

Wheatbelt Natural Resource Management Incorporated

Procurement and Purchasing Policy

Policy Name:	Procurement and Purchasing Policy
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Policy Version Number:	V1.1
Policy Category:	Financial Management
Contact Officer:	Chief Executive Officer
Date Approved by the Board of Management:	
Date of Last Review:	Not Applicable
Period Until Next Review:	36 months from the approved date or as required
Related Legislation:	<ol style="list-style-type: none"> 1. Associations Incorporation Act 1987, Western Australia 2. Australian Accounting Standards Board (AASB) Standards
Related WNRM Policies or Procedures:	<ol style="list-style-type: none"> 1. 1.7 Delegation of Authority Policy 2. 1.1 Board Charter 3. 2.3 Contract Management 4. 2.5 Program and Project Management 5. Expense Claim Form 6. 3.2 Procurement and Accounts Payable Procedure 7. 3.5 Bank Signing Authority (Procedure) 8. 3.5 Accounting Treatments Guideline (in draft)

1. Definitions

“**Asset**” means Equipment with a procurement or market value greater than \$1,000 or as listed on the Asset Register.

“**Asset Register**” means the database of Recognised Asset(s) that is used for accounting purposes.

“**Constitution**” is the governing document of Wheatbelt Natural Resource Management Incorporated;

“Budget Custodian” is the staff member who has been delegated authority for a budget under the delegations procedure;

“Delegation of Authority Policy” means the document specifying the delegation authority and the corresponding financial expenditure Authorisation thresholds, and other financial, administrative and human resource Authorisation(s).

“Finance Officer” means the employee(s) or service provider appointed who is responsible for administering the financial management system.

“Purchase Approval” means an internal Wheatbelt NRM authority by the budget custodian within delegation, for the purchase of goods or services by another staff member, within an approved program budget, that specifies the supplier, project, item of purchase, and dollar value of consideration.

“Purchase Order” means a legally binding agreement for the supply of goods or services that specifies the dollar value of consideration, generally for work costing under \$20,000.

“Representatives” means Board Directors, employees, contractors or volunteers of Wheatbelt Natural Resource Management Incorporated.

“Recognised Asset” means property which have an effective life greater than 12 months, and a procurement, or thereafter market value, greater than \$5,000 for the effect of Accounting depreciation.

“Staff Member” means a person with a contract of employment with Wheatbelt Natural Resource Management Incorporated.

“Wheatbelt NRM” means Wheatbelt Natural Resource Management Incorporated.

2. Overview

This Policy relates to the purchase and procurement of an Asset, good or service by Wheatbelt NRM. Wheatbelt NRM will ensure that all purchases are for legitimate Wheatbelt NRM business and appropriately approved with adequate accounting records being maintained.

This Policy needs to be read in conjunction with the Delegation of Authority Policy.

Representatives who breach this Policy may be subject to disciplinary action.

3. Policy Statements

Accounting activities will comply with the requirements set out in the Standards published by the Australian Accounting Standards Board.

All transactions will be in support of the official business of Wheatbelt NRM , and will be entered on to the Wheatbelt NRM's financial management system.

All financial transactions require at least three (3) Staff Members to be involved.

All procurement and purchasing activities will be in accordance with the Authorisation requirements set out in the Delegation of Authority Policy, and the Accounting Treatments Guideline.. This includes authority to sign cheques, use corporate credit cards, transfer funds electronically, and make payment by cash.

All financial transactions will have a corresponding purchase order, purchase approval, invoice or receipt, and such documents will be retained for a minimum of ten (10) years.

Purchasing tools include:

Purchase order or purchase approval when the purchase price is greater than \$100;

Credit cards;

Electronic bank transfer, including BPay, with appropriate supporting documents; or

Petty cash payment for amounts less than \$200

All received goods will be inspected and checked against their respective order on delivery or at the time of taking control of the good by the initiator of the purchase or staff member, to ensure that the goods are consistent with the order requirement and fit for purpose.

Representatives who have used private monies for authorised payments may apply for reimbursement and will be required to submit an expense claim form.

Only Representatives specified in the Delegation of Authority Policy can approve payments.

Purchase Order Management

There will be three (3) levels of sign-off from different Staff Members for purchase order requisition approvals as follows:

- (a) authorised by the Board of Management and signed by the Chairperson (or delegate) for purchases greater than \$100,000; or otherwise authorised and signed by the Chief Executive Officer (or delegate), that declares that the expense is within the budget provisions and duly approved;
- (b) confirmed by the Staff Member who has requested the purchase that recognises that the expenditure is in accordance with Wheatbelt NRM objectives stated in the Constitution, and in accordance with the budget provision and to the specific and related operational/program/project need; and
- (c) confirmed to have met the due accounting practices by the Finance Officer who is processing the order, and ensures the account code is correct.
- (d) Where the requesting staff member (3.10 b) is the Chief Executive Officer, and the purchase is within delegation, there will only be two (2) different Staff Members sign-off.

