

# Hay Shire Council Policy



<b>Title of Policy</b>	Procurement and Credit Card Policy	
<b>This applies to</b>	All Staff	
<b>Author</b>	David Webb	<b>Date Approved:</b> 23 <sup>rd</sup> March 2021
<b>Position of Author</b>	General Manager	<b>Authorised by:</b> Council
<b>Legislation, Australian Standards, Code of Practice.</b>	Local Government Act 1993 Financial Regulations	
<b>Related Policies/Procedures</b>		
<b>Attachments</b>		
<b>Aim</b>	To provide clear guiding principles for the procurement of materials, equipment and services through quotations and tendering, credit and fuel card use, to ensure best value for money, cost effectiveness, good management practices and transparency.	
<b>Version</b>	<b>Details</b>	<b>Date</b>
Version 1	Initial Issue	19/4/2011
Version 2	Review	27/11/2012
Version 3	Review	29/4/2014
Version 4	Review	12/9/2017
Version 5	Review	22 /10/2019
Version 6	Update of Card Numbers and Expenditure	14/9/2020
Version 7	Recommendations from Internal Auditor	23/3/2021
<b>Superseded Policies</b>	<b>Purchasing Policy</b>	
<b>The Policy</b>		

## OBJECTIVE

The purpose of this policy is to;

Provide clear guiding principles for the procurement of materials, equipment and services through quotations and tendering, credit and fuel card use, to assist in ensuring best value for money, cost effectiveness, meeting the needs of the community, good management practices, transparency, probity and environmental performance and to provide a purchasing framework that will advance the sustainable use of resources.

Objectives of this policy is;

1. To ensure that procurement delivers value for money and that all transactions are conducted in an honest, fair and equitable way.
2. To ensure that the procurement is sustainable.
3. To comply with occupational health and safety good practice and the general employer's duties required under the Work Health and Safety Act 2011 with regard to the purchasing of equipment, plant and material.

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4. To encourage the development and promotion of business and industry within the local economy.
5. Establish rules for the use of credit cards and fuel cards issued by Council.
6. Ensure that organisational transactions are carried out as efficiently as possible through the use of corporate credits when appropriate.
7. To provide an alternative mechanism for the purchase of fuel for Council supplied vehicles.
8. Guard against any possible misuse of corporate credits cards and fuel cards issued by Council.
9. Ensure the use of corporate credits and fuel cards is in accordance with the relevant legislation.

## **POLICY**

### **Procurement Principles**

Council's procurement related activities shall be conducted in a manner than complies with these general procurement policies:

1. Obtaining value for money in the procurement of goods and services, using open and effective competition wherever practicable.
2. Quality, price, delivery and service along with local benefit shall generally be considered the main criteria in assessing Council's procurement of goods and services together with experience, conformance with specifications (including environmental performance), OHS record and systems and project specific matters.
3. Council expects its contractors and suppliers to comply with ethical business standards and practices in its procurement activities.
4. Council shall strictly implement its Code of Conduct, guidelines and other relevant policies on matters relating to its procurement activities.
5. All staff are required to consistently apply and implement Council's procurement policies and procedures. Appropriate remedial action shall be taken for non-compliance.
6. Eliminate unnecessary purchasing reducing costs and waste.

## **RESPONSIBILITY**

### ***General Manager and Directors***

General Manager and Directors are responsible for providing policy, procedures and framework to facilitate transparent, ethical and value for money procurement, as well as for the approval of purchases, in accordance with Council delegations.

### ***Managers***

Managers are responsible for ensuring the following procedures are implemented within their workgroup. Managers are to ensure a hazard identification and risk assessment is undertaken with regard to equipment, materials and supplies which they have responsibility for purchasing for workplace use.

### ***Supervisors***

Supervisors are responsible for ensuring procurement tasks are carried out according to procedures. Supervisors are to ensure there are in place procedures for identifying safety defects in equipment, material and supplies purchased and used at the workplace.

