

DAU 8-3 Procurement and Inventory Control Policy

Policy Code	Policy Name		
DAU 8-3	Procurement and Inventory Control Policy		
Responsible Executive	Current Revision Date	Next Revision Date	
- Finance Department - Operation and Maintenance Department	10/ 2023	10/2027	

1. Policy Purpose

The purpose of this Purchasing and Inventory Control Policy is to establish guidelines and procedures for the procurement and management of inventory for DAU. This policy aims to ensure that purchases and inventory management are conducted in a transparent, efficient, and cost-effective manner, while adhering to relevant laws, regulations, and ethical standards.

2. Policy Scope

This policy applies to all departments and employees of DAU involved in the procurement and management of the inventory. This includes purchasing of goods, services, and equipment, as well as inventory management, tracking, and reporting.

3. Policy Statement

DAU is committed to responsible procurement and inventory management practices that prioritize value for money, transparency, and accountability. The university seeks to obtain the best possible goods, services, and equipment at the most favorable terms, while also ensuring compliance with applicable laws, regulations, and ethical standards. The financial manager shall maintain the highest ethics in business relationships with vendors and their representatives, purchase only from reliable, responsible vendors.

Purchasing processes shall be made based on competitive bids or competitive sealed proposals whenever possible and practicable. Purchasing of goods and services shall be made to provide the best value for DAU Stakeholders. The financial manager shall make purchase agreements before the beginning of the academic year whenever possible and by holding the number of vendors and individual orders to a minimum; all invoices should be cleared in time to take advantage of cash discounts.

4. Policy Procedure

Procurement/ Purchasing Process

- All procurement activities shall be conducted through a competitive and transparent process, such as soliciting multiple quotes or issuing requests for proposals.
- The procurement process shall include steps such as identification of procurement needs, preparation of procurement plans, selection of procurement methods, issuance of procurement documents, receipt and evaluation of bids or proposals, and award of contracts or purchase orders.
- DAU shall maintain procurement records, such as procurement plans, procurement documents, bids or proposals, evaluation reports, and contract or purchase order documents, in a systematic and organized manner, in accordance with applicable laws and regulations.
- The procurement process shall be conducted by qualified and authorized personnel who have the necessary knowledge, skills, and expertise in procurement, and who adhere to the principles of integrity, confidentiality, and conflict of interest.
- Purchases exceeding a certain limit, as determined by the university's financial policies, shall require prior approval from designated personnel.
- Contracts and purchase orders shall be in writing and include all relevant terms and conditions.

Purchasing process in DAU depending on the following criteria:

- **Ethics:** ensuring the highest ethics in business relationships with the vendors and their representatives, and to purchase only from reliable, responsible vendors, through offering efficient and timely service to all concerned.
- **Local Vendor/Competitive Bids or Proposals or Responses to Requests for Qualifications:** Purchases shall be made based on competitive bids or competitive sealed proposals whenever possible and practicable, or as otherwise permitted by statute.
- **Best Value:** Purchase of goods and services shall be made to provide the best value for DAU.
- **Quality:** Purchases shall be qualified to its usage.
- **Accounting:** Accounting processes should be simplified by making purchase agreements before the beginning of the school year whenever possible and by holding the number of vendors and individual orders to a minimum; all invoices should be cleared in time to take advantage of cash discounts.
- **Purchases above 10,000 SAR:** For purchases of services or inventory of SAR10,000 and above, the office of administrative and financial services shall invite quotations from at least three licensed providers/suppliers. The final decision on the awarding of the contract will be made by the Executive Director or his designated person and be determined by factors such as quality of services, pricing, reputation of supplier etc.

Inventory and Stores Management

- All inventory items, including supplies, equipment, and other assets, shall be accurately recorded and tracked in the university's inventory management system.
- The inventory management system shall be regularly updated to reflect changes in inventory levels, such as purchases, transfers, and disposals.
- Inventory levels shall be regularly reviewed and adjusted to optimize stock levels, minimize obsolescence, and prevent stockouts or overstocks.
- Proper storage and handling procedures shall be followed to prevent damage, loss, or theft of inventory items.
- Regular physical inventory counts shall be conducted to reconcile the inventory records with the actual stock on hand.
- Any discrepancies in inventory counts shall be promptly investigated and resolved.

Inventory control

- **Equipment/facilities responsibility**
Department chairs and unit managers are responsible for the equipment in their departments and shall periodically complete physical inventory checks.
- **Removal from designated area**
No item of equipment/furniture may be moved without the approval of the department chair or unit manager.
- **Report of loss**
Loss of equipment should be reported immediately by phone to the manager for administrative and financial services and to campus security. The department chairs and unit managers reporting the loss should write up a report which summarizes the circumstances of the loss, as well as the date and which requests that the lost item be removed from the inventory accountability records for the department.

Compliance

- All procurement and inventory management activities shall comply with applicable laws, regulations, and university policies.
- Any conflicts of interest among university employees involved in the procurement or inventory management process shall be disclosed and managed in accordance with the university's conflict of interest policy.

- Any suspected fraudulent or unethical activities related to procurement or inventory management shall be reported to the appropriate university officials for investigation and appropriate action.

Documentation and Reporting

- All procurement and inventory management activities shall be documented and maintained.
- Reports on procurement and inventory management activities, including purchasing trends, inventory turnover, and stockouts, shall be regularly reviewed and analyzed to identify opportunities for improvement and cost savings.
- Any exceptions or deviations from this policy shall be documented, justified, and reported to the appropriate university officials for review and approval.

5. Related Policies/ Documents/ Forms

DAU 4-14 Conflict of Interest Policy
DAU 8-2 Financial Policy
DAU 8-6 Budget Policy

6. Document History

Version	Issue/ Rev. Date	Updated Information/ Summary of Changes
1	10/2023	1 st issue of the policy