Purchase Approval Management

There will be two (2) levels of agreement from different Staff Members for purchase approvals as follows:

- (a) authorised and signed by the Chief Executive Officer (or delegated budget custodian), that declares that the expense is within the budget provisions and duly approved;
- (b) confirmed by the Staff Member who has requested the purchase that recognises that the expenditure is in accordance with the budget provision and to the specific and related operational/program/project need.
- (c) Where the requesting staff member (3.11 b) is the budget custodian, purchase approvals are not required.

Credit Card Management

The Chief Executive Officer determines which Staff Members will be issued a credit card, and the credit limit set on that card.

A Staff Member using a credit card will ensure the use of the card is within their appropriate approval right and in accordance with pre-approved expenses (e.g., travel expenses are paid in accordance with a pre-approved travel budget, program/project expenses are paid in accordance with the program/project budget provisions etc).

Credit card payments can only be made against an invoice, purchase order or where a receipt is issued, and such documents are official records of Wheatbelt NRM.

Monthly credit card statements are to be dealt with by three (3) separate individuals:

- (a) to be checked and signed by the credit card holder as an official record, with all invoices/receipts attached and given to the Chief Executive Officer via the Finance Officer;
- (b) the Chief Executive Officer (or delegate), or Chairperson in the event that the card holder is the Chief Executive Officer, will counter-sign the statement signifying that the expenses are duly approved; and
- (c) the Finance Officer will sign and process the statement to signify that the cost codes are correct and the transactions have been entered into the financial management system.

Cheque Management

Cheque payments can only be made against an invoice, and purchase order, and such documents are official records of Wheatbelt NRM.

A cheque is to be dealt with by three (3) separate individuals:

- (a) the Representative submitting the Purchase Order or Purchase approval, being issued an invoice, submitting an expense claim for reimbursement, effectively is confirming that the purchase is a legitimate business transaction;

- (b) the Chief Executive Officer (or delegate), or Chairperson in the event that the purchaser is the Chief Executive Officer, and counter-signed as appropriate, will sign the cheque signifying that the expenses are duly approved; and
- (c) the Finance Officer will process the cheque payment to signify that the cost codes are correct and the transactions have been entered into the financial management system.

Petty Cash Management

A petty cash sum with a maximum amount as approved by the Board of Management will be retained in a secured location.

Petty cash can be used as part of paying an expense claim or for small item purchases.

Approval for a petty cash expense will be managed as:

- (a) the expense claim form or receipt is to be signed by the submitting Representative;
- (b) the Chief Executive Officer (or delegate), or Chairperson in the event that the Representative is the Chief Executive Officer, will counter-sign the statement signifying that the expenses are duly approved; and
- (c) the Finance Officer will sign and process the petty cash statement to signify that the cost codes are correct and the transactions have been entered into the financial management system.

Expense Claim Reimbursement Management

A Representative who has a legitimate claim for a business expense incurred privately is required to submit a signed expense claim form to the accounting function.

Approval for an expense claim reimbursement will be managed as:

- (a) the expense claim form or receipt is to be signed by the submitting Representative;
- (b) the Chief Executive Officer (or delegate), or Chairperson in the event that the Representative is the Chief Executive Officer, will counter-sign the statement signifying that the expenses are duly approved; and
- (c) the Finance Officer will sign and process the payment through petty cash based on appropriate limit, electronic bank file transfer or cheque statement and will check that the cost codes are correct and the transactions have been entered into the financial management system.

Sitting Fees Management

Sitting fees and allowances will be paid in accordance with the Board Charter provisions.

Asset Management

On the receipt of any Recognised Asset, the Finance Officer will ensure that the Asset Register is updated accordingly.

On the disposal or destruction of a Recognised Asset, the Finance Officer will ensure the removal of the Asset from the Asset Register.

4. Responsible Officers

The Board of Management, as part of its governance authority, is responsible for the approval and publication of this Policy, including the approval of any subsequent changes.

The Audit Committee is responsible for reviewing this Policy prior to Board of Management approval, and ensuring the scheduled review of this Policy.

The Chief Executive Officer is responsible for the operational compliance of the organisation to this Policy.

The Finance Officer will ensure that all financial transactions are entered into the financial management system, adequate financial records are maintained, and that Recognised Assets are documented in the Asset Register.

Representatives issued credit cards are responsible for their safe keeping, reporting of lost or stolen cards, and their appropriate use.

5. Approval

This Policy was approved by the Board of Management on the 30th July 2014.

Jim Sullivan
Chairperson
Board of Management
Wheatbelt Natural Resource Management Incorporated