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## Supplier

The Supplier is required to advise of the risks to workplace safety of the purchase, and to supply appropriate information and instruction to ensure safe use at the workplace. Large procurements or procurements with elements outside Councils areas of expertise, will require the supplier to complete a risk assessment prior to Council accepting the item or service.

## Procurement Delegations

Purchases less than \$250,000.00 inclusive of GST will be authorised by appropriate council officers in accordance with the criteria listed in the categories below. Appropriate council officers will be delegated authority by the General Manager to approve purchases of goods and services within specified limits. These limits will be strictly adhered to and will be monitored regularly with the onus being on the individual employee to ensure they do not abuse their authority level.

The categories are as follows:

- (i) *Goods and Services less than \$1000.00 - Direct Procurement* Council Officers with appropriate authority are granted the ability to purchase goods and services up to the value of \$1000.00 depending entirely on each individual's level of authority. A supplier may be selected directly to provide goods and services where the expenditure is less than \$1000.00. Under no circumstances are orders to be split so that the total value of the order falls under the amount of the individual's delegated authority level.
- (ii) *Goods and Services between \$1000.00 and \$5,000.00 - Verbal Quotations* At least two verbal quotations are to be sought and documented where expenditure is between \$1000.00 and \$5,000.00. If two verbal quotations are not possible the reason should be documented. Under no circumstances are orders to be split so that the total value of the order falls under the amount of the individual's delegated authority level. The officer will review all quotations and if not accepting the lowest quotation, then the reasons must be documented and forwarded to their direct supervisor for acceptance. If the relevant supervisor decides to accept a supplier other than the supplier recommended, full justification for this decision must be documented and recorded.
- (iii) *Goods and Services between \$5001.00 and \$249,999 - Written Quotations* At least two, preferably three, written quotations are to be sought and documented where expenditure is between \$5001.00 and \$149,999.99. Under no circumstances are orders to be split so that the total value of the order falls under the amount of the individual's delegated authority level. The officer will review all quotations and if not accepting the lowest quotation, then the reasons must be documented and forwarded to their direct supervisor for acceptance. If the relevant supervisor decides to accept a supplier other than the supplier recommended, full justification for this decision must be documented and recorded.
- (iv) *Expressions of Interest – Annual Schedule of Rates* Expressions of interest must be publicly advertised on an annual basis, calling for fixed rates from contractors for work, plant hire and projects (under the \$250,000.00 threshold) on an 'as required basis'. Expressions of interest for the Annual Schedule of Rates may be invited by Council directly. The outcome of the expression of interest process, through which the relevant contractors are selected, must be approved by Council's Tender Panel.

## Tendering

Council will seek tenders where required by the Act and when deemed appropriate by the General Manager. Tendering selection criteria may be modified with the approval of the General Manager.

## Selection criteria

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Value for public money to achieve positive outcomes for the community is the core principle underpinning Council's procurement system. This will involve a comparative analysis of all relevant costs and benefits of each proposal throughout the whole procurement cycle. To carry out the comparative analysis, council will use appropriate evaluation criteria. A weighting will be applied to each evaluation criterion. Evaluation criteria and weighting will be set by the responsible officer, with the exception of Local Benefit which will have a maximum weighting of 10% of the total evaluation criteria for tendered contracts. The responsible officer does have the discretion not to apply the selection criteria analysis where the value of the purchase is considered immaterial.

### **Budget Considerations**

All acquisitions by virtue of the Local Government Act and financial regulations must be for an approved purpose with funds allocated in the budget. It is recognised that from time to time the dynamic nature of Council operations means that there will not be sufficient funding still available in the budget for some necessary purchases. Where the purchase is non-discretionary, approval must be obtained from the relevant Director or General Manager to proceed with the purchase. Where the acquisition is discretionary approval may only be given from the General Manager pending Council formal approval.

## **COMPLIANCE AND FRAUD**

### **Non-Compliance**

Areas of Non-compliance will be dealt with by the General Manager.

### **Suspected Fraudulent Activity**

All suspected fraud activity shall be dealt with in accordance with the investigation and disciplinary procedures of Councils Fraud Policy and framework.

