

1.10 PURCHASING POLICY

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Policy Responsibility	Chief Executive Officer		

Document History

Version	Date Amended	Details Comments e.g. Resolution Number
1.1	1 st July , 2011	Council resolution 08/03/10
1.2	26 th April, 2012	
1.3	21 st August, 2012	Council resolution 21/08/2012/018
1.4	24 th October, 2012	Council resolution 23/10/12/2012/021
1.5	15 th October, 2013	Council resolution
1.6	21 st April, 2015	Council resolution – reduce petty cash \$150/txn
2.0	16 th September 2016	Revised and updated

INTRODUCTION

This document sets out Council's policy for the acquisition of goods and services.

All Council purchases must be carried out in compliance with the:

- Local Government Act.
- Local Government Accounting Regulations.

In this policy, a reference to a price or purchase value is intended to be inclusive of Goods and Services Tax

OBJECTIVE

To provide guidance in the purchasing of goods and services for Council's operations.

POLICY STATEMENT

Coomalie Community government council will aim to obtain the best possible outcome for the community when purchasing goods and services.

The following will be taken into account when considering the best possible outcome.

- Local Government Act
- Local Government Regulations
- Guidelines produced by the department of Local Government
- Best value for money
- Support for local business
- Ethical Behaviour

- Support for the protection of the environment

PROCEDURES

Purchase Orders

All procurement will be supported by a Purchase Order unless specifically excluded within the policy document.

Approved staff will seek prices and quotations appropriate for the size of the procurement intended and in accordance within Department of Local Government Guidelines and this policy.

The staff member will complete a Request for a Purchase Order Form. The form will be endorsed by the authorised staff member and then provided to the Accounts Officer.

The Accounts Officer will prepare an electronic purchase order and submit to the supplier either by Email or Fax.

Receipt of Goods and Payments

All goods and services will be checked upon receipt. The authorised person will endorse the invoice that the goods received are those purchased and in good order. The Accounts Officer will check that the invoice price is the same as the Purchase Order and will pay the account upon the authorised person endorsing the invoice that the goods have been received.

Payment Prior to the Receipt of Goods

Many companies require a deposit or full payment prior to the supply of the goods and services. Due to the limited NT market, Council is required to deal with these companies. The early payment exposes Council to the risk that the goods and services will not be provided.

To minimise Council's risk in this area, the authorised staff member will ensure that they carry out a risk assessment of the purchase. The risk will be mitigated and reduced to level where the Authorised person is satisfied that the risk to Council is assessed as low as possible. The risk Assessment will be documented and attached to the request for a purchase order.

The risk assessment will be proportionate to the level of consequence e.g. the higher the financial exposure the more thorough the risk assessment.

Purchasing Limits

The staff listed will authorise all Purchase Orders up to the limits set in the following table:

	Within adopted budget.	Not within Current Adopted Budget	
Staff Member	Expenditure Limit Inc. GST	Expenditure Limit Inc. GST	Expenditure limit in the case of a natural disaster or Genuine emergency Inc. GST

Chief Executive Officer	\$50,000	\$2,000	\$50,000
Operations Manager	\$10,000	NIL	\$10,000
Senior Administration Officer	\$3,000	NIL	\$10,000
Community Recreation Officer	\$1,000	NIL	NIL
Operations Supervisor	\$1,000	NIL	NIL

Quotations

The following table outlines the level of investigation required up to the appropriate level of cost of the goods and services and in accordance with the Local Government (Accounting) Regulations Section 28 .

Maximum Limit Inc. GST	Type of order required
\$500 and under	Petty cash – so long as a purchase order is not practical
\$1,000 and under	Quotations are considered desirable
\$1,000 - \$5,000	A minimum of two(2) verbal quotations should be invited where possible
\$5,000 - \$30,000	A minimum of three (3) written quotations must be invited where possible
\$30,000 - \$100,000	A minimum of three (3) written quotations must be invited from suppliers who can meet Council's requirements at a competitive price
\$100,000 and over	All contracts for the supply of goods and services must be tendered or comply with the purchasing regulations.

