Policy Name : Purchasing and Inventory Control Policy

Related Documents : MOHESR Outcome-based Evaluation Framework (OEF), ADEK Standards and Procedure for Higher Education Institutions in Abu Dhabi – 2023, ESG 2015 Standards.

Section 1 : Purpose

1.1 The purpose of this Policy is to provide guidelines for purchasing, inventory control, and accounting for goods and services in a timely, cost-efficient, transparent, and environmentally responsible manner while ensuring compliance with all applicable regulations and ADSM requirements.

Section 2 : Scope and applicability

2.1 The scope of this Policy covers all disbursements.

Section 3 : Definitions

The following definition(s) apply to this policy:

3.1 **Fixed Asset:** an item with longevity greater than one year and exceeds ADSM's minimum capitalization limit, not purchased with the intent of immediate resale but rather for productive use within ADSM.

Section 4 : Policy Statement

4.1 ADSM shall follow purchasing and inventory control practices that are compliant with local laws and internationally accepted practices and shall integrate environmental sustainability considerations into procurement decisions where applicable.

4.2 Procurement decisions shall consider not only price, quality, and operational suitability, but also the environmental impact of the goods and services being acquired.

Section 5 : Exclusions

5.1. None.

Section 6 : Principles

6.1 The main principles and purposes of this policy are to:

6.1.1 Ensure a fair and transparent procurement process of materials and supplies.

6.1.2 Provide guidance on the use of proper method of purchase based on the purchase amount and preferred supplier.

6.1.3 Establish uniform procedures for reporting inventory values.

6.1.4 Establish policies and procedures for storage of materials and supplies.

6.1.5 Provide procedures for relocation and transfer of inventory items.

6.1.6 Promote environmentally responsible purchasing practices where operationally feasible and financially reasonable.

6.1.7 Consider the environmental impact of goods and services during procurement, including, where applicable: energy efficiency and energy-saving performance; recyclability, reusability, and reduced packaging; durability, repairability, and product life cycle; use of sustainable, responsibly sourced, or certified raw materials; avoidance, reduction, or proper handling of hazardous substances; and environmentally responsible disposal requirements at end of life.

6.1.8 Give preference, where comparable in quality, function, and value, to suppliers and products demonstrating stronger environmental performance or compliance with recognized environmental standards.

6.1.9 Ensure that procurement practices support compliance with ADSM sustainability commitments and applicable environmental regulations.

6.2 If assets or any other items are rendered surplus to the needs of ADSM or are damaged beyond economic and effective repair, the procedure outlined in article 7.21 to dispose of such items will be initiated.

Section 7 : Procedures

7.1. **Purchase and Accounts Payable –** ADSM shall ensure that:

7.1.1. All expenses are captured to the greatest degree in the period in which they were incurred.

7.1.2. Internal controls are in place to ensure only valid and authorized payables are recorded and paid.

7.1.3. All disbursements are promptly and accurately accounted for.

7.2. The purchasing of services, equipment, and supplies is centralized in the Finance Unit under the direction of the Contracts and Purchasing Officer. The Finance Unit is responsible for acquiring equipment, books and other materials and for supplying all information necessary for accountability.

7.3. The Purchasing and Contracts Officer shall seek competitive pricing and protection against conflict of interest and ensure that the purchases of materials, supplies or equipment that exceed statutory limits are made through advertised bids.

7.4. The School shall recognize a commitment when the order has been placed with the supplier/ contractor on generation of purchase/ service orders.

7.5. The payment liability shall be recognized when the goods/services have been received and accepted by the user's Unit.

7.6. The acceptance of goods/ services received should be evidenced by an authorized Goods Received Note, work completion certificate or invoice, approved by the user Unit.

7.7. In case of capital expenditure payments, relevant documents shall be attached to the approved invoice.

7.8. In the case of open purchase orders, the invoice number and date, approved amount of invoice, details of bill quantity should be marked on the back of the Purchase Order.

