Procurement and Preferred Suppliers Policy

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| **Purpose** | Procurement is also called ‘supply management’ or ‘purchasing’. The procurement policy is concerned with processes that control incoming products and materials.  The purpose of this policy is to ensure the purchase of resources is carried out consistently, fairly and transparently and in accordance with John Readings requirements. |
| **Scope** | The scope of this policy covers the purchasing and acquisition of resources by employees and contractors of John Readings. |
| **Responsibility** | Responsibility for the implementation of this policy rests with employees and management of John Readings stores with responsibility for purchasing resources. |
| **Relevant legislation** | * *Privacy Act 1988* (Cwlth), * State anti-discrimination legislation, * State work health and safety legislation, * *Australian Securities and Investments Commission Act 2001* (Cwlth), * *Corporations Act 2001* (Cwlth), * *Income Tax Assessment Act 1997* (Cwlth), * *Fair Work Act 2009* (Cwlth). |

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| **Updated/ authorised** | 09/2019–Finance Manager |

Principles Governing Procurement Process

1. Probity and Ethical Behaviour

The principle of probity (which means to have strong moral principles, honesty and decency) and ethical behaviour governs the conduct of all procurement activities. Employees who have authority to procure goods and services must comply with the standards of integrity, probity, professional conduct and ethical behaviour. Employees or directors must not seek to benefit from supplier practices that may be dishonest or unethical.

2. Sustainability

Follow the sustainability policy and principles outlined in the sustainability policy when procuring supplies.

3. Value for money

Value for money is the core principle underpinning procurement. Organisations contracted to do work for John Readings must be cost-effective and efficient in the use of resources whilst upholding the highest standards of probity and integrity.

In general, a competitive procurement process that is carried out in an open, objective and transparent manner can achieve best value for money in procurement.

4. Non-Discrimination

This procurement policy requires that the procurement process is non-discriminatory. All potential contracted suppliers should have the same opportunities to compete for business and must be treated equitably based on their suitability for the intended purpose.

5. Risk Management

Risk management involves the systematic identification, analysis, treatment of risk as well as, where possible, the implementation of appropriate risk mitigation strategies. It is integral to efficiency and effectiveness to proactively identify, evaluate, and manage risks arising out of procurement related activities. The risks associated with procurement activity must be managed in accordance with the organisation’s risk management policy.

6. Responsible Financial Management

The principle of responsible financial management must be applied to all procurement activities. Factors that must be considered include:

* The availability of funds within an existing approved budget,
* Staff approving the expenditure of funds strictly within their delegations,
* Measures to contain costs of the procurement without compromising any procurement principles.

7. Procurement Planning

In order to achieve value for money, each procurement process must be well planned and conducted in accordance with the principles contained in this document. The process must also comply with all of the organisation’s policies and relevant legal and regulatory requirements.

When planning appropriate procurement processes, consideration should be given to adopting an approach which:

* Encourages competition,
* Ensures that rules do not operate to limit competition by unnecessarily discriminating against particular suppliers,
* Recognises any industry regulation and licensing requirements,
* Secures and maintains contractual and related documentation for the procurement which best protects the organisation,
* Complies with the organisation’s delegations policy.

8. Buy Australian made/support for Australian industry

Employees who are involved in procurement activities must make a conscious effort to maximise opportunities for Australian manufacturers and suppliers to provide products where there is practicable and economic value. In making a value for money judgment between locally made and overseas sourced goods, employees are to take into account:

* Whole of life costs associated with the good or service,
* That the initial purchase price may not be a reliable indicator of value,
* The quality of locally made products,
* The record of performance and delivery of local suppliers,
* The flexibility, convenience and capacity of local suppliers to take on larger orders and meet fluctuations in order numbers,
* The scope for improvements to the goods and ‘add-ons’ from local industry.

9. Pre-registered list of Suppliers and Contractors

John Readings shall maintain a pre-registered list of preferred suppliers and contractors.

This list is reviewed at regular intervals with admission of interested parties on a rolling basis. Care should be taken to ensure that such lists are used in an open and non-discriminatory manner. The list should be maintained in accordance with the sustainability policy. Suppliers must be audited once per year with regard to sustainable practices. It is in the interest of the organisation that the pool of potential suppliers is actively maintained and updated. Employees should provide reports of their experiences in working with each supplier/contractor to assist future decisions concerning the list.

