



Purchasing Procedures

1. Purchases of Items with a Total Cost greater than \$2,500 (GST inc) and equal to \$25,000 (GST inc)

At least one written quotation is required. A suitable record of the following details is to be filed with the payment voucher copy of the order it supports:

- A detailed description of the goods or services for which quotations were invited.
- Name(s) of organisation(s) invited to submit quotations.
- Quotation, costs and delivery details, together with the name of the person giving the quote and the date given for supply.

1.1 Purchases of items with a total cost greater than \$25,000 (GST inc) and equal to \$150,000 (GST inc)

At least three written quotations are required. A suitable record of the following details is to be filed with the payment voucher copy of the order they support:

- A detailed description of the goods or services for which quotations were invited.
- Names of organisations invited to submit quotations.
- Quotations, costs and delivery details, together with the name of the person giving the quote and the date given for supply.
- Where fewer than three quotations were obtained, the reasons why (e.g. sole supplier).
- Where the quotation accepted is other than the lowest received, the reasons for accepting that quotation must be given, for example, "cannot deliver goods by required date", "preference for local trader".

Wherever possible, quotations should be obtained for items with identical specifications to allow direct comparisons of quotations. The information described above is to be filed with the payment voucher copy of the supporting order.

1.2 Purchases of items with a total cost of over \$150,000 (GST inc)

Where stores or services with an item value in excess of \$150,000 are to be purchased directly from private suppliers, public tenders are to be invited and the procedures detailed below are to be observed.

1.3 Procedures for Public Tenders

Tenders are to be invited publicly in such a way as to induce the greatest practicable competition by advertising appropriately in local or any other newspapers. Mention is to be made of the availability of a detailed specification. A copy of the specification is to be provided to each supplier invited to submit a tender.

At the same time, known suppliers may be approached and requested to submit a tender. A schedule of the names, addresses and telephone numbers of persons or firms contacted is to be prepared.

Each tenderer is requested to ensure that all tender forms are submitted in a sealed envelope that bears some form of identification that tenders are enclosed, e.g.:

- included in address: "Tender for supply and delivery of relocatable buildings, Principal, <name of School><suburb and post code>".
- marked on envelope: "Tender for supply and delivery of relocatable buildings—closing date 28.6.20xx".

Tenders are to be held unopened in a secure place until the specified time and date.

As soon as practicable after the time fixed for the closing of tenders:

- tenders are to be opened in the presence of the Principal and a member of School Council or a senior member of staff (known as the tender opening committee) as decided by the School Council;
- each tender is to be immediately numbered and initialled by the members of the tender opening committee present at the time of opening;
- the particulars of each tender received and opened is to be entered on a schedule that is signed by each member of the tender opening committee and the schedule is to indicate the names of tenderers and the tender amounts;
- the details of tenders received is to be ruled off after the entry of the last tender
- tenders received after closing time are not to be considered except where there exists clear evidence that the tender was posted before that time or telegram advice was received before that time detailing price and delivery schedules (the evidence or telegram advice is to be affixed to and retained with the tender);
- after consideration of the tenders by a tender subcommittee comprising the Principal, representative(s) of School Council and, if necessary, any other person(s), the findings are forwarded to the School Council;
- reasons for the acceptance of the tender are to be noted on the schedule and signed by the president of the School Council and the Principal (a resolution of the acceptance of a tender must be recorded in School Council's minutes).

When a tender has been accepted by the school council, the principal shall issue a purchase order indicating the price to be paid and attach a copy of the original job specification.

1.4 Purchases from a Sole Supplier

Proprietary lines and items obtainable from one firm only may be purchased without observing the full procedures relating to items costing more than \$2,500 provided the school council considers the item represents value for money. However, public tenders are to be invited for all items with a value in excess of \$150,000 and the tender procedures are to be observed.

1.5 Ordering Periodicals, Textbooks and Similar Learning Materials

The amounts expended on periodicals and textbooks can be so large that we are obliged to make every effort to obtain books at the best delivered price available. Purchases are to be made using knowledge of the market or by inviting competitive quotations. Consideration should be given to factors such as a recommended retail price of publishers or wholesalers, price and discount offered by prospective retailers, delivery time and costs and opportunity given to return stock. Every effort should be made to obtain all such information from suppliers so that the School Council can place orders and gain maximum benefit.

