

Purchasing Policy:

PURPOSE

- To promote consistent and equitable use of Departmental funding for the provision of LMPA kindergarten services, meeting reporting, expenditure and taxation requirements for Loddon Mallee Preschool Association (LMPA)
- To ensure that the goals of the organisation are achieved in an efficient and effective manner
- To deliver a best practice approach and procedures to internal purchasing for LMPA
- To ensure consistency for all purchasing activities that integrates within all LMPA operational areas.

STRATEGY

To establish and implement key processes for all purchases made with LMPA funds and implement approval processes for the expenditure with guidance regarding expenditure responsibilities for staff and committees

This policy:

- Covers the procurement of
 - (a) Goods or services subject to a contract including consultants
 - (b) Asset purchases
 - (c) General operating services/expenditure items including consumable items, materials etc
- Provides LMPA with a more effective way of purchasing goods and services.
- Ensures that purchasing transactions are carried out in a fair and equitable manner.
- Strengthens integrity and confidence in the purchasing system.
- Ensures that the LMPA receives value for money in its purchasing.
- Ensures that the LMPA considers the environmental impact of the procurement process across the life cycle of goods and services.
- Ensures the LMPA is compliant with all regulatory obligations.
- Promotes effective governance and definition of roles and responsibilities.

ETHICS & INTEGRITY

All officers and employees of LMPA shall observe the highest standards of ethics and integrity in undertaking purchasing activity and act in an honest and professional manner. The following principles, standards and behaviours must be observed and enforced through all stages of the purchasing process to ensure the fair and equitable treatment of all parties:

- full accountability shall be taken for all purchasing decisions and the efficient, effective and proper expenditure of public monies based on achieving value for money;
- Value for money – LMPA will strive to obtain the best value for money together with quality of goods and services or works by undertaking 'best practice' purchasing procedures, benchmarking and monitoring the performance of contractors and suppliers to ensure high quality goods and services, promoting market competitiveness through quoting process and the utilisation of preferred approved suppliers. There must be sufficient justification to demonstrate that there is a need for the goods and services to be purchased;
- LMPA will establish a list of preferred approved suppliers for the acquisition of specific goods and services. The selection of preferred approved suppliers will follow a selection process based on acceptance of LMPA as a creditor, quality service and if appropriate, support of LMPA through discount options;
- Preferred approved suppliers should be used wherever possible;
- all purchasing practices shall comply with relevant legislation, regulations, and requirements consistent with LMPA and code of conduct;
- all processes, evaluations and decisions shall be transparent, free from bias and fully documented in accordance with applicable policies and audit requirements;
- any actual or perceived conflicts of interest are to be identified, disclosed and appropriately managed; and
- Any information provided to LMPA by a supplier shall be treated as commercial-in-confidence and should not be released unless authorised by the supplier or relevant legislation.

SUSTAINABLE PROCUREMENT

- Sustainable Procurement is defined as the procurement of goods and services that have less environmental and social impacts than competing products and services.
- LMPA is committed to sustainable procurement and where appropriate shall endeavour to design quotations and tenders to provide an advantage to goods, services and/or processes that minimise environmental and negative social impacts. Sustainable considerations must be balanced against value for money outcomes.

EFFICIENT PURCHASING PROCESSES

LMPA will undertake its purchasing activities in the most effective and efficient manner to minimise the administrative costs associated with purchasing by

- Seeking opportunities to streamline purchasing processes;
- Utilising technological advancements and electronic commerce applications, supported by appropriate controls aimed at reducing the administrative costs associated with purchase;
- Adopting a clear and consistent approach to its purchasing activities including the use of standard documents and contracts;
- Seeking continuous improvement of purchasing practices by maintaining a program of training and professional development for staff;
- Preference will be given to:
 - o Suppliers who accept EFT payments and electronic remittance advices
 - o Environmental procurement and sustainability (as per sustainable procurement mentioned above) – this will be pursued by promoting purchasing practices which conserve resources, save energy, minimize waste, protect the environment and human health and maintain environmental safety and quality
 - o Local Businesses – to enhance the opportunities for local businesses and industry (which operate and have business situated within the LMPA geographical area), local suppliers will be considered for business on the basis of value of money, capability and efficient purchasing practices.
 - o Risk Management – LMPA will ensure that appropriate practices and procedures of internal control and risk management are in place for its purchasing activities including risk identification, assessment and implementation of controls and policies.
 - o Management and Lead teachers will be responsible for ensuring appropriate practices and procedures for internal controls and risk management are adhered to.

PURCHASING THRESHOLDS

Where the value of procurement (excluding GST) for the value of the contract over the full contract period (including options to extend) is, or is expected to be:-

Amount of Purchase	Policy
Up to \$999	At least one verbal quotation BUT preferably three verbal quotations
\$1000 - \$4,999	Three verbal quotations, except where item is an asset, and then, three written quotations
\$5,000 - \$99,999	Obtain at least three written quotations containing price and specification of goods and services (with procurement decision based on all value for money considerations).
\$100,000 and above	Conduct a public tender process.

