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3**Faster transactions**

Transactions generally have a fast turnaround.

4**Wider choice of goods**

A wide variety of goods can be made available online. An online store offers variety that is not possible in traditional bricks-and-mortar retail due to floor space and storage limitations.

5**Lower operating costs**

Online transactions can reduce operating costs.

6**Lower cost of transactions**

E-business can lower the cost of transactions and make ordering online cheaper. Organisations purchase directly from the supplier, which eliminates the need for retailers and distributors who often add to the cost of the product.

7**Secure transactions**

Transactions are secure, confidential and private because electronic data can be encrypted for transmission.

8**Improved efficiency**

The streamlined process improves efficiency and reduces paperwork.

9**Online tracking service**

Many online retailers have an online tracking service that allows customers to monitor the progress of their purchase. This service offers added convenience as it eliminates the need to have to contact the company directly.

Online products and services

Organisations require a vast array of products, from stationery and production materials to manufactured goods such as cars, books, appliances, furniture and food. They also require different services such as financial services, loans, insurance, hotel bookings, transport and delivery.

Products and services can be obtained through a number of online suppliers. It may be your job to research suppliers to identify whether they are capable of supplying your organisation with the products and services it needs.

Benefits for business

Businesses can:

- expand their current markets
- enter new markets
- find new customers and products
- meet buyers and sellers on a common internet platform.

Research suppliers of products and services

Before making any purchases, organisations must gather all the information they need to determine the most suitable supplier. The supplier and their purchasing system must be reliable and trustworthy. Organisations need to know their online service providers will meet their needs. How can organisations decide if they are getting the best deal in regard to product lines, quality, price or fees, delivery costs, availability, payment terms, information, guarantees and after-sale services offered?

Example: questions to ask when researching a supplier

Here is a list of useful questions to ask when you need to research a supplier in four main categories: business requirements, ethical considerations, infrastructure and security.

Business requirements

- Are the terms and conditions for doing business online clearly stated?
- Is there a process for resolving disputes and obtaining refunds?
- Are the supplier's contact details available, including postal address, contact person and email address?
- Is there a clear description and/or photo of the product, including size, colour, weight, value and safety features?
- Are postage and handling details and all other charges clear? Are there any hidden costs? Are there any costs for using the system?
- Does the final cost match your calculations?
- Is the date when the site was last reviewed and updated clearly shown?
- What claims does the organisation make about the benefits the product will have for the business? Can these claims be substantiated?
- What processes do you need to follow to purchase and pay? How easy is this to do? What help is available when using the system?
- How can the organisation ensure the online provider is maintaining the confidentiality and security of the organisation's details? What security measures are in place? Is there a privacy statement?

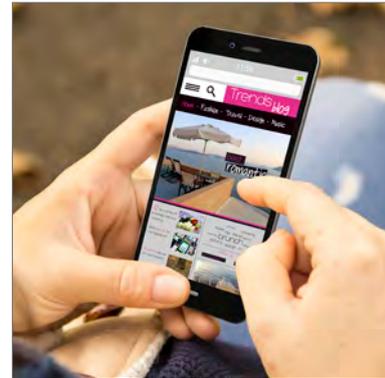


continued ...

Check for information bias

Think critically about everything you read. Be alert to persuasive techniques and advertising. Many commercial sites provide only positive information only about their products or organisation. This is generally accepted, but be aware of one-sided arguments and presentations. Ask yourself who is providing the information and for what purpose. You should look for:

- argumentative or persuasive language
- stereotypes or demeaning labels
- sweeping statements or generalisations
- obvious conflicts of interest.



Check the website appearance and function

You need to find out the answers to a number of questions as you look at each website and evaluate the content on each page.

Questions to ask

- Do you have to join up before you have access?
- Does the website appear professional; for example, no typing errors, spelling mistakes or inappropriate material?
- Is the page easy to navigate, well planned and organised?
- Do the links from the page work and connect properly?
- Does the website have a privacy statement?
- Does the site contain details for direct contact via email or phone?
- Is there a loss and property damage warranty?
- Is any special software necessary to view the whole page?
- Were there any testimonials from customers?
- Is it easy to contact the company directly?

Check the terms and conditions

If you proceed with an e-commerce transaction, you are automatically accepting the terms and conditions that the supplier currently operates under. Service suppliers may have a process for the user to select 'I agree' or 'I do not agree' to formally place the responsibility of acceptance of the stated terms and conditions onto the purchaser before the product can be purchased.

