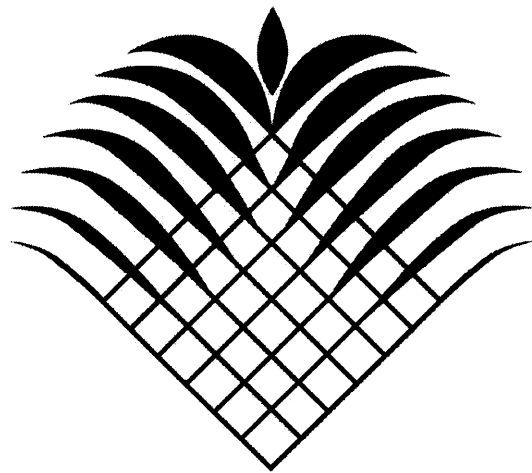


# **PROCEDURE FOR PURCHASING OF GOODS AND SERVICES**



*City of*  
**Joondalup**

## Index

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	<b>Page</b>
Assistance	4
Authority to Purchase	4
Authority to Requisition	4
Common Use Agreements (DoIT/WAMA)	7
Consulting	7
Emergencies	5
Legal Services	7
New Suppliers	10
Petty Cash	5
Purchase Order Not Required	9
Quotations	5
Quotation Conditions	8
Receipt of Goods	10
Sole Suppliers	7
Specialised Suppliers	7
Tender Exemption	8
Variations	11

## **PROCEDURE FOR PURCHASING OF GOODS AND SERVICES**

### **Purpose**

The purpose of this procedure is to establish ownership, agreed business rules and to provide City of Joondalup staff with the necessary information and assistance to conduct professional procurement for all purchases.

This procedure ensures that the City of Joondalup complies with the requirements of the *Local Government (Financial Regulations) 1996*, in that it has developed procedures for the authorisation and payment of accounts, and the *Local Government (Functions and General) Regulation 1996*.

### **Buying Local**

City staff shall always give local suppliers an opportunity to quote on goods and services required by the City. The Purchasing of Goods and Services Policy should be consulted and applied in all circumstances.

### **Role of Expenditure Services**

- To coordinate the City's purchasing policies, procedures, and practices.
- To report on purchasing activities and recommend improvements where necessary.
- To provide effective and efficient administration of the City's purchasing systems.
- To assist Business Units with specific purchases.
- To act on the purchase requests from the City's specialised business unit needs and generic requirements to ensure the City receives the best value for money possible.
- To ensure that all purchasing activities are performed in accordance with the City's policies and procedures.
- To provide procedural and business systems training to Business Units when required.
- To support Business Units in achieving compliance with this procedure.
- To provide analytical information on purchasing to Business Units including discounts, value for money buys, bulk purchasing and settlement arrangements.
- To refer Business Units or work in conjunction with Contract Management for purchases which are likely to be in excess of \$50,000 (excluding GST)
- To ensure that there are opportunities for local businesses to quote on the supply of goods and services.

### **Role of Business Units**

- To provide clear and detailed scope of works, specifications, or consultants' briefs for all requests and supply this information with the requisition
- To consult with Expenditure Services prior to obtaining quotations for goods and services for generic or non-technical/ non specific goods and services to ensure all options are explored.

- To consult with Expenditure Services, where required, in order to ensure that all purchasing activities are performed in accordance with policy and this procedure.
- To ensure that practices are in accordance with public tendering requirements.
- To ensure terms and conditions of purchase are in the City's best interest.
- To ensure that there are opportunities for local businesses to quote on the supply of goods and services.

### **Assistance with Procurement Activities**

Business Units or Activities, where necessary, will be allocated a contact person within Expenditure Services who will meet with them at regular intervals to identify any difficulties that are being experienced in the procurement of goods and / or services.

This person will be the Business Units first point of contact for generic or non core business specific procurement activities and will ensure that the Business Unit has the necessary training to work within these procedures.

Business Units should seek advice on options to purchase goods and services locally from Expenditure Services.

### **Procurement Systems**

All procurement activities are to be conducted through the City's procurement systems, Oracle Financials and Maximo. Requisitions must be completed and purchase orders issued for all goods and services except for those mentioned later in this procedure.

### **Authority to Requisition**

Authority to requisition goods and services is granted by the Director Resource Management under the City's Financial Delegation policy. To gain access to the City's procurement systems the approving officers form, contained on the City's intranet must be completed and recommended by the applicants Director / Executive Manager.

