

1 PURPOSE

The purpose of this policy is to regulate the purchasing of goods and services for the Council.

2 OBJECTIVE

The objective of this policy is to define the required process and considerations to be made when procuring goods and services on behalf of the Council, or authorising payments associated with this procurement.

3 SCOPE

This policy applies to the acquisition of all goods and services from suppliers external to the Burnie City Council. The policy excludes services provided by staff employed by the Council and investments.

4 POLICY

4.1 Principles of Purchasing

The principles that cover purchasing are:

- a) Open and effective competition (ensuring that the purchasing process is impartial, open and encourages competitive offers);
- b) Value for money (achieving the desired outcomes (quality, reliability, service delivery) for the best possible price)
- c) Enhancement of the capabilities of local business and industry;
- d) Ethical behaviour and fair dealing;
- e) Environmental and sustainability considerations; and
- f) Risk management considerations.

It is crucial that the acquisition of goods and services by the Council is free from corruption, fraud, and conflicts of interest.

4.2 Justification of Purchase

Prior to the purchase of goods and services there must be sufficient justification to demonstrate that there is a need for the goods and services to be provided and that budgeted funds are available.

4.3 Delegated Officers

Under Section 74 of the *Local Government Act 1993*, Council delegates to the General Manager the responsibility for expending funds within the Council Budget Estimates.

The General Manager maintains a Financial Delegation Register which identifies those officers to whom authority has been delegated to approve purchases within their relevant Departments. These 'Delegated Officers' are each issued with an Instrument of Delegation which specifies the accounts and financial limits for which they have delegated authority.

Only Delegated Officers with the written authority to approve the acquisition of goods and/or services may commit the Council to the purchase of goods or services.

It is the responsibility of the Delegated Officers to ensure:

- a) The approval to purchase goods and services complies with this policy and where applicable the Code for Tenders and Contracts CP-CBS-SG-012.
- b) There is sufficient budget available for the purchase of goods and services and that the Delegated Officer has authority of the cost centre from which they will commit these funds.
- c) Appropriate documentation is provided to the Corporate Finance Unit on a timely basis to ensure that payment can be made within the suppliers trading terms.

Requested revisions to the Financial Delegations Register should be directed in the first instance to the Chief Financial Officer.

4.4 Quotation and Tender Requirements

The Local Government Act and Regulations require Council to invite tenders for any contract it enters into for the supply or provision of goods or services valued at \$100,000 or above (excluding GST).

Council will not split a contract into two or more contracts for the primary purpose of avoiding compliance with the requirement to publicly invite tenders.

This management policy is consistent with Council's Policy C12 Code for Tenders and Contracts. Please refer to that policy for quotation and tender requirements.

4.5 Non-allowable expenses

Items that are private or personal in nature must not be charged to the Council under any circumstances. If a staff member processing purchasing data identifies an expense that appears

to be private in nature the Chief Financial Officer must be advised in order to determine if an investigation is warranted.

All instances of fraudulent activity, whether intended or not, must be included in the General Manager’s monthly report to the Council.

4.6 Capital Purchases

Capital expenditure is either a new asset or expenditure that improves, enlarges or adds to the service potential of an existing asset.

Where capital expenditure is above the capitalisation threshold (refer below) the expenditure must be allocated to a capital expense account and be approved by Council through the capital work budget.

Classification	Threshold
Bridges and Culverts	\$5,000
Buildings	\$5,000
Car Parks	\$5,000
Drainage	\$5,000
Furniture and Fittings	\$500
Land	\$1
Motor Vehicles	\$5,000
Parks and Recreation	\$5,000
Plant and Equipment	\$1,000
Roads	\$5,000

4.7 Methods of Purchasing

There are four methods of purchasing within the Council:

- Petty Cash
- Purchase Orders
- Purchase Cards
- Purchase Contracts

4.7.1. Petty Cash

Petty cash can be used to purchase goods and services up to a maximum value of \$100. It is recommended that purchase cards are used where practical rather than petty cash. A petty

cash float is maintained by each operational centre.

A *Petty Cash Claim Form* must be completed and approved by an approved purchasing delegate and a receipt of the items purchased attached.

4.7.2. Purchase Orders

It is essential that a purchase order only be issued if the quotation and tender requirements have been met and an officer with appropriate financial delegation has approved the acquisition. Refer to the *Purchasing: Purchase Order Procedures* for details.

4.7.3. Purchase Cards

Purchase cards can be used to purchase goods and services up to the delegated officer's transaction limit value. A tax invoice must be obtained and attached to the monthly statement for all purchase card purchases.

Monthly statements will be distributed to each department so that documentation can be attached and returned to Accounts Payable. All transactions must be submitted to Corporate Finance by each department by the fifth working day of the month in the approved format. Refer to the *Purchasing: Purchase Card Procedures* for further details.

Failure to comply with this policy may in result in cancellation of a Delegated Officer's purchase card.

4.7.4. Purchase Contract

It is essential that purchase contracts are only entered into if the quotation and tender requirements have been met and an officer with the appropriate financial delegation has approved the acquisition.