Terms and conditions relate to acceptable payment methods, a returns policy, a damaged goods policy, shipment conditions, a cooling-off period if you are not satisfied after receiving the goods or a disputes policy. In some instances, your organisation may be able to negotiate the terms and conditions by drawing up a modified set of agreed terms and conditions between the two parties.



Understand legislation

When conducting online transactions, you need to be sure that you are following any legislation or guidelines that governments have put in place. You don't have to know all the details of the legislation, but you do need to know the types of things you must comply with, as your organisation can be held liable for any difficulties that arise if you have not followed procedures correctly.

Your organisation will have embedded these practices into their policies and procedures, so if you follow these, then you are complying with the legislation. However, when you are conducting online transactions, always check to ensure you have considered these aspects.

Legislation and guidelines you need to know about

1**Anti-discrimination legislation**

Anti-discrimination legislation; for example, treat everyone the same regardless of age, gender or background

2**Ethical principles**

Ethical principles; for example, be honest and own up to any mistakes you make, be fair, always supply accurate information

3**Codes of practice**

Codes of practice; for example, work cooperatively, complete work on time, identify workplace hazards, notify team members of any difficulties

4**Privacy laws**

Privacy laws; for example, make sure you store confidential information appropriately

5**Work health and safety (WHS)**

Work health and safety; for example, make sure you follow safety directions when using equipment, follow manual handling guidelines, notify your supervisor if work demands are causing stress

10

Directors liability/criminal liability

Civil and/or criminal proceedings can result if business directors fail to protect corporate assets.

A business owner can also be liable for any employees who act in a criminal manner.

Fair trading

In Australia, federal and state laws protect a business and its customers from unfair trading practices. This legislation and industry codes of practice ensure consumers are well informed and that a business operates in a fair and competitive manner in the online environment.

Fair trading means:

- not engaging in misleading or deceptive conduct
- not making false or misleading representations of goods and services supplied
- not harassing or coercing consumers when seeking to sell goods or services
- ensuring all contractual terms and conditions are provided
- ensuring that the goods and services supplied correspond with the description of the goods and services in regard to price, quality, quantity, etc.

Online business obligations in Australia

Your workplace should have policies and procedures for staff in regard to online security. Ask your supervisor if you are unsure about any online security procedures you need to follow.

Professional online businesses should provide the following information:

- The business's trading name
- The address of the business and all contact information
- The ABN or other relevant licence and registration numbers
- Affiliations with other business associations or memberships
- Terms and conditions of transactions
- All compulsory costs of any goods and services provided, including postage and handling charges
- Details of payment options
- Mandatory safety or legislative warnings
- A refunds and/or returns policy
- Processes that enable the purchaser to confirm or reject the offer



Issues in the online environment

Businesses must be confident that transaction details and other valuable commercial information will not be accessible to anyone other than those involved in the transaction and that the supplier is who they claim to be. For most online transactions, businesses want to be assured that sensitive data is read only by authorised individuals and is not

Consider the types of transactions conducted, and identify the associated risks. These could include fraud, impersonation and theft. You should then assess the magnitude of these risks, focusing on the potential for damage to your business and the likelihood that the threats will occur. Finally, you will need to identify how to manage these risks; that is, the specific measures you can take to protect against them.

Risk-management measures

The risk-management measures your business takes will depend on how it plans to use the internet.

If your organisation is implementing more advanced e-commerce capabilities, such as online purchasing and banking, you will need to take more sophisticated protective measures. Your organisation may need to develop an IT security policy for its operations and have a response plan for computer security incidents. Some organisations choose to outsource their security arrangements to specialist service providers.

If the business is using the internet to only send and receive email and access information, the measures you take may be more basic.

Basic measures where minimal interactions are required

- Checking that your organisation has installed protective anti-virus and firewall software
- Ensuring the business keeps the software up to date by installing software patches
- Using passwords or PINs that cannot be easily guessed, with a combination of letters, numbers and symbols
- Exercising caution when opening email attachments
- Accessing independent reviews of suppliers from trusted organisations such as the ACCC
- Evaluating suppliers' disclaimers, privacy statements and terms and conditions of website use
- Being aware of state and federal legislation in regard to internet usage and trading practices

Make the payment

After you have verified the authenticity of a supplier, you can proceed with your online business transactions. This may involve making a payment to a supplier. There are some guidelines you should follow when making online payments, as shown here.

