## Procedure 5.08.1

### Purchase Procedure requirements

<table>
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<tr>
<th>Department</th>
<th>Strategy &amp; Business Services</th>
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<td>Responsible Officer</td>
<td>Manager</td>
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### Introduction

In addition to its own Management Plan and management requirements, Council has financial obligations under the *Local Government Act 1993* including meeting Best Value principles, and the Australian Accounting Standards and regulations.

To achieve Council’s objectives the following procedures must be adhered to when arranging for the purchase of works, goods or services:

<table>
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<tr>
<th>Value of Purchase (inc GST)</th>
<th>Best Value Procedure</th>
<th>Process Options</th>
<th>Ordering / binding</th>
<th>Authorisation</th>
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<tr>
<td>Less than $1,000</td>
<td>Employees’ discretion</td>
<td>Purchase card guidelines</td>
<td>Purchase Card</td>
<td>Delegated Managers, Supervisors, Coordinators and selected staff</td>
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<tr>
<td>More than $1,000 and less than $5,000</td>
<td>1 written quote</td>
<td>OLR process</td>
<td>Purchase Order Purchase Card (with prior approval)</td>
<td>Delegated Managers, Supervisors, Coordinators and selected staff</td>
</tr>
<tr>
<td>More than $5,000 and less than $50,000</td>
<td>3 written quotes</td>
<td>OLR process</td>
<td>Purchase Order Minor Services Contract Acceptance Letter and Contract Document</td>
<td>Delegated Managers, Supervisors, Coordinators and selected staff</td>
</tr>
<tr>
<td>More than $50,000 &amp; less than $150,000</td>
<td>Request for Quotation (RFQ)</td>
<td>Procurement guidelines</td>
<td>Purchase Order Acceptance Letter and Contract Document Formal Instrument of Agreement (if approved by council)</td>
<td>Group Manager Approval by Council or General Manager under delegation</td>
</tr>
<tr>
<td>$150,000 and more</td>
<td>Request for Tender (RFT)</td>
<td>Procurement guidelines</td>
<td>Purchase Order Acceptance Letter and Contract Document Formal Instrument of Agreement</td>
<td>Approval by Council or General Manager for all expenditure approved within the budget</td>
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</table>
If the supplier is a CPP or Preferred Supplier there is no need for more than one quote. The order of priority for procurement shall be through

- Warranties
- Co-operative purchasing programs
- Stores
- Quotes/Tenders

**Procurement of goods or services through direct purchasing**

The four categories used in these guidelines apply where the value of procurement is estimated to be (including GST):

- Less than $1,000 – discretion of employee.
- Between $1,000 and $5,000 – one written quotation is required.
- Between $5,000 and $50,000 – at least three written quotations are required.
- Between $50,000 and $150,000 – Request for Quotation (RFQ)

**Less than $1,000**

For the purchase of simple low value, low risk goods and services or “purchase card” purchases under $1000, accountability is basically proof of purchase by way of a tax invoice receipt. Refer to the Purchase Card procedure.

**Between $1,000 and $5,000**

Where the value of procurement of goods or services is between $1000 and $5,000, one written quotation is required to be obtained. However it is recommended that officers use professional discretion and occasionally undertake market testing to ensure best value is maintained. Purchase Card can be used if prior approval is obtained. Refer to the Purchase Card procedure.

**Between $5,000 and $50,000**

This category is for the procurement of goods or services where the value of such procurement ranges between $5,000 and $50,000, at least three written quotes are required. The General Manager (or his or her delegate) may waive the requirements to obtain three quotes providing that he or she is satisfied that exceptional circumstances justify exemption from this requirement, and that written reasons for the exemption have been provided by the officer responsible, and file noted accordingly.

Where a genuine emergency exists and it is not possible to obtain the authority of the General Manager (or his or her delegate) to waive the three quote requirement, the authority of an officer with appropriate authority to incur the expenditure is to be obtained prior to purchasing. In documenting the procurement, the circumstances verifying the emergency response must be identified.

**Between $50,000 and $150,000**

For the procurement of goods, works or services where the value exceeds $50,000 but is less than $150,000, request for quotation or tenders should be invited via the Procurement Unit. Where the estimated expenditure is close to but under the $150,000 threshold, tenders should be invited.

The General Manager (or his or her delegate) may waive the requirements to obtain quotes or tenders providing that he or she is satisfied that exceptional circumstances justify exemption from this requirement, and that written reasons for the exemption have been provided by the officer responsible and file noted accordingly.
Where a genuine emergency exists and it is not possible to obtain the authority of the General Manager (or his or her delegate) to waive the quote or tender requirement, the authority of an officer with appropriate authority to incur the expenditure is to be obtained prior to purchasing. In documenting the procurement, the circumstances verifying the emergency response must be identified.

Emergency purchasing

Approval must be obtained from an officer with appropriate delegation should emergency procedures need to be adopted.

Emergency provisions should only be used when the goods or services are required within a timeframe, which would not allow for documented procurement requirements to be undertaken.

In the event of emergency purchases, the following procedures must be adhered to and completed prior to placing an order for the goods or services. An emergency is defined as:

- An act of God/natural disaster.
- A situation where the Work Health and Safety (WHS) of council staff and members of the public are threatened.

Note

Lack of planning does not constitute an emergency. These provisions are designed for purchasing in a situation that requires immediate action. In normal circumstances purchasing should be a planned process following standard processes.

When emergency purchasing processes have been adopted, staff must:

- Document, in detail, the reasons why the matter is considered an emergency.
- Estimate costs or potential risks in not contesting the purchase.
- Obtain approval within the level of approved delegations.

Inappropriate use of this process could eventuate in the non-payment of the supplier’s invoice and the cost may be liable to the staff member.

Notes

1. The responsible officer is expected to demonstrate due diligence seeking quotes and to comply with any audit and/or record keeping requirements.
2. File notes for all quotes are mandatory.
3. As far as practicable, the price should not be the only criterion for selection of a quote.
4. Authorisation of payments is only to be given by officers with appropriate delegation.