4.8 Receipt of Goods and Services

The person taking delivery of the goods and/or services will certify (sign and date) the invoice and ensure that all the goods are received in good condition and/or all of the services procured, were performed satisfactorily.

Where goods and/or services are found to be faulty, improperly performed or not as specified the supplier must immediately be contacted. If goods are returned to a supplier details must be noted on the invoice and the supplier should not be paid for the returned goods, and a credit note issued for any invoice raised by the supplier.

4.9 Responsibilities and Obligations of Cheque Signatories

Only Delegated Officers are able to sign petty cash cheques.

Signatories have the responsibility of carrying out the cheque signing and document review functions in a thorough and methodical manner, making sure that expenditure is legitimate and authorised for payment.

Blank (or partially completed) cheques must not be signed under any circumstances. If any signatory is asked to sign a blank cheque, the circumstances are to be reported immediately by that signatory to the Chief Financial Officer.

Cheques must not be made out to cash. The only exception to this being, Petty cash reimbursements which are to be made out to Burnie City Council and be opened to cash as follows:- "PLEASE PAY CASH."

This alteration must be signed by both cheque signatories and the total cheque amount is to be limited to \$10,000.

All Burnie City Council cheques are to be made out on standard bank provided cheques.

Signatories must not treat their responsibilities lightly. Signatories must satisfy themselves that the cheque to be signed is a legitimate payment for goods or services received by the Burnie City Council. Signatories must not rely on the previous signatory's review.

Each cheque signatory has the right to request further information for cheques randomly, or for any cheque that is of some concern. Signatories must reject cheques not supported to their satisfaction.

When questions do arise and cheques are rejected, they must be returned to the Accounts Payable Officer who will clear them through knowledge or investigation.

Cheques and supporting documentation must, in all cases, be returned to the cheque signatory who raised the question. It is the responsibility of the cheque signatory to ensure that this happens.

It is the desire of the Council to discourage the ongoing use of cheques in preference for Electronic Funds Transfer. Council officers will ensure that there are ongoing efforts made to transition traditional cheque recipients to the preferred payment method.

4.10 Responsibilities and Obligations of Bank Account Authorising Officers Signatories

Principles for cheque signatories outlined above also apply to bank cheque or Electronic Funds Transfer (EFT) payments.

A bulk EFT listing will be presented to signatories for authorisation.

This process is predicated upon the earlier authorisation of purchase orders and verification of delivered goods details.

When authorising EFT payments (including payroll), the total amount being authorised for payment must be agreed to an Authority (Civica) register or report.

4.11 Responsibilities of Accounts Payable Officer/s

It is the responsibility of the Accounts Payable Officer to ensure that all expenses entered into the financial system for payment are authorised by a delegated officer and are supported by appropriate documentation.

Payments are to be made within the suppliers trading terms.

Blank cheques will be held in a locked container or numerically controlled by a responsible nominated person.

Cheques should not be altered. If an error occurs, the cheque will be cancelled and a replacement issued.

Cancelled cheques must be clearly stamped "Cancelled" across the face of the cheque and retained with accounts payable documents. ***These cheques must not be destroyed.***

4.12 Appointment of Cheque Signatories

Cheque signatories are appointed according to the Council's needs to ensure timely and accurate payment of business expenses. Signatories will only be appointed where a need exists.

Application for appointment of new signatories is to be made to the Chief Financial Officer. It is the responsibility of the Chief Financial Officer to ensure that these procedures are followed for the appointment of new signatories and that all alterations and variations are promptly advised to Burnie City Council bankers.

5 LEGISLATION

Local Government Act 1993

6 RELATED DOCUMENTS

Code for Tenders and Contracts CP-CBS-SG-012
Petty Cash Form FO-CBS-FIN-006
Purchase Order Procedures
Purchase Card Procedures

7 OTHER REFERENCES

Nil

Policy Endorsement	
Responsibility:	It is the responsibility of the General Manager to ensure compliance with this policy. It is the responsibility of the Director Corporate and Commercial Services to maintain and review this policy. It is the responsibility of the Chief Financial Officer to operationalise this policy. It is the responsibility of all Council Officers to adhere to this policy within their individual roles and responsibilities. It is the responsibility of the Corporate Governance Unit to maintain this policy within the Corporate Document Framework.
Minute Reference:	Item A0011-22
Council Meeting Date:	25 January 2022
Strategic Plan Reference:	Strategy 7.1.1 Formulate policy that is equitable, inclusive and responsive to current needs, and ensure decision-making is informed and accountable.
Audit Panel Review:	This policy was reviewed by the Audit Panel on 17 Jan 2022.
Previous Policies Replaced:	This policy has been reclassified as a Council Policy and replaces the previous Workplace Policy - Purchasing Policy, version 1.0 dated 27 November 2013.
Date of Commencement:	26 January 2026
Publication of Policy:	Staff may access this policy on the Intranet or by requesting a print copy from their supervisor.