



## GLEN INNES SEVERN COUNCIL

### Purchasing Procedure – Simple Purchasing

<b>RESOLUTION NUMBER:</b>	12.11/19 13.02/17 8.12/16 7.02/15	<b>MEETING:</b>	28 November 2019 23 February 2017 15 December 2016 26 February 2015
---------------------------	--	-----------------	--

#### PURPOSE

The purpose of this document is to provide procedures to staff (whom are authorised to purchase on behalf of Council) that they must apply to purchases below \$230,000 (including GST).

For goods and services required at or above \$230,000 (including GST), Councils Tendering Procedure should be applied, in line with Part 7 of the *Local Government (General) Regulation 2005*.

#### 1. Introduction

The purpose of these procedures is to provide a purchasing framework that will facilitate:

- Cost effective procurement and efficient allocation of resources;
- Fair, transparent and open competition amongst suppliers;
- Controls for the protection of Council assets;
- The generation of management information;
- Compliance with Council's policies in relation to purchasing and delegations.

#### 2. Scope

These procedures will be approved by MANEX and apply to the activities of all employees engaged within Council. They prescribe individual responsibilities, limits of authority, and the general conduct of the procurement activities.

These procedures are to be read in conjunction with the Local Government Procurement  
**New South Wales Local Government**  
**Purchasing and Tendering Guide**  
 and implemented using Council's internal procurement templates

Reference Number:	Version Number: 4 Date of Effect: 28/11/19	Review Date: November 2022	Responsible Officer: Chief Financial Officer
Related Documents: Procurement and Disposal Policy. Code of Conduct.			

### 3. Objectives

The objective of this procedure is to make all purchases at the best value equation, having regard to cost and compliance with specification, quality, quantity, delivery performance, and after sales performance. To this end, the Officer is seeking to purchase goods or services and:

- Identify potential alternative and/or new vendors of goods and services;
- Identify opportunities for term agreements;
- Apply purchasing effort to high value and critical goods.

### 4. Procurement Protocol

Council officers are not to commit Council to the purchase of goods and services other than in accordance with these procedures. A purchase order is required to be raised prior to the purchase of goods and services, unless a credit card, purchasing card, requisition form or individual service agreement contract is used. Purchase orders may only be authorised by Council staff with the delegation to do so.

No supply agreements are to be entered into with suppliers or contractors, including for bulk materials for roads, without prior consultation with relevant Purchasing staff.

### 5. Ethics

At all times, staff engaged in purchasing activities will comply with Council's adopted Code of Conduct and Statement of Business Ethics.

Tenderers, suppliers and consultants should be provided with a copy of Council's Code of Conduct and Statement of Business Ethics as part of the quotation process.

### 6. Conflict of Interest

Staff members involved in purchasing activities are to (where possible) avoid conflict of interest situations. If an officer finds him/herself in such a situation, s/he shall immediately report this to his/her Supervisor who will assess the situation. If it is determined that a conflict exists, the employee shall no longer be involved in the specific purchase transaction.

### 7. Collusive Practices

If an employee should at any time suspect (or discover) collusion by bidders, or by a bidder and a Council employee, it should be reported immediately to the Manager and Director for further action and/or investigation.

Reference Number:	Version Number: 4 Date of Effect: 28/11/19	Review Date: November 2022	Responsible Officer: Chief Financial Officer
Related Documents: Procurement and Disposal Policy. Code of Conduct.			

## 8. Confidentiality

Council must take all reasonable steps to ensure that commercial information supplied to or used by Council remains confidential. Approximate or actual prices shall not be divulged to potential suppliers or competitors. Any request made for pricing or supplier information shall be referred to the Purchasing Officer. All details relating to all quotations shall remain confidential.

## 9. Criteria for Purchase limits

Quotations must be obtained for the purchase of goods and services as per the details listed below. All quotations must clearly state the price excluding GST, the GST amount and the price including GST.