Secure web page

Only pay via a secure web page (one that has https at the beginning of the address bar and a locked padlock at the bottom or side of the browser screen).

Secure payment method

Use a secure payment method such as PayPal, BPAY or your credit card. Avoid money transfers and direct debit, as these can be open to abuse.

Before the purchase

- Check product photos
- Confirm details such as the number of items in a packet or the expiry date
- Check if there is a cooling-off period after receiving the goods
- Check if you can sign a contract to identify the specific product's requirements
- Ask your business networks for testimonials if they purchase from the same supplier
- Record the date, time and order confirmation of the purchase
- Find out if there is a guarantee or warranty, either offered by the company or provided for by the law
- Find out if delivery costs will be charged
- Check the retailer's refunds and returns policy, and their terms and conditions
- Check the legality of importing goods from overseas
- Be wary of offers that appear too good to be true
- Check the legitimacy of any website testimonials
- Check if the organisation is a registered business in Australia
- Check the organisation's contact details
- Check if there is a dispute-resolution procedure
- Check if the organisation is a member of an industry association
- Check the security measures for processing credit card payments
- Complete a purchase order so your purchase is double-checked by your supervisor

After the purchase

- Check for poor-quality printing and/or flimsy cardboard on the packaging
- Check there are no spelling mistakes on the label
- Keep a copy of all records or policies that may be relevant if a dispute occurs

Check specific products

Here are some tools to test authenticity that you can use to check on specific products. These checks should be carried out carefully. Ask a colleague if you are unsure about anything.

Learning checkpoint 1 Identify and investigate online service providers

This learning checkpoint allows you to review your skills and knowledge in identifying and investigating online service providers.

Part A

Complete the following sentences using the words listed below:

e-commerce privacy authentic quick anti-spam
e-shop encryption suspicious trustworthy accurate

1. Organisations choose online transactions because they are _____ and convenient.
2. The term _____ refers to using the internet to order and pay for goods and services.
3. An online store that sells to customers using a website navigation system is known as an _____ .
4. Before you purchase, you need to make sure the supplier and their purchasing system are reliable and _____ .
5. When evaluating a website, one of the things you need to do is assess how _____ the information is.
6. It is important for a site to have a _____ statement.
7. Online suppliers should have security software such as firewalls, anti-virus software, anti-spyware software, and _____ filters.
8. Suppliers must safeguard a customer's private details through _____ .
9. Never use a website that looks unprofessional or makes offers that seem _____ .
10. Before making an online purchase, you need to check that the product is _____ .

Part B

The supplier your organisation currently uses for office stationery items has increased its prices too much. Your supervisor has asked you to research another suitable supplier.

1. In dot-point form, list the three main areas you need to research to identify an appropriate supplier. (Don't go into any detail; just state the main areas you will research.)

Follow purchase procedures

You need to know who is responsible for authorising the different kinds of purchases you may need to make. The person responsible will vary depending on the size of the organisation and the item being purchased. The required paperwork will also vary. Procedures may range from informal verbal requests to complex documented acquisition and purchasing processes. Some organisations have a purchasing officer who is responsible for identifying and signing off all purchases. There may be a purchase or acquisitions form to complete that needs to be signed and dated by a manager or purchasing officer before you can purchase online.



Example: different levels of responsibility for purchasing authorisations

Here are two examples showing the different levels of responsibility for purchasing authorisations that exist in workplaces.



Large business

Chen Yi has recently been employed by a large company with over 500 employees. She has a clear position description for her role as an office assistant and who she has to report to. In her induction, Chen Yi was provided with a staff manual that had an organisational chart showing all the departments in the company. When she needs to buy environmentally friendly cleaning products, she speaks to her supervisor. The supervisor reminds Chen Yi that orders must be approved by the purchasing officer. Chen Yi looks up the organisational chart to find the name and office of the purchasing officer. She then completes the purchase order form and forwards it to the purchasing officer for approval.



Small business

Benjamin is the general clerk for a small business that employs two sales staff and a receptionist. With Gwyneth, the owner, there are five people in the organisation. Gwyneth personally introduces Benjamin to all the staff and discusses their job roles and how Benjamin can assist them. Gwyneth tells him to come straight to her if he needs to discuss anything, particularly with regard to purchasing items. When Benjamin believes an advanced fax machine would make his job more efficient, he walks across to Gwyneth's office to discuss the benefits and request approval to make the purchase.

