appropriately and the purchase order is recorded as closed.



# Revision Activity 4

**Name three steps in the purchase order process?**