



**KOKATHA ABORIGINAL CORPORATION RNTBC (KAC)**

**PROCUREMENT POLICY**

## References

- A. Kokatha Rule Book of 8 October 2020
- B. Kokatha Financial Delegations

## Purpose

The Kokatha Procurement Policy sets the rules and processes for the purchase or lease of goods and services by the corporation and its subsidiaries. This policy should be read in conjunction with Financial Delegations which are summarised in Annex A.

## Application

This policy applies to all employees of the Kokatha Aboriginal Corporation (KAC) and its subsidiaries. The policy applies to following methods for the purchase of goods and services:

Minor Procurement (Capital and non-Capital):

- Credit Card, or
- Purchase Order.

Major Procurement (non-capital):

- Purchase Order, or
- Contract.

Major Capital (\$100,000 and above):

- Contract.

The requirement to obtain quotations outlined in this policy does not apply to the purchase of day to day consumable low value items, or to the repair and maintenance of KAC vehicles, plant and equipment when deployed on contract or operations. In these circumstances the procurement delegate is expected to exercise judgement to ensure value for money is obtained for all procurement.

## Rationale

Rule 3 of the Kokatha Rule Book sets out the objectives of the Corporation. In order to meet those objectives, the Board of Directors allocates a budget to the Administrative Arm of the Corporation to procure a range of goods and services. This policy establishes the rules under which those goods and services may be procured. The relevant sections of the Kokatha Rule Book are:

*Rule 3.1 (g) to do all such things which may be incidental or necessary to attain the above objectives, including but not limited to, undertaking commercial activities.*

*Rule 3.2 (j) to perform any other functions to the benefit or advancement of Kokatha people and without limiting the generality thereof for the promotion of:*

- i. the teaching and protection of Kokatha culture, language and heritage;*
- ii. and health, education, employment, training and economic opportunities for Kokatha people.*

## Definitions

Asset Register	A register maintained by Corporate Services showing details of the purchase, location, custodianship, current value, depreciation and expected end of life of Capital Items.
Capital Item	Tangible assets used by the Corporation to produce goods or services. Capital items generally have a life span of one or more years.
Commitment	A decision to purchase a good or service which once made financially commits the Corporation to expend funds.
Delegation	A formal and limited authority given to an employee of the Corporation by the Chief Executive Officer to make a commitment to purchase a good or service.
Funds Availability	A mandatory check made by a financial delegate at the start of a procurement process to verify that there are sufficient funds remaining within the current budget to meet the cost of the procurement.
Low Value Item	An item costing up to \$500 inclusive of GST.
Major Procurement	Purchase of an item with a total cost, inclusive of GST, exceeding \$5,000.
Minor Procurement	Purchase of an item with a total cost, inclusive of GST, not exceeding \$5,000.
Preferred Supplier	Procurement from a supplier, who is not a sole supplier, but who has been identified through market testing as being a value for money supplier of the product.
Proper Purpose	An action undertaken in the best interest of the Corporation which does not secure a private gain or advantage to any individual.
Quotation	A guarantee or best available estimate of the cost of a good or service obtained from a supplier prior to making a commitment.
Sole Source	Procurement from a supplier who has been identified through an initial market test as being the only supplier of the product. Usually these are unique products that cannot be procured other than from the supplier or manufacturer.
Tender	Part of the major procurement process through which the market is tested to obtain an offer to supply good or services. Tenders may be OPEN (a market test through an openly advertised invitation to respond) or RESTRICTED (a market test to a limited number of identified suppliers specifically invited to respond).
Value for Money (VFM)	A measure of quality that assesses the monetary cost of the product or service against the quality and/or benefits of that product or service, taking into account factors such as operational requirements, fitness for purpose, community benefit, indigenous investment, along with whole-of-life costs such as installation, training, maintenance and disposal, and wastage.

## Implementation

This policy takes effect from the latest date shown in the authorisation table on page one.