Security and confidentiality

Make sure you are familiar with any security or confidentiality issues arising from making an online purchase; for example, who has access to your information in the online environment? In some organisations only specific people have access codes or passwords to protect against unauthorised use.

Drop-down boxes

Drop-down boxes let the user choose specific information from a selection presented in a list.

Submit, pay now, checkout

These are common terms used to confirm information; for example, when the user wants to go forward with the next stage of the transaction.

Help

The help function assists the user to navigate through the website.

Email contact link

An email contact link automatically generates a direct email contact with the supplier.

Export or download

The file download area allows the user to access or transfer and save information to their personal computer; for example, a catalogue.

Import

Importing facilities allow the user to upload or transfer data from their own computer into an online data file.

Information screens

Information screens provide appropriate information to authenticate suppliers, such as security and privacy, digital certificates, testimonials, terms and conditions, frequently asked questions, disclaimers, copyright, warranties and returns policy.

Time out

The time-out function closes your online service if you have not used it for a certain period of time; for example, five minutes.

The total order value is displayed, including any applicable tax and shipping charges. The shipping address and payment method are also displayed. Hamza reviews all the information and is satisfied that everything is correct, so he clicks on 'Place order'.

After Hamza receives the order confirmation, he prints the screen as a record and files the hard copy in the purchasing file.

(Screenshots reproduced with permission of EnviroGroup.)

CHECKOUT

1 CHECKOUT METHOD

2 BILLING INFORMATION

3 SHIPPING INFORMATION

4 SHIPPING METHOD

5 PAYMENT INFORMATION

6 ORDER REVIEW

First Name * Last Name *

Company Email Address *

Address *

City * State/Territory *
Please select region, state or province

Postcode * Country *
Australia

Telephone * Fax

Ship to this address
 Ship to different address

* Required Fields

CONTINUE

Solar Power

Solar Ventilation

Solar Hot Water

Lighting Design

Your Checkout Progress

BILLING ADDRESS

SHIPPING ADDRESS

SHIPPING METHOD

PAYMENT METHOD

continued ...

Practice task 6

Open a website and practise making a product choice. Practise using each basket function such as view the basket, go straight to checkout, make an inquiry or save the basket.

Do not enter purchase information (such as credit card numbers) unless you actually intend to make the purchase.

See what information and additional functions are available. Write down the options available to you.

Ensure goods meet the terms of the transaction

A major responsibility when you purchase online is to check that the goods or services you receive match what was ordered and the transaction is completed according to the terms and conditions agreed upon by both purchaser and supplier.

The transaction terms for e-shops may cover the:

- postage or delivery charges for their products and services
- delivery policy, including the expected arrival date
- acceptable payment methods
- returns policy, including information on any manufacturers' warranties
- damaged goods policy
- supplier's procedures for returns
- resolution of disputes policy.

Financial institutions' terms and conditions

Before going ahead with a purchase, you should make sure that you agree with the terms and conditions. If you are unhappy with a product but the transaction met the terms and conditions stated on the website, then you have no rights for complaint.

Financial institutions' terms and conditions often refer to:

- product disclosures
- disclaimers
- copyright
- conditions of use for their website, including access to links, downloading third-party software and limitation of liability.



Example: extract from the terms and conditions for PPE Online

The following example is an extract from the terms and conditions for PPE Online (www.ppeonline.com.au), specifically detailing how to qualify for the exchange of products due to incorrect colour or size.

Elective Exchanges

A product may be swapped due to colour or fitting issues (e.g. clothing, sunglasses). To qualify for this exchange, PPE Safety requires that the request be made (see procedure below) within 20 days of receipt of the product, and that the goods be returned in as-new condition. This includes the return of the original packaging including labels and tags still being attached. If new goods are returned in a noticeably used condition then a replacement may not be offered. Clothing may not be replaced if it has been worn. Return postage for elective exchanges is at the customer's expense.

continued ...

3A

Maintain records of transactions

An organisation needs to have an effective system for keeping records of all financial transactions so it can trace its business activities, maintain transaction records of the organisations it deals with, ensure both buyer and seller are protected and ensure it is complying with legal obligations and taxation requirements.

