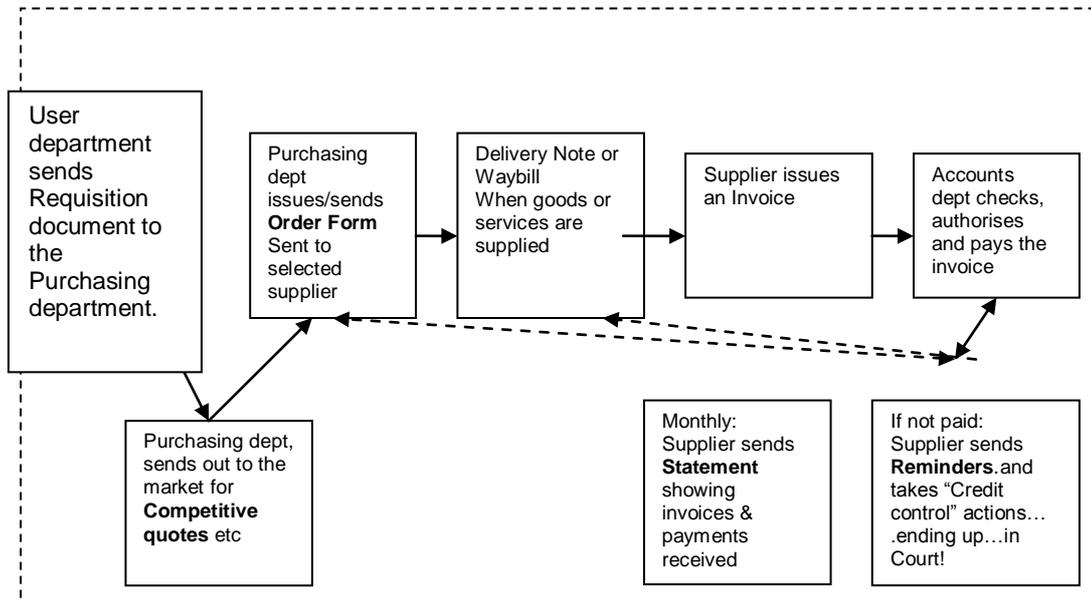


## The English Language of the Purchasing Process



- A good purchasing process should be effective, efficient and transparent
- Before a company (or other organisation) actually buys something, it needs to agree what is needed, make sure there is a budget and choose a supplier. These actions are carried out by a combination of people and departments: the **user** checks there is a budget and then draws up a **requisition document**, which is signed by one or more people with the laid-down (=written in the rules) **authority** to do so.
- It is the job of the purchasing department to identify alternative suppliers who are able to provide what is needed, to the right **quality** (=“standard”, and does the required job), at a good price, with good **payment terms** (=agreed time to pay) and within the required **lead time** (=length of time to deliver).
  - When there is particularly complex requirement, the company will take a lot of trouble defining the requirement and may invite ideas and likely/indicative prices from potential suppliers. This is called an **invitation to tender** (ITT) or a **request for proposal** (RFP). Some suppliers will be **short-listed** and then there will be a final round of negotiation. The last stage in a **competitive tender process** may be a **sealed bid** (= a firm/fixed price in a sealed envelope that will be opened at the stated deadline time).
- When the company has chosen its supplier, it will issue (=give/send) an **order**. The order document will be signed by someone with the required **signing authority**. This authority will probably vary according to the value of the order and, often, more than one person has to sign so as to reduce the possibility of fraud, bribery or favouritism.
- .When the ordered item is delivered (or it could be a service, of course) the supplier asks the company to sign a **delivery note**.(=receipt).
  - For some deliveries to other countries, a **waybill** or **air waybill** provides the evidence the goods have actually been **despatched**( =are on the way).
  - For a long and complex supply process – like a whole building or new computer system - there may be **milestones** and **stage payments**. The signed “delivery note” at the end may be called the **acceptance certificate**.

- The supplier issues (=sends=gives) an **invoice** (=bill) to the company. For a regular service (like a telephone service), an invoice may be sent monthly or quarterly.
- The customer **matches the invoice with the order and the delivery note** then should **pay** the invoice (=make a payment) at the agreed time (end of the month? 30 days?) - maybe by cheque or bank transfer.
- At the end of each month, the supplier may issue a **statement** (=a **statement of account**). This is a list of invoices and payments, so both parties can see what has been paid and what has not.
- A **reminder** may be sent if an invoice is unpaid after the agreed time. An informal verb for this is to **chase** someone for payment/a payment
- If the invoice is still not paid, then **credit may be withdrawn**, which means that further orders will have to be paid for in advance. Eventually, if you still don't pay, the supplier will **sue** you (= take you to court) or else **write-off** the debt

## Employee Expenses

The employee spends out his/her own money for travelling and other expenses while doing his/her job, and then **claims** it **back** from the company, probably using an **expense form/expenses form/expense claim**. The company **reimburses/pays back** what the employee has spent.

- A **receipt** is a document the employee gets and then gives to the employer to prove what he/she has spent.
- A **travel and expenses policy** is a written set of rules and guidelines. This policy specifies (=states exactly) what people are entitled (=allowed under the rules) to spend and claim.
- A person who exaggerates his expenses or claims dishonestly is sometimes said to be **fattening up** his expenses.
- An **advance** or **float** is Company money lent to an employee so he/she does not have to use his/her own money.
- Some company employees are given a **company credit card**, or charge card.
- **Incur**: *You sometimes hear the verb "to incur" an expense (= have an expense). Examples:*
- *I have incurred a lot of expenses with/in connection with this customer; I hope it will be worth it!*
- *We are happy for you to travel to Helsinki, but you must not incur expenses of more than €350 for the trip( = the trip must not cost more than €350).*

## Petty Cash

"Petty" means *small or unimportant (from French petit)*. Small expenses - like paying for milk for the office at the supermarket - are paid from a **cash box** in the office **against a receipt**. (may also be referred to as a **voucher**).

If you found this guide useful and would like others, then please contact:

Martin Bartholomew: Wellrunbusiness.com Ltd:  
Training and support in general management,  
business interculture, English language and team-building.  
[www.wellrunbusiness.com](http://www.wellrunbusiness.com)  
[martin@wellrunbusiness.com](mailto:martin@wellrunbusiness.com)  
+44 (0) 7836 247 813