

POLICY – PROCUREMENT

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Schedule 1 – Terms and Conditions of Purchase

1. National Quality Standard

Area	Concept	Descriptor
7.1	Governance	Governance supports the operation of a quality service.
7.1.2	Management Systems	Systems are in place to manage risk and enable the effective management and operation of a quality service.
7.2	Leadership	Effective leadership builds and promotes a positive organisational culture and professional learning community.

2. Purpose

- 2.1 The primary purpose of this Policy is to ensure that the procurement (purchasing) of all goods and services for the Centre is conducted in an honest, competitive, fair and transparent manner that delivers the best value for money outcome for the Centre and protects the reputation of the Centre, taking into account the required specification, quality, service, delivery, reliability, environmental and social issues and the total cost of ownership.
- 2.2 The Board also desires to provide clear instructions to all staff when conducting a procurement (purchase) so as to ensure to the maximum possible extent.
- Improved purchasing advantage for the Centre;
 - Better value for money outcomes for the Centre;
 - Best practice planning and risk management;

- Efficient procurement (purchasing); and
- Improved innovation in tendering and contract management.

3. Scope

This policy applies to all staff, paid or volunteer, including the Board.

4. Policy Statement

4.1 Accountability in spending is an important part of every organisation. As a not for profit community-based organisation, it is important that:

- Baringa's spending is justified, planned and transparent;
- Baringa purchases goods and services that are 'fit for purpose' and represent value for money; and
- Baringa adopts best practice for spending reflective of high financial probity and social responsibility.

5. Recurring Expenses

- 5.1 The Board prefers to engage "Preferred Suppliers" for all recurring expenses, subject to a written agreement for the supply goods and/or services at agreed terms.
- 5.2 Wherever possible, the Centre's "Standard Purchasing Terms" (**Schedule 1**) should be used in preference to vendor terms so as to enable operational efficiency.
- 5.3 Subject to sections 7 and 8 (which deal with professional services and insurance), the following table explains the selection method and requirements for recurring expenses (all figures are GST-exclusive).

Selection Method	\$ per annum	Requirements
Simple	≤\$10,000	Minimum 1 quote, approved by Centre Director
Three Quotes	>\$10,000 but ≤\$50,000	Minimum 3 quotes, approved by Executive Officer
Tender	>\$50,000	Open/Closed tender, approved by Board

6. Non-recurring Expenses

6.1 Subject to sections 7 and 8 (which deal with professional services and insurance), the following table explains the selection method and requirements for non-recurring expenses (all figures are GST-exclusive).

Selection Method	\$ per purchase	Requirements
Simple	≤\$2,000	Minimum 1 quote, approved by Centre Director
Three Quotes	>\$2,000 but ≤\$10,000	Minimum 3 quotes, approved by Executive Officer
Tender	>\$10,000	Open/Closed tender, approved by Board

7. Professional Services

Appointment and/or termination of the Centre's bookkeeper, accountant, auditor and/or lawyer is reserved to the Board.

8. Insurance

Appointment and/or termination of the Centre's insurance broker, and purchasing insurance, is reserved to the Board.

9. Procurement Planning

Identify Requirements

3.2.1 Prior to any purchase, it is important to identify the sourcing requirements: why does Baringa require this procurement?

- What are the reasons for raising this procurement?
- Actively consider all applicable strategies (e.g. provision of a service rather than procurement of goods?)
- Establish and clearly articulate the requirements (such as quantities, ordering patterns and delivery times)
- Estimate the cost.

9.1 When there is limited supplier option or a monopoly, you should also carefully consider the requirements ('must haves' vs 'nice to haves') to cut down unnecessary cost.

Build on Existing Corporate Knowledge

3.2.2 Baringa has been operating successfully for over 30 years. This means that usually (but not always) we will have sourced/purchased similar goods or services in the past.