### Dollar Limit Quotation and Other Appropriate Requirements

(Please note that the values listed below include GST)

Up to \$2,500 (for goods) \$5,000 (for services)	One (1) verbal quote required.
\$2,501 - \$19,999	For goods - A minimum of two (2) written quotes required. Copies of the quotations must be attached to the completed Purchase Order.
\$5,001 - \$19,999	For services - A minimum of two (2) written quotes required. Copies of the quotations must be attached to the completed Purchase Order.
\$20,000 - \$229,999	A minimum of three (3) written quotes required. Copies of the quotations must be attached to the completed Purchase Order.
> \$230,000	Formal tenders are to be called in line with the processes included in Council's Tendering Procedure.

### Notes

- A record of all quotations is to be maintained using Council's procurement templates;
- The formal Tender process may be used for any amounts below \$230,000 (including GST) if it is considered that it may benefit Council to do so;
- Notwithstanding the above purchase limits and other requirements set out in this procedure, the General Manager may at any time require tenders to be obtained (from a selected list of suppliers or by open advertisement) for any proposed expenditure amount below the \$130,000 (including GST) tender threshold. If such a tender is

Reference Number:	Version Number: 4 Date of Effect: 28/11/19	Review Date: November 2022	Responsible Officer: Chief Financial Officer
Related Documents: Procurement and Disposal Policy. Code of Conduct.			

required, then the processes as detailed in the Tendering Procedure are to be followed;

- Purchase orders are not to be split into separate components or a series of orders made for the same goods or services in order to circumvent the requirements of these Procedures or the Tendering Policy;
- Failure to adhere to the processes as contained in these purchasing procedures may result in disciplinary procedures being commenced against the relevant staff.

### **10. Exceptions to these Procedures**

In the case where it is impractical to conform to the procedures in Clause 5 above i.e. where there are limitations of available suppliers, or where specialised equipment/products are required, an explanation needs to be supplied on the purchase requisition and on any other relevant source documentation. In all cases where the procedures are unable to be followed, the circumstances are to be documented on the purchase requisition and approval granted by the appropriate Council officer.

### **11. Delegated Authority**

The General Manager has delegated authority under the *Local Government Act 1993* to make purchases on behalf of Council. The General Manager in turn, delegates authority to other members of staff via formal delegated authorities to also purchase on behalf of Council.

The delegation relates to the positions within the structure of Council. It is the employee's responsibility to ensure that any goods initiated or authorised are in compliance with his/her delegated authority pertaining to his/her position.

The responsibility for all purchases remains with Council officers who have the appropriate delegated authority and all purchases must be in compliance with the delegated authority for each position.

### **12. Commitment Costing**

Council utilises commitment costing. A commitment is recorded against a cost centre/account upon the raising of a purchase order. It is converted to an expense when goods are received and/or the invoice has been processed. Commitments are updated overnight. This allows budget owners to not only see what funds have already been expended, but also what funds have already been committed.

Invoices will be forwarded to relevant staff for authorisation prior to payment. The authorisation of invoices must be completed in accordance with relevant delegated authority.

Reference Number:	Version Number: 4 Date of Effect: 28/11/19	Review Date: November 2022	Responsible Officer: Chief Financial Officer
Related Documents: Procurement and Disposal Policy. Code of Conduct.			

**13. Staff Purchases**

Council will not purchase any goods for employees other than in accordance with approved salary sacrificing arrangements, if available, or Council’s Human Resources policies as applicable.

**14. Documentation**

All purchase transactions are to be fully authorised and documented. It is essential that when quotations required under this policy are obtained from potential suppliers that they be retained together with the full documentation showing the process used to obtain the quotations and the reasons for the selection of the successful supplier using Council’s procurement templates. All documents are to accompany an invoice when submitted to Finance for payment.

