



Policy No. 2016 - 44

Purchasing and Payments Control Policy

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PURPOSE AND BACKGROUND

The purpose of this policy is to:

- Provide clear guidelines when purchasing goods and services from external suppliers/contractors;
- Ensure Council employees engaged in purchasing will at all times undertake their duties in an ethical manner and act responsibly and exercise sound judgement;
- Clarify conditions for payment of invoices received by Central Highlands Council; and
- Clarify when an unscheduled payment can be made.

POLICY STATEMENT

The objective of Council's Purchasing and Payment Control Policy is to:

- Coordinate Internal Procedures for purchasing and payments;
- Ensure compliance with Central Highlands Council's Tendering and Procurement Policy; and
- Ensure an appropriate process is in place for the ordering of goods and services from external suppliers/contractors.

APPLICATION

This policy applies to the procurement of goods and services from external suppliers/contractors in accordance with Central Highlands Council's Tendering and Procurement Policy.

PROCEDURES

In accordance with Central Highlands Councils Code for Tenders and Procurement Policy, procurement value thresholds have been set for dealing with any procurement process to ensure Council is consistent with the requirements specified in Regulation 28 of the Local Government (General) Regulations 2015.

The following table refers to the thresholds and summarises what purchasing method Council utilises based on the total dollar value of the purchase.

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Procurement Value	Minimum Requirement	Authority (refer to Purchasing and Payments Control Policy)
Under \$5,000	One verbal quotation where applicable. Council Purchase Order where appropriate.	Orders over \$1,000 to be authorised by applicable Manager
\$5,001 to \$10,000	Two verbal quotations, one of which to be from a local business, if applicable. Council Purchase Order where appropriate.	To be authorised by applicable Manager.
\$10,001 to \$30,000	Two written quotations, one of which to be from a local business, if applicable. Council Purchase Order where appropriate.	To be recommended by applicable Manager and authorised by Deputy General Manager or General Manager.
\$30,001 to \$99,999	Three written quotations, one of which to be from a local business, if applicable. Council Purchase Order where appropriate.	To be recommended by applicable Manager and authorised by Deputy General Manager or General Manager.
\$100,000 up to \$249,999	Council will, where it considers it beneficial or desirable, advertise each tender at a minimum in the local regional newspaper. Other advertising may be utilised as considered appropriate. To be advertised on the Council Website. Council to seek at least one tender from a local business, if applicable.	Contracts to be awarded and signed by the General Manager after acceptance and approval by Council.

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\$250,000 or over	Council must advertise each tender at a minimum in the local regional newspaper and advertise on the Council website.	Contracts to be awarded and signed by the General Manager after acceptance and approval by Council.
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NOTE:

Where Grants or Funding have been provided as a result of a successful application by Council, there is no requirement to re-submit or call for quotations for items less than \$100,000.

Tenders will be opened by a Councillor and the General Manager and be submitted to Council.

Evaluation of Quotation Forms (Appendix 1) must be completed for all orders over \$5,000.

Purchase Order Internal Control

Purchase orders must be issued at the time of placing an order for all goods or services from external suppliers/contractors unless otherwise listed except where it is impractical to generate an order, e.g:

- payment of state government taxes;
- payment of utility accounts e.g. TasWater, Telstra, Aurora;
- financial transactions;
- legal opinions;
- petty cash reimbursements;
- recurring lease and rental payments;
- purchases made under contract;
- payroll deductions and payroll cheques;
- donations;
- BAS Cheque;
- Photocopier maintenance payments;
- Refunds eg. Overpaid rates.

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Purchase Orders can only be issued for items to be used by the Central Highlands Council and cannot be used for staff or personal requirements.

A standard purchase order is a legal contract used for the procurement of goods or services when the vendor, goods/services, costing and shipping address are known and the order is expected to be delivered in full at an agreed future date at an agreed price.

Telephone orders can be made and a purchase order number quoted. The purchase order must be filled out at the time the goods or services are requested from creditors.

Purchase Orders should show the following:

- Name and address of creditor
- Amount and description of goods being purchased
- Approximate cost of the required goods/services
- The clear name and signature of the ordering officer
- The job number
- Manager's or General Manager's signature is required if over prescribed amount (see table above)

Each good or service is to be included in its entirety on one order and is not to be split over a number of orders.

Where staff are authorising the procurement of goods and services, they are certifying that the purchase is within budget allowances and is a genuine requirement of their budget area. Procurement of goods and services are to reflect budgetary restrictions unless special authorisation has been granted by the General Manager or by Council.

Written quotes are to be filed by the Accounts Payable Officer

Payment of Invoices

The following tasks are to be undertaken by the Accounts Payable Officer:

1. Upon receipt of an invoice, always check:
 - Against the purchase order if one has been raised;
 - Attach order to invoice;
 - That the goods and services have been received in a satisfactory manner;
 - The price is correct as quoted;

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- The supplier has included an ABN;
- GST has been included where required; and
- That a Statement by Supplier Form is attached if an ABN is not quoted.

2. Stamp all invoices with Central Highlands Council Accounts Receivable Stamp:

- Enter supplier code;
- The total of the invoice;
- Code the invoice to the appropriate expense general ledger number and project number before sending to the Purchasing Officer and/or General Manager for payment approval;
- The Purchasing Officer who raised the purchase order must sign the invoice to certify the item was received and the invoice amount is correct; and
- Once the Purchasing Officer has signed the invoice the appropriately authorised officer must sign the invoice to approve payment

Payment is made by either Cheque or Electronic Fund Transfer.

(a) Cheque Payments

- Cheque payments are to be processed, photocopied and attached with their matching invoice. They are required to be signed by two authorised bank signatories (as registered with the relevant banking Authority).
- Processed copies of cheques and invoices are filed together in numerical order in folders and kept for 7 years.

(b) Electronic Funds Payments

- Electronic payments are entered into the finance system and the payment registered is checked by a Senior Administration Officer prior to payments being sent to the bank.
- Invoices are filed in alphabetical order with a signed copy of the payment register and the processed bank report.
- Electronic payments are to be uploaded to the bank account by an authorised officer and confirmed electronically by two other officers (Senior Administration Officers and/or General Manager).

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APPENDIX 1

EVALUATION OF QUOTATION

From:	
Date:	
Subject:	Evaluation of Quotation

The following procurement process has been undertaken

Scope of Work

<Insert scope of work request or attach written brief supplied>

Date request for quotation was issued

<insert date>

Business Details

Quotations were received from the following businesses as follows

Company	Contact Name & Telephone Number	Price GST inc.

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Approved Budget Allocation

<insert budget amount> <insert correct job number>

Recommendation

Based on the above evaluation I have issued a purchase order to <insert details and total amount>.

Purchasing Officer

Manager/General Manager (if required)

I, the purchasing/authorising officer, declare that I have no direct or indirect interest with the individual or organisation that is being approved to provide the goods and services

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