Understand the importance of good record keeping

An organisation's transaction records can be used to verify and reconcile purchases and support any dispute resolution processes or claims on warranties.

By law, the Australian Taxation Office (ATO) requires organisations to keep financial records for five years after the original transaction. The records must be in English or in a form that the ATO can access and understand. There are penalties for not maintaining the required records. Good record keeping can help avoid legal issues and penalties.

Good record keeping involves:

- accurately and securely processing, classifying and storing information
- being able to retrieve information promptly when required
- maintaining and updating all transaction records to keep information categorised, current and relevant.

Records of online transactions

Records are evidence or proof of an organisation's business activities. The consequences for an organisation that does not maintain accurate records of online transactions can be serious.

The nature and size of an organisation will determine the methods, complexity and extent of its record management system.

The ATO's website provides information on record keeping, at: www.ato.gov.au. There are sections on what business records to keep, the penalties for not keeping records and examples of paper-based and electronic record keeping.

If business transactions are not managed correctly:

- the organisation may appear disorganised, unprofessional and inefficient
- creditors may not be paid on time
- information may be inaccurate
- payments may be made to the wrong people
- payments to the supplier may not be processed because of inadequate documentation
- there may be a dispute over late payment.

7

Remittance notice

- Creditor software package
- Paper-based file with creditors

8

Debtor invoice

- Debtor software package
- Debtor journal (paper-based)

9

Debtor receipts

- Debtor software package
- Electronic spreadsheet
- Paper-based copy kept in debtor file

Example: documents associated with making transactions

Here is an example of a statement received with some goods purchased online and the purchasing organisation's independent record of the transaction.

Statement received with the goods

Dundon Office Supplies			
Billing address:			
Anderson Pacific 235 Dundon Highway Sydney NSW 2000 Australia			
Shipping address:			
Anderson Pacific 235 Dundon Highway Sydney NSW 2000 Australia			
Order date: 4 July 2016			
Supplier order no: 1547			
Anderson Pacific customer code: W4S9M4X2S			
			
Quantity	Item	Unit price	Total
5	Wire file organiser – small	\$8.00	\$40.00
Quoted price (including GST)			\$40.00
Delivery cost (including GST)			\$9.00
Total price (including GST)			\$49.00
Total GST			\$4.45
Paid – VISA			\$49.00
Balance due			\$0.00

continued ...

3B

Check the accuracy of online transaction records

It is crucial that all records of online transactions are accurate. This means that if you have purchased online, you need to check and double-check each aspect of the transaction, beginning with the purchase order and the original online purchase details. You should reconcile these with the statement accompanying the delivery of goods or services.

Follow your organisation's procedures to check online transaction records as soon as possible after the goods are delivered, so you can identify if there are any errors and if the supplier's documents match those of your organisation. Then you can finalise and store the documentation.

The steps in this activity would include the following:

- Identify
- Clarify
- Resolve or refer a discrepancy or irregularity
- Follow up
- Review and evaluate

Supplier terms and conditions

Make sure you are familiar with the supplier's terms and conditions. Suppliers often have limitations on when a purchaser can make a claim for compensation, warranties or refunds. These limitations are documented in the supplier's terms and conditions and written disclaimers. Remember that the purchaser is responsible for understanding a supplier's terms and conditions. This is why the time spent researching and identifying authentic suppliers and appropriate products and services prior to purchase helps minimise risks and potential problems.



Your organisational procedures should require you to check and cross-check external documents and verify them against the organisation's evidence of the transaction.

Check records

Retrieve the purchase order and the supplier's online purchasing statement from the appropriate storage system. In some cases you may need to access the supplier's online transaction and record-keeping functions and import them. Make sure you have a compatible software program; for example, there are many banks and utility service suppliers that allow an organisation to upload transaction summaries, which can then be used to compare online records between the supplier and the organisation.

... continued

2

Reconciling bank statements and recorded payments

Diametric Metals made a cheque payment of \$2,000 to a creditor for stock purchases. At the end of the month, they accessed their online bank account and statement. Sometimes the balance did not match the organisation's cash-at-bank records because they did not know if creditors had presented cheques or not, if the bank had charged a fee or if interest was earned on the account. The accountant at Diametric Metals then went through a process of a bank reconciliation and made the appropriate accounting adjustments for the discrepancies.