### **Authority to Purchase**

To ensure control of the City's procurement systems, and that the procurement of goods and services is conducted in accordance with this procedure, the following officers are authorised to approve purchase orders within the Oracle Financial System and sign to resulting Purchase Order.

- Chief Executive Officer - Unlimited
- Director Resource Management - Unlimited
- Manager Accounting Services - Unlimited
- Statutory Accountant - Unlimited
- Teamleader Expenditure Services - Unlimited
- Expenditure Officers– Limit \$ 10,000

Staff members **must not** commit the City to expenditure on goods and services until a purchase order number has been allocated. A purchase order, upon approval, will be distributed to suppliers of goods and / or services in all cases.

### **Emergency Procedures**

Should an emergency situation exist requiring operation outside of the City's Purchasing Procedures, Senior staff (CEO, Director, Executive Manager, Manager or Supervisor) should proceed with the purchase of the goods and / or services required.

An emergency is defined as where the delay in obtaining a purchase order number will endanger safety, or where specific justification can be established including an emergency pursuant to Section 6.8 of the Local Government Act 1995.

Senior staff initiating the emergency purchase should ensure the completion of a requisition as soon as possible after the purchase and when the emergency situation has ceased. The City's quotation requirements do not apply in emergency situations.

### **Petty Cash**

Business Units with requirements under \$100, exclusive of GST, are encouraged to pay for those requirements with petty cash, in accordance with the City's Petty Cash procedures.

The use of petty cash will enhance opportunities for local businesses.

### **Quotations**

Quotations are required for all purchases made on behalf of the City of Joondalup that are up to \$50,000 exclusive of GST. The requirement to obtain quotations will ensure that 'value for money' is obtained and that the City's purchasing decisions are being made in a professional manner. Business Units may obtain quotations for technical purchases (a technical purchase would entail any supplies where the requirement needs to be verified by a suitably qualified staff member), but should direct requests for non-specialised and generic requirements through Expenditure Services. Expenditure Services will ensure that best value for money including pricing can be obtained where Business Units have similar requirements (examples include, but are not limited to, mobile telephones, stationery, printing, office furniture and fixtures).

Depending upon the likely level of expenditure, quotations are to be sought as follows:

<b>Expenditure Level</b>	<b>Minimum Quotation Requirements</b>
Expenditure up to \$1,000	A minimum of one verbal quotation will be sought. As a minimum requirement and where possible, the quotation should be sought from businesses within the City of Joondalup who have registered with the Joondalup On-line Business Directory.
Expenditure between \$1,001 and \$5,000.	A minimum of two quotations will be sought, unless justification for inability to obtain two quotations can be provided with the requisition. ( <i>Justification by way of sole supplier, specialised supplier or emergency are all outlined in this procedure as being valid reasons for not complying to the 2 quote procedure</i> ) As a minimum, and wherever possible, one quotation shall be sought from a business within the City of Joondalup who have registered with the Joondalup On-line Business Directory.
Expenditure between \$5,001 and \$50,000.	Three written quotations will be sought, unless justification for inability to obtain three written quotations can be provided with the requisition. ( <i>Justification by way of sole supplier, specialised supplier or emergency are all outlined in this procedure as being valid reasons for not complying to the 3 quote procedure</i> ) As a minimum and wherever possible, one quotation shall be sought from businesses within the City of Joondalup that have registered with the Joondalup On-line Business Directory. Requests for quotations for expenditure over \$10,000 (ex. GST) shall be sent on City of Joondalup letterhead signed by the appropriate Business Unit Manager or delegate with a specification approved by the Business Unit Manager.
Expenditure greater than \$50,000	Refer to Contract Management Framework or consult with Manager Contract Management

If all suppliers do not respond to the initial request for quotation, requisitioning officers are not required to obtain further quotations but must note the requisition that they contacted and that they received no response.

It is recognised that many of the City's purchases take place as a result of Tenders. Quotations do not have to be sought when the City has a contract in place for the product or service being purchased. Where there is a contract in place the purchase of those goods and services shall still be made through the City's procurement systems. The City's procurement systems ensure that only approved officers authorise requisitions or order goods and services.