7.9. In the case of contracts, the percentage of payment of the total value of the contract shall also be recorded.

7.10. If the user Unit accepts part of the goods supplied, only the net value of the bill representing the value of goods accepted shall be recognized as an account's payable liability.

7.11. Payment to suppliers will be based on the original bills of the supplier. Duplicate bills received from the supplier shall be stamped as "Duplicate not for payment" and filed separately. Care must be taken that this control is not breached.

7.12. Retention amounts to be released only on the receipt of supplier's request approved by the concerned Unit or the receipt of approved letter by the concerned Unit directing release of retention money.

7.13. All paid invoices should be cancelled with a "PAID" stamp, which should also provide for the manual insertion of the date of fund transfer and in case of check payment should have a check number. This will prevent duplicate payments being made.

7.14. Foreign Currency invoices are recorded at the prevailing rate on the date of payment.

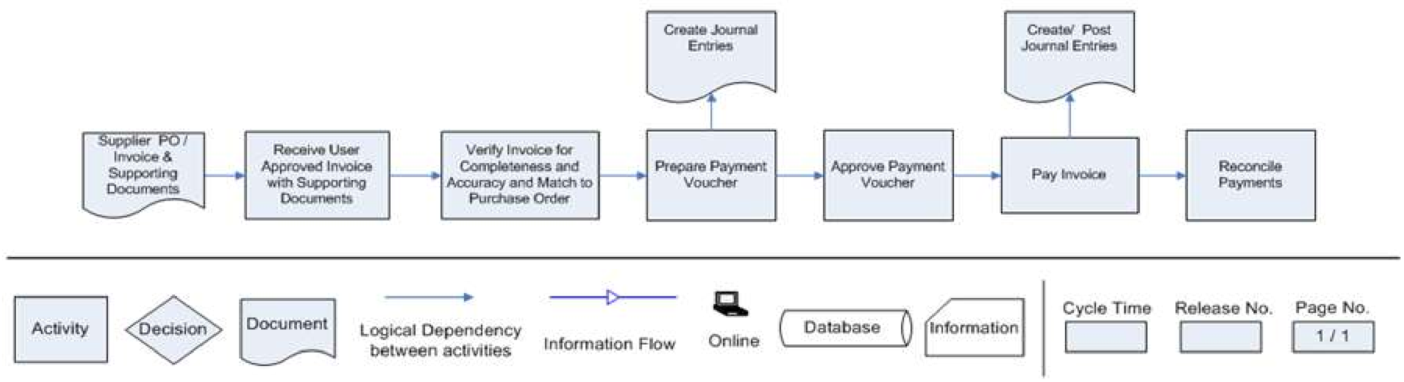
7.15. At the end of each month all invoices received should be approved, in case invoices received cannot be approved due to lack of supporting documents, the amount of the invoice should be included in accrued expenses.

7.16. The Payment Voucher and schedule shall be approved by Head of Finance. The Accounting Officer shall maintain a copy of the Approved Payment Voucher and schedule for preparing Journal Vouchers for accrued expenses and filing the documents.

7.17. Quarterly, a sample of suppliers/ contractors shall be requested to send their statement of accounts. This shall be reconciled with the School's books of accounts.

7.18. The Reconciliation should be approved by the Finance and Administration Operations Director.

7.19. Process Flow: Payments



7.20. Purchasing Procedure:

7.20.1. Purchase requests should be raised by the head of the requesting unit for all purchases.

7.20.2. All purchase requests should be approved by the Finance Unit.

7.20.3. Requests estimated above AED 5,000 should be approved by the President.

7.20.4. The expected amount of the purchase should be identified to determine the method to be followed in purchasing (i.e.: cash purchase, quotations or tenders).

7.20.5. For applicable purchases, the requesting Unit shall identify any relevant environmental requirements or preferences before quotations or tenders are sought.

7.20.6. If the expected purchase amount is less than AED 5,000, cash purchase will be made from the petty cash under the custody of the Purchase Unit, and it should be approved by the Financial Affairs Unit.