3

Out-of-date information

Diametric Metals issues hard-copy price lists and a catalogue to customers each year. They also conduct sales online through their e-shop. In the e-shop, they are able to keep information on price, item availability and delivery updated on a regular basis. Records between Diametric Metals and a buyer may differ if the buyer uses out-of-date information.

Deal with irregularities

It is important to identify any irregularities as soon as possible. Follow your workplace procedures. If the error or irregularity is within your level of authority, resolve the situation immediately. You may have to contact the supplier and find out why there is an error or ask them to explain something you are not sure about. If the error cannot be accounted for through normal reconciliation and adjustment processes, then refer the matter to someone in your organisation who is able to deal with it appropriately.

If you refer the situation to a senior person, make sure you follow up so you know what was done. You may need to adjust your own records.

You can improve your record-keeping skills by:

- developing and using an internal processes checklist and marking off each step when it is completed
- applying time-management skills to allow adequate time for processing
- seeking assistance for further training or instructions on record-keeping policies and procedures.

3. Here is a list of skills and knowledge you need to have in order to effectively maintain and check records of online transactions. Explain when you would use these skills.

Skills and knowledge	When you would use these skills and knowledge
Communication	
Attention to detail and concentration	
Knowing the organisation's procedures for keeping records of online transactions	
Knowing your level of authority	

Part B

1. Use the following checklist, or one you are familiar with, to compare records of an online transaction. Attach copies of the records you have checked.

Area checked	Verified as correct (please tick)	Comments or action required
Item code		
Item description		
Item quantity		
Item price		
Item x quantity calculation		
GST calculation		

Checklist to review and evaluate purchases

The best way for an organisation to determine whether the products and/or services provided meet the quality, timeliness and standard of service advertised is to ask a series of questions.

Here are questions you should consider:

- Has the product or service fulfilled our intention of purchase?
- Have we had to modify our actions in order to respond to unanticipated quality, timeliness and service standard issues?
- Can we measure and compare the quality, timeliness and service standards to other purchasing experiences/activities?
- Did the quality, timeliness and service standards match up to the advertised profile?

Check quality

Organisations that provide online services must provide products and services in accordance with the advertised profile on their website and any other advertising medium.

Consumers are protected by Australian law covering trade practices and consumer protection. Consumer protection laws apply equally to the online environment and traditional media advertising, such as newspapers, television and radio. The legal obligations of a service provider's advertising and selling activities come from the *Competition and Consumer Act 2010* (Cth). This Act prohibits a business from engaging in behaviour that:

- actually misleads or deceives
- is likely to mislead or deceive.



Dishonest advertisers

As the market for internet advertising grows, so will the number of advertisers who are neither honest nor responsible, who are attracted by a medium that is able to reach a global market quickly and cheaply. As a result, you need to be aware of any legal protection related to false advertising, product safety and consumer protection. Each state has its own fair trading laws, which can be located on the government website at: www.business.gov.au. Select Fair Trading in the navigation pane.

It is useful to remember that sometimes goods obtained from overseas may not meet Australian safety and health standards and you are not protected by Australian law for these purchases.

It is up to the purchasing organisation to be clear about their expectations for the satisfactory procurement of products and services.



Check the supplier's advertising profile

If you receive poor-quality goods or services, the first thing to do is to check the supplier's advertising profile – this means all the things the supplier says about their product to convince you to buy it.

Practice task 11

Read the case study, then answer the questions that follow.

Case study

Lionel, a purchasing officer, receives five new respiration masks required for employees when they are using hazardous chemicals. His manager has told him to cut purchasing costs so he is trying a new supplier who had the masks at half the price he usually pays. Lionel found the supplier when he did an internet search for 'cheap safety gear'. When the masks arrive, they do not meet Australian safety standards. The masks have no safety instructions and have been thrown together without solid packaging. The postage indicates they have been sent from overseas. Lionel is now a bit worried.

Lionel has six options for handling this situation.

He can:

- issue the masks and tell his manager how much money he has saved
- immediately report to his manager to advise that the items do not meet Australian safety standards and work out the best action to take
- immediately report to his manager to advise that the items do not meet Australian safety standards
- secretly alter the shipping details on the invoice received and hope that no-one notices they arrived from overseas
- research WHS requirements and develop a list of suitable suppliers that offer products that meet all the workplace and Australian safety standards
- return the goods.

1. What are the best options for Lionel at this stage?

2. What should Lionel have done when he found the site in his search?