## **CASH, CREDIT CARD AND FUEL CARD PURCHASES**

All supporting vouchers and tax invoices must be obtained for all purchases.

### **Petty Cash**

Council's petty cash limit is \$50.00. Cash purchases must be supported by receipts. Only the General Manager or the relevant Director may approve reimbursements of expenditure without the production of a receipt in certain circumstances. All petty cash reimbursements must be submitted to the Finance Department for verification and identification of GST, prior to reimbursement.

### **Credit Cards**

Council credit cards may be issued only to approved persons on the authority of the General Manager in accordance with Council Policy. Requests for a Council credit card will be assessed by the General Manager on a needs base ie:-

- officers that are required to make transactions in a timely manner; and
- purchases unable to made through Council's procurement system eg flights, accommodation.

Council credit cards must not be used to incur personal expenditure, or expenditure on behalf of other organisations. Misuse of a Council credit card may lead to the card being cancelled and the cardholder may be required to pay restitution to Council. Cardholders must certify their monthly credit card expenses, confirming that the costs incurred were for official purposes. This must be supported by relevant tax invoices or receipts, which must be forwarded to the Finance Manager to be filed with the monthly credit card statement. The General Manager must authorise all Credit Card expenditure with the Mayor and Director of Corporate Services authorising the General Manager's credit card expenditure.

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Each corporate credit card will be issued to a specific person who will remain personally responsible for the use of the card. No more than one card shall be issued per cardholder.

The recipient of the credit card will be required to sign a document acknowledging and agreeing to the conditions of use outlined in this Policy (refer Schedule A attached).

#### Periodic Review

There will be an annual review of credit card use and procedures with a report of material issues provided to the management executive.

Credit Limit - There is two Council credit card accounts with an aggregate maximum limit of \$12,000. This limit may be varied by the council and cardholders shall not obtain cash advances through the use of a corporate credit card.

#### Cardholder Responsibilities

It shall be the responsibility of cardholders to -

- 1) Obtain and retain sufficient supporting documentation to validate the expense and attach these to the monthly statement from the bank;
- 2) Each transaction is to be verified that the expenditure is for business-related purposes.
- 3) Review the monthly statement and verify that the goods and/or services listed were received and report any inaccuracies to the Director of Corporate and Community Services;
- 4) Sign the monthly statement to verify that the transactions have been made for official purposes;
- 5) Take adequate measures to ensure the security of the credit card;
- 6) Notify the bank and the Director of Corporate and Community Services immediately if the card is lost or stolen or if any unauthorised transaction is detected or suspected;
- 7) Return the card to the Director of Corporate and Community Services if the cardholder resigns, the General Manager has determined that there is no longer a need for the cardholder to retain his/her credit card or the credit card has been cancelled by the bank.

#### Withdrawal of Corporate Credit Cards

A corporate credit card may be withdrawn or cancelled for the following reasons -

- 1) The cardholder ceases to be an employee of the Council;
- 2) It is determined that there is no longer a need for the cardholder to have a credit card purchasing facility;
- 3) Misuse of the credit card by the cardholder including inappropriate expenditure or non-compliance with the conditions of use set out in this Policy.

#### Lost/Stolen Cards

Lost or stolen cards must be cancelled as soon as possible by telephoning the Westpac Bank. Details of the cancellation including the Bank's reference number, date and time are to be forwarded to the Director of Corporate and Community Services.

#### Replacement of Damaged Cards

Damaged cards can be replaced by returning it to the Director of Corporate and Community Services and requesting a replacement card.

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### Payment of Credit Card

The Director of Corporate and Community Services will arrange payment of the credit card statement at the end of each month to avoid incurring interest charges.

## **Fuel Cards**

### Issue of Fuel Cards

- 1) The Director Corporate and Community Services will be responsible for issuing fuel cards to employees who are provided with a Council vehicle in the course of their employment.
- 2) The recipient of the fuel card will be required to sign a document acknowledging and agreeing to the conditions of use outlined in this Policy (refer Schedule B attached).
- 3) The Director Corporate and Community Services will maintain a register of all employees who have been issued with a Council fuel card.
- 4) Notwithstanding 1) above, a fuel card may be issued for the purposes of purchasing unleaded fuel for all small plant items such as lawn mowers, line trimmers etc.