**15. Selection of Suppliers**

Suppliers should be selected having regard to the following:

- Quality;
- Timeliness of Delivery;
- Price;
- Product Performance;
- Warranty;
- Compliance With Work Health and Safety Requirements;
- Environmental Factors;
- Whole Life Cost;
- Risk;
- Installation Cost; and
- Maintenance Cost.

**16. Purchasing Cards and Credit Cards**

Council issues two (2) forms of credit cards in accordance with the Corporate Credit Card Policy and Purchasing Card Procedures. Credit cards may be used for purchases in accordance with the Corporate Credit Card Policy and these procedures.

Purchasing cards may only be used for low-value purchases less than \$100 and where it is not possible or practical to include the low-value purchase in an aggregated purchase, or unless otherwise authorised.

Reference Number:	Version Number: 4 Date of Effect: 28/11/19	Review Date: November 2022	Responsible Officer: Chief Financial Officer
Related Documents: Procurement and Disposal Policy. Code of Conduct.			

## **17. Purchasing Contracts**

State Government contracts or Local Government purchasing contracts or similar, are the preferred form of purchasing and Council staff are to purchase through existing purchasing contracts where possible and available, unless Local Businesses are supported or where otherwise approved for extra-ordinary circumstances.

## **18. Local Businesses**

Council will purchase goods and services that represent best value for money. Where possible, Council will support businesses based within the Glen Innes Severn Local Government Area, subject to any specific evaluation criteria as related to each purchase. Refer to the Local Business and Industry Policy for specific requirements.

## **19. Work Health and Safety**

Goods or safety equipment supplied to Council must, where required, comply with relevant Australian Standards and all other statutory requirements.

## **20. Sustainable Purchasing**

Wherever possible, Council employees will give consideration to the following goals and adhere to the specified objectives when purchasing products and services (noting that these impacts should be considered during the entire life cycle of the product, i.e. the production, distribution, usage and end of life stages):

- Minimise Unnecessary Purchasing: only purchase when a product or service is necessary;
- Minimise Waste: purchase in accordance with avoid, reduce, reuse and recycle strategies;
- Save Water and Energy: purchase products that save energy and/or water;
- Minimise Pollution: avoid purchasing products that pollute soils, air or waterways;
- Non Toxic: avoid purchasing hazardous chemicals that may be harmful to human health or ecosystems;
- Greenhouse Benefits: purchase products that reduce greenhouse gas emissions;
- Biodiversity and Habitat Protection: purchase in accordance with biodiversity and conservation objectives;
- Value for Money: purchase for best value for money in the long term.

Reference Number:	Version Number: 4 Date of Effect: 28/11/19	Review Date: November 2022	Responsible Officer: Chief Financial Officer
Related Documents: Procurement and Disposal Policy. Code of Conduct.			

Council's objectives through sustainable purchasing are to:

- Eliminate unnecessary inefficiency, waste and expenditure;
- Contribute to the combined purchasing power of Local Government to further stimulate demand for sustainable products;
- Advance sustainability by participating in “closing the life-cycle loop”;
- Increase awareness about the range and quality of products available;
- Deliver Council's commitments in relation to Ecologically Sustainable Development (ESD) and other environmental and social objectives;
- Play a leadership role in advancing long term social and environmental sustainability.

To achieve the above objectives, Council will:

- Ensure that sustainable purchasing goals and objectives as listed above are considered in Council's purchasing processes;
- Ensure that staff are fully informed about the benefits of sustainable purchasing.

For further guidance with sustainable purchasing refer to LGSA Sustainable Choice “Tendering - Sustainability Guidelines” available on Council's intranet.

## **21. Standard Terms and Conditions**

Where there is no formal contract between Council and a supplier, a copy of the Purchasing Terms and Conditions is to be sent to each supplier. There will be printed reference to the Standard Purchasing Terms and Conditions on purchase orders.

New suppliers/customers will need to have the Standard Terms and Conditions included when placing the first order with them.