## **Sole Suppliers**

In a situation where it has been clearly established that only one supplier can supply the required goods or services they shall be deemed the 'sole supplier' and no further quotations are required. This can be established either through a periodic test of the market or consultation with appropriate industry bodies, manufacturers and other sources of expertise.

Sole supplier does not apply to specific brands unless the specific brand is required for technical reasons. Reasons for sole supplier status should be provided at the time of requisitioning

As a minimum and wherever possible, the quotation shall be sought from businesses within the City of Joondalup that have registered with the Joondalup On-line Business Directory

## **Specialised Suppliers**

Where it is reasonably recognised and approved by the Director in the case where a supplier of professional services has established expertise, provided direction or advice or has prior experience associated with the City's project, the specialist supplier can be engaged.

As a minimum and wherever possible, the quotation shall be sought from businesses within the City of Joondalup that have registered with the Joondalup On-line Business Directory

## **Consulting**

Business Unit Managers shall invite all requests for quotations for consulting services on City of Joondalup Letterhead with accompanying Terms of Reference or Request for Proposal. Business Units must use the Contract Management Consulting template on the intranet to assist with the hire of consultants.

## **Legal Services**

When legal services are required the Officer requiring the services is to consult the Legal Services Guidelines contained within the City's intranet. Officers must complete the form within those guidelines and ensure that it is authorised by their Business Unit Manager prior to seeking advice from the firms listed.

## **WAMA / DoIT (formerly CAMS) - Common Use Agreements**

If a WAMA or CAMS Common Use Agreement is in place, quotations should be sought from the organisations listed or use the pricing information included in those agreements to make their decision. For further information and assistance with these Common Use Agreements please contact Expenditure Services or the Contract Management Business Unit.

## **Exemption from Public Tendering where Goods and Services Exceed \$50,000**

Pursuant to the provisions of Section 3.58 of the Local Government Act 1995 certain items are required to be disposed of through public tendering and no exemption has been allowed under Tendering Regulations. Subject to the provisions of regulation 11(2) of the Local Government (F&G) Regulations 1996 (amended), if a Business Unit Manager in consultation with the Manager Contract Management is satisfied that its purchasing or disposal requirement is legally exempted from Public Tender, the Business Unit should proceed with the purchase in accordance with the City's policies and procedures, seeking assistance from Contract Management or Expenditure Services as required.

Where that exemption is because a WAMA or DoIT (formerly CAMS) Common Use Agreement is in place, quotations should be sought from the organisations listed or use the pricing information included in those agreements to make their decision. It is recognised that WAMA and DoIT agreements may provide the City with economies of scale. These agreements should only be used after it has been determined that they provide a 'best fit' for the City's requirement.

Business Units should ensure that they have read and understood the conditions of contract prior to selecting the supplier of the goods or service required. If Business Units are unsure of the conditions of contract contained or the conditions differ to those supplied under the Common Use Agreement they should consult with the Manager Contract Management. Information and assistance with Common Use Agreements is available from Expenditure Services or Contract Management. Business Units are not to accept terms and conditions or prices outside of the Common Use Agreement when a purchase is exempted from public tendering.

Notwithstanding the above, all purchasing exempted from public tendering for an amount greater than \$50,000 (exclusive of GST) and up to the CEOs delegated authority limit must be approved by the CEO\*.

(\*The current delegated authority limit for the CEO is \$100,000)

### **Standard Quotation Conditions**

Where quotations are sought, all suppliers / service providers are to be treated under the same terms and conditions. The same timeframe to quote must apply for all potential suppliers, who must be asked to quote on the same goods / services in all circumstances. All outgoing requests for quotations / consulting services are to be registered on the Records Management System (RMS). All incoming quotations are to be registered and stored within the RMS. Where difficulties occur in storing documents within the RMS, the Records Help Desk should be contacted.

Prospective suppliers should be provided with a clear and concise scope of supply and specifications including consultants brief where applicable. The scope of supply must include the following as a minimum:

- Terms of Reference.
- Conditions of Supply.
- Key Performance Indicators or Quantity of Supply.



- List of Deliverables.
  - Clear timeframe during which the supply is to be delivered.
- (All request for Proposal templates can be found in word document/new document/Tenders)

### **Information Contained within Requisitions**

Officers who approve requisitions are responsible for the information contained within the requisitions they approve. As purchase orders are created from the information provided in requisitions, the information provided must be accurate. When requisitions do not contain the information specified below, they will be returned to the originator for amendment.

