



**Policy No. 2016 - 44**

**Purchasing and Payments Control Policy**

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## 1. 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.

## 2. 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.

## 3. 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.

## 4. PROCEDURES

In accordance with Central Highlands Council's Tendering 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.

This table also appears within the Tendering and Procurement Policy 2015-06.

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Procurement or Purchase Value	Minimum Requirement	Officer Authorised to Instigate Purchase Order (Purchasing Officer)	Authority / Approval (Refer to Purchasing and Payments Control Policy)
Under \$10,000	<u>One</u> verbal quotation where applicable. Council Purchase Order where appropriate.	All Managers and Works Supervisor; Executive Assistant; Senior Administration Officers; and Community Development Officer	Orders over \$10,000 to be authorised by applicable Manager or Supervisor.
\$10,001 to \$20,000	<u>Two</u> quotations, one of which to be from a local business, if possible. Council Purchase Order where appropriate.	All Managers and Works Supervisor; and Executive Assistant	To be authorised by applicable Manager, Deputy General Manager or General Manager.
\$20,001 to \$50,000	<u>Two</u> written quotations, one of which to be from a local business, if applicable. Council Purchase Order where appropriate.	All Managers	To be authorised by applicable Manager, Deputy General Manager or General Manager.
\$50,001 to \$99,999	<u>Three</u> written quotations, one of which to be from a local business, if applicable. Council Purchase Order where appropriate.	All Managers	To be recommended by applicable Manager and authorised by Deputy General Manager or General Manager.
\$100,000 up to \$249,999	<u>Three</u> written quotations, one of which to be from a local business, if applicable. Council Purchase Order where appropriate.	General Manager	To be recommended by applicable Manager or Deputy General Manager and authorised by General Manager.
\$250,000 or over	Council <u>MUST</u> advertise each Tender/EOI at a minimum in the local regional newspaper and advertise on the Council website.	General Manager	Contracts to be awarded and signed by the General Manager after acceptance and approval by Council.

**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 \$250,000.

**5. PURCHASE ORDER INTERNAL CONTROLS**

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;

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- financial transactions;
- legal opinions;
- recurring lease and rental payments;
- purchases made under contract;
- payroll deductions and payroll cheques;
- donations;
- BAS Payments;
- Photocopier maintenance payments etc;
- Refunds eg. Overpaid rates.

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 GL number, Departmental Code and Project number.
- Manager's, Deputy General Manager's or General Manager's signature is required if over prescribed amount (see table on page 3)

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.

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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 a tax invoice, always check:
  - Against the purchase order if one has been raised;
  - Attach purchase order to a provided tax invoice;
  - That the goods and services have been received in a satisfactory manner;
  - The price is correct as quoted;
  - 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. Input all tax invoices in the Xero accounts program with the following information:
  - Enter supplier code;
  - The total of the tax 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 place a note in Xero account program to certify the item was received and the invoice amount is correct; and
  - Once the Purchasing Officer has placed that note in the Xero account program the tax invoice, the appropriately Authorised Officer must then approve the invoice for payment within the Xero account program.

Payment are made by either Cheque or Electronic Fund Transfer (preferred option).

### (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.

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(b) Electronic Funds Transfer Payments

- All tax invoices are filed within the Xero account program.
- Electronic payments are entered into the Xero account program and the payment registered is checked by the Deputy General Manager or General Manager prior to payments being sent to the bank.
- Electronic payments are to be uploaded to the bank account by an authorised officer and confirmed electronically by two bank authorised officers (Senior Administration Officers, Deputy General Manager and/or General Manager).
- Processed bank report is filed in the payment register.

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