## **22. Emergency Purchases**

In emergency situations, it may not be practical to comply with existing purchasing procedures. Good business judgement should be exercised in determining whether or not a true emergency situation exists and personnel should then attempt to gain advance approval from a supervising officer. The lack of preplanning does not constitute an emergency.

Emergency orders must be ratified by the relevant Manager/Supervisor on the next day of normal business operations. Details must then be forwarded to the Purchasing Officer who will generate a purchase order.

Reference Number:	Version Number: 4 Date of Effect: 28/11/19	Review Date: November 2022	Responsible Officer: Chief Financial Officer
Related Documents: Procurement and Disposal Policy. Code of Conduct.			

### 23. *Standing Orders*

Certain goods and services such as utilities (e.g. electricity and water) or those acquired by virtue of contractual arrangements (e.g. cleaning and freight) are often invoiced on a recurrent basis. Where it is impractical to raise purchase orders in advance for these goods and services, they should be entered in the *Standing Orders Register*. This Register is maintained by Finance.

Invoices for goods and services entered in the *Standing Orders Register* are to be authorised and forwarded to Finance for processing. Standing order invoices are required to be authorised as per delegated authorities.

### 24. *Purchase Order Preparation*

An official Council purchase order is required to be raised for all goods, services, contract work, consultants and tendered works prior to purchasing.

There are some exceptions to this clause and they are as follows:

- Emergency purchases;
- Supply of goods and services associated with tenders and contracts, where standing orders are used;
- Book stock purchases (for libraries);
- Credit card or purchase card payments;
- Prompt payments and petty cash payments; and
- Individual Service Agreements for Aged and Disability Services.

The relevant purchase order number must be quoted to suppliers.

Requisitions are raised by the persons requiring the goods and services and are to include the following:

**(a) Authorisation**

Requisitions are to be authorised by the persons having the delegated authority to do so.

**(b) Estimated Cost**

Estimated costs are to be shown on the purchase requisition, and noted as either an estimate or quoted price.

**(c) Cost Codes**

Requisitions are to have correct cost centre numbers. It is the responsibility of the person authorising the requisition/payment to ensure the correct numbers are used and that sufficient funds are available in the respective budget for the purchase. Please

Reference Number:	Version Number: 4	Review Date:	Responsible Officer:
	Date of Effect: 28/11/19	November 2022	Chief Financial Officer
Related Documents: Procurement and Disposal Policy. Code of Conduct.			



ensure correct codings for capital items to ensure the asset is identified for addition to the asset register.

**(d) Delivery**

Unless otherwise agreed, deliveries should be made to the Store at the Lang Street Depot, which serves as a central reference point for enquiries regarding the delivery of goods, and expedites the accounts payable procedure.

**(e) Quantity**

The quantity shown on the requisition can be in individual units or bulk quantities. The quantity shown should be by reference to supply packaging if known (e.g. each, kg, tonne, etc.).

**(f) Description**

The description should provide sufficient detail to describe an item and can include special requirements such as colour, shape, size, pack size, or part numbers. A product specification is to be attached to the requisition where the expenditure is significant.

**(g) Quotations**

Quotation information received from suppliers in accordance with this Policy must be noted on the purchase requisition.

**(h) Approved Suppliers**

Approved supplier arrangements that have been established and referenced on Councils preferred supplier list, must be complied with fully for procurement and quotation purposes.

**(i) Delivery Date**

The date shown must be the latest date the materials can be delivered. The term 'ASAP' is not acceptable.

**(j) Quality**

The specifications of quality requirements of a purchase are to be provided by the requisitioning officer and incorporated into the purchase order.

**(k) Budget**

The authorising officer is responsible for ensuring that the cost of the proposed purchase is within current approved budgets.

**25. Purchase Requisitions**

A purchase requisition is the document used by staff where the expected cost is less than \$200, or when requesting items from the Store. It must be signed by individuals having the delegated authority to approve a transaction of the type and size in question. As part of the approval process, the signature on the purchase request must conform to the relevant delegated authority.