In some cases it is not possible to obtain the recommended number of quotations. The reason for not obtaining the required number of quotations recorded on the request for purchase Order form.

Valid reasons are:

- Less than three known suppliers servicing the area
- A Minister or Department exemption has been obtained
- Service providers invited to supply a quotation declined or did not respond in a reasonable time
- List the name/s of supplier/s that declined or did not respond
- For consistency/familiarity (i.e. the good or service is the same as previously purchased/Council staff are already trained to use a particular equipment/product) Where an emergency arises
- Time is of the essence
- Past experience with purchasing this good or service (i.e. a recent price comparison has been done and the price obtained is considered reasonable by comparison)

Accounts Held at the Shops

Council operates monthly accounts at 2 local shops. These are:

Batchelor Store
Batchelor BP

These are used for the purchase of consumables such as fuels, oils, cleaning products and kitchen supplies.

Purchase Orders are not currently required for the purchase of goods at these premises. Council Staff are entitled to purchase goods at the store businesses up to \$200. This will cover the cost of refuelling the truck.

Staff must sign for the receipt of the goods in a legible signature. The receipts will be given to the accounts officer as soon as practical.

The monthly Tax Invoice will be checked against the receipts and signed off by the supervisor with the authority to purchase goods and services.

Contracts

Contracts will be paid for in accordance with the provisions of the contract. The contract supervisor will authorise each account that the work has been completed satisfactorily in accordance with the contract, prior to payment being made.

Work in addition to the original contract requirement require either a Request for a Purchase Order or a Instruction to Contractor Form completed and approved by Contract supervisor and authorised up to the purchasing limits of the individual staff member.

In the case of a large construction Contracts it is possible that progress payment may exceed the approved expenditure levels. Subject to the Council resolving to enter into the contract, the CEO is authorised to pay approved progress payments to a contractor in accordance with the conditions of the contract

Credit Cards

The issue and use of Credit Cards will be in accordance with the Credit Card Policy.

Petty Cash

Petty will only be issued where it is not practical to issue a Council Purchase Order. The maximum petty cash issued will be \$150.00. The person receiving the petty cash will document the reason for the petty cash to be issued and sign for the acceptance of the petty cash.

The issue of petty cash will be endorsed by a staff member approved to authorise by a Request of Purchase Orders.

The person receiving the Petty Cash is to obtain a receipt for all Goods and Services provided. These are to be returned to the Accounts officer with the remaining balance of the Petty Cash. All Petty Cash is to be accounted for.

Reimbursement of Incidentals

From time to time unusual circumstances arise out side of Council's purchasing procedures. These generally relate to either purchase of incidentals such as parking tickets or emergency items. In these cases it is necessary for a staff member to purchase goods themselves and request reimbursement.

This method of Procurement will only be used if there are no other means of purchasing the goods and services.

The person purchasing the goods and requesting reimbursement is to obtain a tax invoice for all Goods provided. They shall make a written claim, authorised by their supervisor and attach all appropriate Tax invoices. This will be provided to the Accounts Officer for processing.

Council reserves the right on the payment method to be used to reimburse the costs.

Best Value

Decisions regarding procurement will take into account the following:

1. Fair and equitable consideration of interested suppliers.
2. Value for money. This includes consideration of;
 - i. Fit for purpose
 - ii. Budget
 - iii. Whole of life costs
 - iv. Compliance with codes and regulations
 - v. Previous experiences with the supplier
 - vi. Timeliness
3. Consideration of support for local businesses.
4. Contribution to Community well being
5. Supplier acting in and ethical and environmentally sensitive manner.

Local Business

A business must satisfy one or more of the following requirements to be considered local businesses. The weighting given to the local business will not be an arbitrary amount or percentage, but will depend on the individual circumstances and the procurement required.

To be classified as a local business it will be subject to the following test.

The businesses

- principle premises is located within the Shire boundary
- employs a mostly shire residents and landowners
- Sources most of its required goods and services for other businesses within the shire.
- Contributes to the wealth and wellbeing of the community.