10. Avoid Conflict of Interest

Employees and directors are not permitted to personally gain from any aspect of a procurement process. Employees and directors are required to be free of interests or relationships in all aspects of the procurement process.

For those individuals who are involved in procurements, any investment in, or close relationship with, a contractor represents a conflict of interest. This individual must disclose the conflict of interest to the Line Manager or Finance Manager to allow sufficient time for a review.

Employees and directors shall ensure that to the best of their knowledge, information and belief, that at the date of engaging a supplier or contractor that no conflict of interest exists or is likely to arise in the performance of the supplier/contractor’s obligations under their contract.

Should employees or directors become aware of potential conflicts of interest, they must advise their line Manager or Finance Manager and directors immediately.

11. Report collusive tendering

Employees should be aware of anti-competitive practices such as collusive tendering.

Collusive tender would occur if an employee of John Readings were to secretly share information or arrange a situation that would control the result of tendering to favour or discriminate against particular applicants.

Any evidence of suspected collusion in tendering should be brought to the attention of the line Manager or Finance Manager.

12. Competitive Process

It is a basic principle of procurement that a competitive process should be used unless there are justifiably exceptional circumstances. The type of competitive process can vary depending on the size and characteristics of the contract to be awarded.

13. Direct Invitation (Selective or Restricted Tendering)

A process of direct sourcing to tender may be used. This may involve an invitation to organisations deemed appropriately qualified for a particular product or service (this may be appropriate for specialised requirements in markets where there is a limited number of suppliers or service providers).

The selection process should have particular regard to the need for equal treatment and reasonable distribution of opportunities.

14. Evaluation and Contract Award

For projects being awarded, consideration will be given not only to the most economically advantageous tender, but also to the track record of the tender respondent and the degree of confidence that the panel has in the quality if the bid. It will be the normal practice to have the evaluation of tenders carried out by a team with the requisite competency.

15. Results of Tendering Process

All tender respondents should be informed in writing of the result of a tendering process immediately after a contract has been awarded.

Summary of Procurement Policy Delegations

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|  | **Purchase amount** | **Required number of quote** | **Comment** |
| **General Manager** | Authority to sign contracts for products and services up to $200,000.  Must seek approval from National Chief Operating Officer (COO) for amounts above $200,000. | Two or more competitive quotes for contracts over $75,000. | Must be within the approved budget and consistent with business/ operational and strategic planning.  Detailed services contract required. |
| **Finance Manager** | Authority to sign contracts for products and services up to $120,000. | Two or more competitive quotes. | Must be within the approved budget and consistent with business/ operational and strategic planning.  Detailed services contract required for contracts over $20,000. |
| **Product/ Logistics/ Purchasing managers** | Authority to sign contracts for products and services under $75,000. | One or more competitive quotes preferred. | Must be within the approved budget and consistent with business/ operational and strategic planning.  Detailed services contract required for contracts over $20,000. |

Expenditure payment approval form

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|  | *For completion by person verifying payment* | | | | | | | | | | | |  |
|  | **Date** | | |  | |  | **Invoice date** | | | |  | |  |
|  | **Payee name:** | | |  | | | | | | | | |  |
|  | **Job/project number:** | | |  | |  | **Project title:** | | | |  | |  |
|  | **Description of payment:** | | |  | | | | | | | | |  |
|  | **Payment amount: $** | | | | |  | **□ ex GST □ inc. GST** | | | | | |  |
|  |  | | | | |  |  | | | | | |  |
|  | **Signature of person verifying payment** | | | | |  | **Signature of delegated manager** | | | | | |  |
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| *For Completion by Finance:* | | | | | | | | | | | | | |
| **Account number** | | | | | **Account name** | | | | | **Amount** | | | |
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|  | | | | | **Total Payable:** | | | | | **$** | | | |
| **Approved:** | | | | | | | | **Date:** | | | | | |
| *Store Manager:* | |  |  | | | | |  |  | | |  | |
| *Finance manager:* | |  |  | | | | |  |  | | |  | |
| *Product manager:* | |  |  | | | | |  |  | | |  | |
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