**Please note that a purchase requisition is not a purchase order and may only be used at pre-registered local businesses. A list of currently registered local businesses is available on Council’s intranet.**

Reference Number:	Version Number: 4 Date of Effect: 28/11/19	Review Date: November 2022	Responsible Officer: Chief Financial Officer
Related Documents: Procurement and Disposal Policy. Code of Conduct.			

Purchase requisitions are raised in triplicate. The original (white) is provided to the pre-registered business or Storeperson. The duplicate (yellow) is to be forwarded to the Finance team with the invoice. The triplicate (pink) remains in the bound purchase requisition books for auditing purposes.

It is not necessary to generate an order following the issue of a requisition to a local business. Payment shall be fortnightly.

Replacement Requisition Books are available from Stores.

## **26. Prompt Payments and Cheque/EFT Requisitions**

In some circumstances it is not practical to obtain purchase orders in advance. Invoices may be forwarded directly to Council for subscriptions, conference and seminar registrations and local business requisitions. In these circumstances, the invoice initiates the purchase rather than the purchase order.

Circumstances that do not require purchase orders and that are not considered to be standing orders should be treated as a prompt payment. The procedure is to forward a completed combined funds voucher attached to a tax invoice to Finance for processing.

Prompt payments include, but are not limited to:

- Donations and Contributions;
- Conference and Seminar Registration Fees;
- Reimbursements; and
- Individual Service Agreements.

## **27. Minor Petty Cash Payments**

Petty cash payments are for urgent minor purchases, where it is not possible or practical to aggregate purchases. The limit for petty cash purchases is \$100. The only exception to this limit is for sustenance (e.g. meals, parking, taxi fares, tolls and other incidentals) during attendance at approved conferences or seminars, whether by reimbursement or by advance.

All petty cash expenditure must be supported by proper documentation that complies with GST legislation.

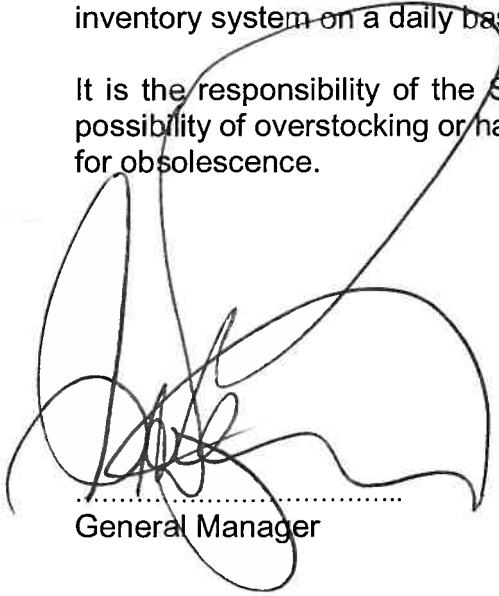
## **28. Stores Stock Items**

Stock purchases are to be made in compliance with the purchasing policy. On receipt of the goods, the information is entered into the store inventory system.

Reference Number:	Version Number: 4 Date of Effect: 28/11/19	Review Date: November 2022	Responsible Officer: Chief Financial Officer
Related Documents: Procurement and Disposal Policy. Code of Conduct.			

Issues are made on the basis of authorised requisitions, which are entered into the Store's inventory system on a daily basis.

It is the responsibility of the Storeperson to maintain optimum stock levels to reduce the possibility of overstocking or having out of stock situations. Stock is to be reviewed annually for obsolescence.



.....  
General Manager

01/12/19  
.....  
Date

---

Reference Number:	Version Number: 4	Review Date:	Responsible Officer:
	Date of Effect: 28/11/19	November 2022	Chief Financial Officer
Related Documents: Procurement and Disposal Policy. Code of Conduct.			