7.20.7. If the expected amount of purchase is more than AED 5,000 and the item is available with a specific Vendor only, an LPO will be raised.

7.20.8. If the expected amount of purchase was between AED 5,000 and AED 100,000 and the item is available in the market from many Vendors, quotations should be obtained. A minimum of three quotations should be obtained in such cases.

7.20.9. When quotations are obtained, the Purchasing Unit shall consider environmental criteria, where relevant to the purchase, in addition to price and technical requirements.

7.20.10. If the expected amount of purchase was more than AED 100,000 and the item is available in the market from many Vendors, start the tender process.

7.20.11. Tender documents, where applicable, should include environmental specifications or evaluation criteria relevant to the goods or services being procured.

7.20.12. The Purchasing Unit will issue the purchase order in favor of the lowest offer meeting the technical requirements.

7.20.13. In evaluating offers, ADSM may consider the following environmental factors, where applicable: energy consumption during use; recycled or sustainable material content; reduced packaging or take-back arrangements; compliance with restrictions on hazardous substances; and product durability, maintenance, and disposal implications.

7.20.14. Where two or more offers are substantially comparable in quality and cost, preference may be given to the option with the lower environmental impact.

7.20.15. All purchase orders should be signed by the Purchasing Officer, Financial Affairs Unit and the President.

7.20.16. After receiving the goods, a payment request will be issued by the Purchasing Unit after approval of the requesting unit and will be passed to the Financial Affairs Unit for the payment process.

7.21. Fixed Assets and Depreciation

7.21.1. The addition of Fixed Assets shall be through a formal Purchasing Procedure, as detailed in article 7.20, providing that it is within the approved budget.

7.21.2. Fixed Assets with a price exceeding AED 1,000 belonging to an asset category and having a useful life of more than one year will be capitalized.

7.21.3. The capitalization limit shall be reviewed on a needy basis.

7.21.4. Detailed records are kept of each capital asset acquired and maintained in the Fixed Asset Register.

7.21.5. Systematic recording in the ERP system is maintained to ensure accurate records of the cost and accumulated depreciation.

7.21.6. ADSM refers to and adheres to the generally accepted depreciation methods in line with the accounting standards by using the straight-line method.

7.21.7. ADSM shall depreciate the cost of all capitalized assets over five years of each fixed asset category.

7.22. Assets Disposal Procedure

7.22.1. The business unit head will determine whether an item is no longer needed by the School and can be disposed of as excess assets.

7.22.2. Once the assets have been identified for disposal, an asset list will be prepared by the business unit head and forwarded to the Finance Unit along with any supporting documents.

7.22.3. Finance Unit will obtain approval from the President on the proposed asset list.

7.22.4. The Finance Unit will remove assets from the School's asset inventory.

7.23. Disposal Methods: Assets may be disposed of by "lot" or by "item" within one of the following methods of disposal, whichever is considered to bring the highest net return or benefit to the School:

7.23.1. Direct Order: If the prospective purchaser is a U.A.E. government or public body, and the net realizable price of the sale does not exceed AED 1,000.

7.23.2. Negotiation: If the net realizable price of the sale does not exceed AED 5,000, and the sale through auction process fails.

7.23.3. Auction: the following process shall be followed:

7.23.3.1 The Finance Unit will invite prospective buyers to submit quotations in sealed envelopes. Items on sale can be viewed on an "as-is where is basis". The highest bid will be accepted. The conditions of the auction will be compiled by the Finance Unit.

7.23.3.2 Should the bidding process result in an offered price that is less than 75% of the appraised value of the assets, the Finance Unit may recommend that the sale take place by means of Negotiation.

7.1. **Inventory Control:** The scope of this policy covers all books other than those expensed as per the School policy and all materials/supplies which are identified to be kept in stock for future consumption. The responsibility for the process lies with the General Services Unit and Purchasing and Contracts Officer.