### Fuel Card Usage

- 1) The fuel card must only be used for the vehicle it is assigned to and must not be utilised to refuel another vehicle.
- 2) The fuel card must be retained with the associated vehicle at all times.

### Cardholder Responsibilities

It shall be the responsibility of cardholders to -

- 1) Initial the fuel receipt issued at the fuel outlet.
- 2) Forward all fuel receipts to the Accounts Payable/ Payroll Officer in a timely manner.
- 3) Take adequate measures to ensure the security of the fuel card.
- 4) Notify the Director Corporate and Community Services immediately if the fuel card is lost or stolen.
- 5) Return the fuel card to the Director Corporate and Community Services on request.

### Withdrawal of Fuel Cards

A fuel card may be withdrawn or cancelled for the following reasons -

- 1) The cardholder ceases to be an employee of the Council;
- 2) It is determined that there is no longer a need for the cardholder to have a fuel card;
- 3) Misuse of the fuel card by the cardholder including non-compliance with the conditions of use set out in this Policy.

### Lost/Stolen and Damaged Fuel Cards

- 1) Lost or stolen cards must be cancelled as soon as possible by notifying the relevant fuel company.
- 2) Damaged cards can be replaced by returning it to the Director Corporate and Community Services and requesting a replacement card.

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Payment of Fuel Card Statement

The Director of Corporate and Community Services will arrange payment of the monthly fuel statement at the end of each month.

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**SCHEDULE A**  
**Corporate Credit Card**  
**Cardholder Approval and Acknowledgement**

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**Approval**

<b>Cardholder's Name:</b>
<b>Position:</b>
<b>General Manager's Signature:</b>
<b>Date:</b>

**Acknowledgement**

<p>I acknowledge receipt of the Hay Shire Council Corporate Credit Card and agree that:-</p> <ol style="list-style-type: none"> <li>1) I will not use the Corporate Credit Card, nor permit it to be used, other than for official Council purposes.</li> <li>2) I will not use the credit card for prohibited or illegal purchases or purchases that may bring the name of the Council into disrepute</li> <li>3) I will ensure security of the Corporate Credit Card at all times.</li> <li>4) If the Corporate Credit Card is lost or stolen, I will immediately report it missing to Council's bank and will also inform the Director Corporate and Community Services.</li> <li>5) If my position with Hay Shire Council changed or my employment terminates, or I am asked to surrender the card for any other reason, I will immediately return the card.</li> <li>6) I will retain all original supporting documentation that meets the requirements of a tax invoice for presentation to the relevant authorising officer.</li> </ol>
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**Cardholder's Signature**

<b>Name of Financial Institution:</b>	
<b>Card No.</b>	<b>Expiry Date:</b>
<b>Cardholder's Signature</b>	<b>Date:</b>

**SCHEDULE B**  
**Fuel Card**  
**Cardholder Approval and Acknowledgement**

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**Approval**

<b>Cardholder's Name:</b>
<b>Position:</b>
<b>General Manager's Signature:</b>
<b>Date:</b>

**Acknowledgement**

I acknowledge receipt of the Hay Shire Council Corporate Credit Card and agree that:-

- 1) I will not use the Fuel Card, nor permit it to be used, other than for refilling the Council vehicle for which it has been issued.
- 2) I will ensure security of the Fuel Card at all times.
- 3) If the Fuel Card is lost or stolen, I will immediately report it missing to the Director Corporate and Community Services.
- 4) If my position with Hay Shire Council changed or my employment terminates, or I am asked to surrender the card for any other reason, I will immediately return the card.
- 5) I will retain all fuel receipts and forward them to the Accounts payable/ payroll Officer in a timely manner.

**Cardholder's Signature**

<b>Fuel Company Name:</b>	
<b>Card No.</b>	<b>Expiry Date:</b>
<b>Cardholder's Signature</b>	<b>Date:</b>