3.2.3 Before making a definite decision to source quotes or initiate a tender, you should make appropriate internal enquiries to identify past practices and learn from past errors. This will usually include liaising with the Board, the Executive Director, the Centre Director, the Bookkeeper and the potentially the Centre's accountant. Enquiries should include the past requirements, costs and evaluation criteria to make the final decision:

- Was there any contract? If so, what type of contract was used? This may be an acceptance of quote provided by the goods or service supplier; or this may be a statement developed by Baringa that can bind both Baringa and the supplier.
- What was the cost?
- What was the objective to procure such goods or services? Was it met? What were the criteria used to assess the objective was met?
- If the contract is still current, what is the current status of the contract?
- Who was the service provider?
- Who were key personnel or subcontractors?
- Identify areas for improvements
- Has the contract been extended before? If so, has the above been considered to make sure the objective is still being met and this contract is still value for money?

Selecting Suppliers

9.2 Cost is an important, but not the only, consideration.

- 9.3 We should avoid using the same supplier if the supplier has not demonstrated good performance or value for money.
- 9.4 We should also actively look for more innovative ways of adding value to the outcomes. For example:
- Could the procurement be avoided or deferred?
 - Are existing resources being used at optimal level?
 - Could existing equipment be updated or better serviced, rather than buying new?
 - Could we source the supply from a member of the Baringa community for free, or reduced, rates?
 - Could we have a working bee utilising the skills of Baringa’s family and friends, subject to resolution of any conflict of interest – see paragraph 9.7 below?

Risk Assessment

- 9.5 An assessment of risk and how the risk will be managed should be included in the procurement plan. It should include consideration of the impacts of children, staff, families and OH&S impacts.
- 9.6 The following chart provides a guide to the extent of risk management required for different procurements. However, if you are unsure about the risk, talk to your Directors or the Board.

High Risk	Most consultancies High technology Long lead times Few providers or monopolies Specialist knowledge	High technology Long lead times Few providers or monopolies Major consultancies Specialist knowledge requirements
	Small orders Basic goods and services (e.g. office goods, consumables)	High volume and low unit cost Low technology Short to medium lead times Many providers
Low Risk	Low Value	High Value

Ethical Conduct

- 9.7 Ethical, legal, financial and other conflicts of interest commonly arise, and do not need to present a problem to Baringa if they are openly and effectively managed. All conflict of interest disclosures should be treated as confidential but on the basis that the Board may disclose conflicts of interest in an appropriate circumstance. Once a conflict of interest has been identified, it should be referred to the Board to consider what if any action is necessary.
- 9.8 Gifts other than items of small intrinsic value should not be accepted from suppliers or prospective suppliers.

10. Acquittal and Review

Account Reconciliation

- 10.1 All expenditure is reconciled monthly by the Bookkeeper.

- 10.2 A tax invoice must be received and retained for each purchase, no matter how small. Whilst the Board understands that sometimes receipts go missing, these instances should be few and far between. Tax invoices come in all shapes and forms, but are different to EFTPOS receipts, which are not regarded as sufficient for tax purposes. Debit card bills and EFTPOS receipts do not substitute for original tax invoices, and card purchases without original receipts are ultimately the responsibility of the card user.
- 10.3 All tax invoices should be provided to the Bookkeeper promptly, and filed in a central electronic location for record-keeping purposes (see more section 11).

Regular Review

- 10.4 All purchasing arrangements, particularly Preferred Supplier arrangements, should be regularly reviewed by the Executive Officer and Centre Director so ensure that:
- Baringa’s needs are being met;
 - the terms and conditions are not compromising Baringa and represent ongoing value for money;
 - the goods and services supplied are 'fit for purpose' and consistently delivered on time;
 - when duration of a contract is about to be reached, an exit strategy is considered and decided or a renewal is approved in sufficient time to ensure continuity of supply.
- 10.5 Generally, this review should be carried out at least once each quarter.

11. Recordkeeping

- 11.1 Records of quotes, contract, invoices and other associated documents must be kept for seven (7) years as per ATO requirement.
- 11.2 The Executive Officer and Centre Director have established a centralised, electronic filing system in consultation with the Bookkeeper and accountant which must be followed at all times.

12. Feedback

Staff may provide feedback about this document by emailing baringaboard@gmail.com.

13. Approval and Review Details

Approval and Review	Details
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Advisory Subcommittee to Approval Authority	Director (Operations) (Initial) Director (Finance) (Initial)
Administrator	Executive Officer
Next Review Date	31 March 2019

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