7.2. ADSM shall ensure that:

7.21.1 Physical inventory of materials is periodically counted and accurately reported.

7.21.2 Inventory is valued in accordance with applicable standards and accounted for in the statement of financial position.

7.21.3 Assets which cannot be used any more are disposed of on a timely basis, e.g. obsolete books are recognized and written off depending on the editions.

7.3. Inventory is defined as books, or any form of study material or supplies used in rendering training services to students and companies and for use by employees in their daily work.

7.4. A physical inventory shall be conducted at the School premises to identify missing stock and the audit inventory procedures being used.

7.5. When the physical inventory is conducted, inventory records shall be checked against the items inventoried to assure that a record exists for each item, and that records for missing items are investigated, reported and removed.

7.6. No inventory transaction will occur without being immediately recorded in the inventory database system.

7.7. Only designated personnel shall have access to the inventory database.

7.8. Adjustments to the inventory records shall be approved by the Finance and Administration Operations Director.

7.9. The cost of inventories will be measured using The FIFO (first-in, first-out) method.

7.10. The cost of inventories comprises all:

7.29.1 Costs of purchase

7.29.2 "Other costs" incurred in bringing the inventories to their present location and condition.

7.11. The costs of purchase constitute all of:

7.30.1 The purchase price.

7.30.2 Import duties (if any)

7.30.3 Transportation costs

7.30.4 Handling costs directly pertaining to the acquisition of the goods.

7.30.5 Trade discounts and rebates are deducted when arriving at the cost of purchase of inventory.

7.12. Formal inventory obsolescence and write-down reviews shall be conducted at least annually. Write-down of inventories may be necessary as newer versions of books and study material might be applicable after year-end (or period-end).

7.13. The financial statements should disclose:

7.32.1 Accounting policies adopted for measuring inventories.

7.32.2 Total carrying amount as well as amounts classified as appropriate to the entity.

7.32.3 Amount of inventory recognized as expense during the period.

7.32.4 Amount of any write-down of inventories recognized as an expense in the period.

7.32.5 Amount of any reversal of a write-down and the circumstances that led to such reversal.

7.32.6 Circumstances requiring a reversal of the write-down.

7.33 The Accounting Officer is responsible for ensuring compliance with the cash management process and internal control requirements.

7.34 IT Help Desk shall support users in the use of technology and enforce compliance to policy.

7.35 Any exception to this policy must be pre-approved by the President.

Section 8 : Responsibilities

8.1 The President shall cause this policy to be implemented.

8.2 The Head of Finance shall monitor implementation and report violations.

Section 9 : Cancellations

9.1. Approval of this policy cancels P 504 – Purchasing and Inventory Control Policy_v8.0.

Section 10 : Review Statement

10.1. ADSM's Policy Committee shall review this Policy at least annually. This Policy may be reviewed more frequently based on a request from the President, Policy Owner or in response to changes in applicable regulations and standards. Reviewed policies shall be recommended and approved in accordance with ADSM's P 110 – Policy on Policies.

Section 11 : Approval

Authorization / Ownership	Signature and Date
Policy Owner: **Head of Finance**	Nashid Kunnummal
Approved by: **Executive Committee**	Minutes of Meeting on 25/06/2026

Section 12 : Revision History

Revision No.	Effective Date	Description
0	06/04/2020	Policy first approved
1	07/09/2020	Purchasing Procedure and Assets Disposal Principles and Procedures added.
2	06/09/2021	Annual review and mapping to ESG 2015 Standards completed.
3	28/04/2022	Fixed Assets and Depreciation added.
4	04/07/2022	Review Statement updated.
5	10/07/2023	Annual review completed; and Policy Owner changed to be the Senior Finance and Accounting Officer.
6	23/09/2024	Annual review completed; and Policy Owner changed to be the Finance Operations and Procurement Manager.
7	07/11/2025	Annual review completed; owner changed to Head of Finance.
8	25/06/2026	Reviewed for compliance by the IE Office.

Next scheduled review: 25/06/2027

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