## Policy

1. Purchases of goods and services are to be for proper purpose.
2. Purchases of goods and services must demonstrate the principle of value for money (VFM).
3. The opportunity to demonstrate VFM when sourcing goods and services is to be given in priority to:
  - a. a Kokatha owned and operated business;
  - b. an Indigenous business listed with Supply Nation;
  - c. an Indigenous owned and operated business; and
  - d. other businesses.
4. Purchase of goods or services are not to be initiated prior to ensuring funds availability.
5. A commitment to purchase goods and services can only be made by KAC employees holding an appropriate financial delegation.
6. Sole source procurement is only to be used when no other option is available. A written quotation or restricted tender must be obtained when making a sole source procurement.
7. Preferred supplier procurement is only to be used when the procurement delegate is satisfied that further market testing will not yield better value for money.
8. Quotations are to be obtained (wherever possible) to support purchasing decisions as follows:
  - a. Under \$500 – nil, a desktop (or similar) price comparison from at least two suppliers should be undertaken to demonstrate value for money.
  - b. Under \$5,000 – quotations (verbal or written) are to be obtained from three suppliers.
  - c. Under \$20,000 – a minimum of three written quotations are required.
  - d. Under \$50,000 – a minimum of three written quotations responding to a written statement of requirement.
  - e. Over \$50,000 – by tender.

When it is not practicable to obtain multiple quotes, the purchasing delegate is to provide evidence that reasonable effort has been made to comply with this requirement.

9. A Corporate Credit Card may be provided to KAC employees when this is deemed to be necessary to ensure operational efficiency and performance. The KAC Corporate Services Manager is the approving delegate for the issue of Corporate Credit Cards and for setting the financial limit on those cards (up to \$20,000). The CEO is the delegate for card limits greater than \$20,000.

10. The preferred method for the purchase of low value items is by Corporate Credit Card.
11. Corporate Credit Cards may be used for any Minor Procurement.
12. Purchase Orders are to be raised for all items of procurement (other than Petty Cash or Credit Card). Purchase Orders are to be raised following acceptance of a quotation and before the commitment to purchase.
13. The decision to procure a Capital Item must consider the option to purchase or lease. A through life costing is to be prepared for each item capital procurement.
14. Capital Items are to be procured or leased in accordance with a Capital Expenditure Programme.
15. The Capital Expenditure Programme is a five-year rolling programme and is issued as an attachment to the annual budget. The programme is to be updated in May each year.
16. Asset Disposal may be undertaken by the following means:
  - a. Item of no residual value considered beyond economic repair – disposal using council facilities, sale for scrap value or other environmentally appropriate means. Depreciated asset value to be written off. Disposal costs to be recorded as a “Sundry Expense (61340)”.
  - b. Item with residual value in working condition or within economic repair:
    - i. sale through public notice (tender),
    - ii. dealer trade-in for replacement (like for like) equipment,
    - iii. sale for scrap value (only when methods 15.b.i and ii are not successful), or
    - iv. return to lessor.

Depreciated asset value to be written off and the proceeds from the sale recorded as “Proceeds of Sale of Assets (42000)”

## **Exemption**

The Chief Executive Officer has the power to issue an exemption to the procurement policy on the grounds of health and safety or urgent operational necessity. The exemption can only be exercised if it is within the CEO’s delegation. The exercise of the CEO’s exemption is to be notified to the Kokatha Board of Directors at their next meeting.

## **Tenure and Review**

This policy remains in effect until amended or terminated by direction of the Kokatha Board of Directors. The policy is to be reviewed annually by the Chief Executive Officer (or delegate) and an update presented to the Kokatha Board of Directors when required.

## **Annex**

- A. Financial Delegations



## Summary of Financial Delegations (Purchasing)

### KAC Board of Directors

Limit of available funds.

### Kokatha Enterprises Board of Directors

Non-capital items and services within the approved budget – limit of approved budget.

Non-capital items and services outside of the approved budget (ie new projects) - \$100,000 per procurement, subject to endorsement of the KAC Board.

Payroll, Superannuation, Workcover, Taxation, Rent, Utilities, inter-entity transfers and invoicing – limit of approved budget.

### KAC Chief Executive Officer

Non-capital items and services - \$40,000 per procurement.

Non-budgeted capital items - \$5,000 per procurement.

Budgeted capital items – limit of approved budget.

Payroll, Superannuation, Workcover, Taxation, Rent, Utilities, inter-entity transfers and invoicing – limit of approved budget.

### KAC Executive Managers

Non-capital items and services - \$4,000 per procurement.

### KAC Office Manager

Non-capital items and services - \$2,000 per procurement.

### KAC Training and Education Coordinator, Site Supervisor and Finance Administration Officer

Non-capital items and services - \$1,000 per procurement.