- An accurate and detailed description of the goods and / or service being purchased.
- Detailed costs of the goods / service being purchased, broken down into unit price, with the correct quantities.
- Note to Buyer field containing quotation details (i.e. Company A - \$5000, Company B - \$5500, Company C - \$4900), the RMS File Number the Request for Quotation and Quotations are stored on, and a brief explanation of the decision made. If no quotations were sought, a reason for not seeking quotations must be provided. Where there is a City of Joondalup contract or a WAMA / CAMS Common Use Agreement in place the contract number must be provided.
- Correct General Ledger or Project Number.

### **Purchase Order not required for Goods / Services**

The following Goods / Services do not require a purchase requisition or purchase order to be raised.

- Fees and Payments due under an Act of Parliament.
- Postal charges, and publication subscriptions.
- Goods purchased by petty cash.
- Licences or rights of copyright payable by law.
- Awards against the City by a court of law.
- Donations that have been authorised by Council Decision.
- Utility charges such as telephone, water, gas or electricity.
- When a credit card has been used.
- Bank fees and charges.
- Unscheduled courier charges.
- Advertisements (must be organised via Council Support)
- Performance / storytelling fees.
- Medical examination costs.
- Minor purchases, where a supplier is not regularly used, for amounts less than \$100 (excluding GST).
- Other situations that may arise can be exempted by the Teamleader Expenditure Services or the Certifying Officer.

## **Monitoring of Procurement Activities**

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To ensure that these procedures are being followed, the Teamleader Expenditure Services is to review a sample of payments including close-offs, made every month for compliance purposes. Incidents of exceptions will be forwarded by report to the appropriate Business Unit Manager for information. A record will be maintained by Accounting Services to be viewed by Auditors as required.

## **Addition of Suppliers to Purchasing Systems**

Should the need arise to add suppliers to the City's purchasing systems, the approved supplier form must be completed by the supplier and returned to Expenditure Services. The form is available to all staff via the City's Intranet or suppliers may register at [business.joondalup.wa.gov.au](http://business.joondalup.wa.gov.au). Approval of new suppliers is the responsibility of Expenditure Services.

## **Goods and Services Tax (GST)**

All requisitions / purchase orders generated at the City of Joondalup are not to include GST. The requirement to remit GST is the responsibility of Accounts Payable who will add to GST all taxable purchases.

A tax invoice is required in all situations where suppliers are registered for GST.

## **Receipt of Goods**

When goods are purchased, delivery will be made through Expenditure Services, except when it is more practicable for the delivery to be made direct to locations other than the Joondalup Administration Centre or Depot. On receipt of goods delivered from suppliers, the officer actually receiving the goods must physically check the goods and ensure:

- Where the goods are delivered by a courier or agency, that the quantity delivered agrees with the driver's delivery docket. Any damage or discrepancies are to be noted on the delivery docket/invoice.
- The quantity received agrees with the delivery docket or invoice that usually accompanies goods received.
- The quality of goods supplied meet the required standard and is suitable for their intended purpose.
- The delivery docket/invoice includes reference to Council's purchase order number.
- The person receiving goods on behalf of the Council must sign the delivery docket/invoice acknowledging receipt of the goods. If no comments are written on the delivery docket/invoice, it will be assumed that the goods were received in good order and condition.

- The Business Unit receiving the goods is to receipt the goods in Oracle Financials.
- All delivery dockets will be stamped with the “Contents of Container Not Checked and the goods received are subject to verification in accordance with the City’s terms and conditions” stamp.

### **Variations between Invoices and Purchase Orders**

Where an invoice has been received and the variation between purchase order and the invoice does not exceed \$1,000 and 20% of the original quoted price, the variance may be authorised by the originator if within his/her approval limit. If the amount of the invoice exceeds \$1,000 and 20% of the original quoted price, no variation to the purchase order is required, but authorisation to pay the additional cost must be obtained from the relevant Business Unit Manager.

Should a Business Unit require a variation to the original supply and for that variation to be recorded on a purchase order, a requisition should be completed for the variation and added to the original purchase order.

### **Review**

This procedure is owned by Accounting Services Business Unit and will be reviewed regularly in consultation with all Business Units to ensure that it remains relevant to the City’s operations.