Where it is considered beneficial, tenders may be called in lieu of seeking quotations for purchases under the \$100,000 threshold (excluding GST). If a decision is made to seek public tenders for Contracts of less than \$100,000, a Request for Tender process that entails all the procedures for tendering outlined in this policy must be followed in full.

EXPENDITURE AUTHORITY

All operational service purchases should be signed off by the lead teacher and any purchases above \$1000 further approved by the LMPA CEO and/or Finance Manager. Purchases that exceed the LMPA budget for each preschool may be rejected. The Lead Teacher should contact LMPA to request purchasing required in excess of budgeted amounts.

Significant LMPA management purchases, above \$5000, should be acknowledged by the Board of Management via the monthly CEO and Finance report and be minuted as approved.

Purchases that will be either fully or partially support by committee fundraising will only be processed where written confirmation of committee approval is provided – by Treasurer Sign off on the order request form and a copy of meeting minutes showing approval of expenditure of committee fundraising for the specific purpose.

EQUIPMENT PURCHASES

Equipment, Computers and assets valued of \$5000 or above must be recorded in the financial system. However, an asset register will be maintained for each centre and updated on a regular basis by the Lead Teacher. This should include a photo of the equipment/goods etc. This is for the purposes of insurance but also to ensure that a list of stock is maintained .

METHODS OF PURCHASING

There are three methods of purchase goods and services in LMPA:

1. Petty Cash – This can be used to purchase goods and services up to a maximum value of \$100 and for one off purchases from suppliers that are not on our preferred approved suppliers list.
2. Purchase order – LMPA purchase orders is the preferred method and must be issued for all purchases except those acquired using petty cash or corporate credit card. Purchase orders should have a specific delivery days and/or times quoted as this forms part of the Supplier evaluation process (ability to delivery within appropriate session times).
3. Corporate Card (applicable to LMPA office only) – LMPA corporate cards are to be used to purchase goods and/or services up to a maximum value of \$500 and within budgetary constraints.

NB: Please refer to Guidelines for purchase order procedures and for a purchase order template.

SERVICE AGREEMENTS

In some situations it may be necessary for LMPA to enter into a purchase contract for the acquisition or provision of goods and services, especially maintenance or service agreements. Examples of service agreements include: cleaning services, outsourcing of functions, photocopier contracts and maintenance agreements.

It is essential that the purchase contract is issued only if the quotation and/or tender requirements have been met and the CEO and/or Finance Manager has approved the acquisition. All purchase contracts must be signed by the CEO as per the expenditure authority level.

RECEIPT OF GOODS AND SERVICES

The person taking delivery of the goods and/or services must certify (sign and date) the deliver note that all the goods were received in good order and condition or all of the service was satisfactorily performed. If a delivery docket is not provided or applicable, please email LMPA office to advise of same.

RETURN OF GOODS AND UNSATISFACTORY SERVICES

Where goods and/or services were found to be faulty, improperly performing or not as specified, the supplier must be immediately contacted and details noted on the delivery docket or email to LMPA office. If goods are returned to the supplier, details must be noted via email to LMPA Office and the supplier should not be paid for the returned goods.

NB: Service agreements – any improperly performing of service agreements should be advised to LMPA Office as soon as possible.

GUIDELINES

STAFF/CENTER ACTION:-

1. Fill out and submit your order request form:

Once completed the **order request form** fax or email it to LMPA ONLY. LMPA will deal directly with the supplier and complete your order.

LMPA ACTION:-

When LMPA receive an orders request form from a preschool/kindergarten a purchase order will be produced for the supplier.

This purchase order will then be faxed or emailed to the supplier to fill (ordering will then be complete) and to the preschool/kindergarten. (The kindergarten copy is to be filed in the purchasing folder under current orders with the original request). If you don't receive a copy of the purchase order, please contact LMPA to confirm that your request has been received.

Once goods have been received by your preschool/kindergarten LMPA will receive an invoice from the supplier which will be paid within the supplier's terms.

OTHER INFORMATION:-

Annual Purchase Order numbers:

To create an annual purchase order number you will need to contact LMPA for approval. This can be arranged for frequently used suppliers in your local area. However, annual purchase orders will be limited to certain suppliers only at the discretion of the Finance Manager.

Some preschools/kindergartens already have annual purchase order numbers set up. These can be located in the Order Request Journal.

Petty Cash:

Petty cash can be used where the purchase order system is not convenient. For example;

- At a discount bargain store where a Purchase Order will NOT be accepted.
- At all stores that require payment upfront.
- At supermarkets & chemists (unless an account has been organised).
- Australia Post, Bunning's Warehouse, and Office Works as LMPA can't set up account with any of these stores.

When petty cash sheets are returned to LMPA for reimbursement, all purchases should be allocated to a budget item (list down the left side on sheet)