2. Purchase Orders

This section sets out the procedures relating to the issuing of purchase orders for:

- purchases from government departments and authorities;
- purchases from private suppliers.
- Purchase of canteen supplies and utilities are exempt from the purchase order process.

It is essential, irrespective of the type of order form used, that at least one copy of the order issued be retained at the school, preferably remaining in the order book.

No purchases shall be made without an official order form except for petty cash items approved by the principal or delegated officer, certain canteen supplies and utilities.

School purchase order forms are only to be used for purchases that are paid from school funds, not private purchases. No duplicate of an order shall be issued. Any order issued in replacement of an order not received by a supplier shall state that it is a replacement order.

School purchase order forms must not be used to place an order with a supplier for private use of staff, students or other persons.

2.1 Order Forms (mandatory)

Official school order forms should incorporate the school's name, address, telephone number and ABN, and any other desired information (school logo, delivery address etc).

They should be colour-coded triplicate forms for each order so that:

- the original can be sent to the supplier;
- one copy can accompany the voucher prepared when the account is passed for payment.
- one copy can be filed in sequential order number; (retained in the order book).

The following features must be included:

- numbering in continuous sequence. The format may be as bound books, pads or continuous stationery;
- provision for expenditure and program/sub program charging code as determined within CASES21;
- stipulate that they are for official use only;
- stipulate that deliveries are to be made during school hours only;
- provide for GST requirements;
- provide for signature of authorising officer/s.

As purchase order forms are accountable documents, they should be recorded in an accountable documents register when received, showing the purchase order numbers and the date received. On issue of books, details of the serial number sequence, name of recipient and date of supply should be recorded in the register.

Irrespective of the type of order form used it is essential that at least one copy be retained at the school, preferably in the order book or pad. This copy of the order shall be endorsed by the paying officer when the account is passed by the School Council for payment.

2.2 Purchases from Private and Government Suppliers

Order forms are to be used for all purchases.

When preparing purchase orders, special care is to be taken to insert all relevant details, including the mode and time of delivery.

Special procedures may be adopted to make purchases of certain canteen supplies without the issue of a purchase order for each individual case. These procedures apply to supplies renewed at short, regular intervals, such as bread, fruit, pies etc.

Special procedures may be applied for similar purchases for home economics.

Schools may also apply these procedures to the regular utilities accounts they receive.

3. Goods and Services Tax (GST)

The Goods and Services Tax was implemented in July 2000. Refer to the **Schools GST Fact Sheets** for full information relating to all GST matters available on the DEECD Tax website.

3.1 Tax Invoices

Suppliers have a legal obligation to issue a tax invoice within 28 days of a request.

What is a valid tax invoice for claiming GST credits?

Tax invoices must include certain information. If you use an incorrect or incomplete tax invoice to claim a GST credit, the GST credit may not be allowed.

From 1 July 2010 a tax invoice is a document that complies with the following requirements:

- (a) it is issued by the supplier of the supply or supplies to which the document relates (unless it is a recipient created tax invoice, in which case it is issued by the recipient);
- (b) it is in the approved form;
- (c) it contains enough information to enable the following to be clearly ascertained:
 - the supplier's identity and the supplier's ABN;
 - if the total price of the supply or supplies is at least \$1,000, or if the document was issued by the recipient — the recipient's identity or the recipient's ABN;
 - what is supplied, including the quantity (if applicable) and the price of what is supplied;
 - the extent to which each supply is a taxable supply;
 - the date the document is issued;
 - the amount of GST (if any) payable;
 - if the document was issued by the recipient and GST is payable in relation to any supply — that the GST is payable by the supplier;
- (d) it can be clearly ascertained from the document that the document was intended to be a tax invoice or, if it was issued by the recipient, a recipient created tax invoice.

3.2 Invoices not including GST:

Payments for an invoice from a supplier who is earning less than \$75,000 in a financial year would **NOT** include GST, however the supplier must supply an ABN otherwise 46.5% withholding tax must be applied to the transaction by the school.

3.3 Statement by Supplier (SBS) or Hobby Declaration Form (Nat 3346):

If a supplier is unable to provide an ABN, payment can only be made if the supplier is prepared to sign a Statement by Supplier form. If a signed form is held by the school it would not need to withhold 46.5% withholding tax.

The form should be retained by the school for taxation purposes.

Note: The Statement by Supplier (SBS) form should only be used in limited circumstances.

The form should only be used for suppliers who provide ad hoc or temporary services to the school and should not be used for suppliers that provide on-going, recurring or permanent services to the school.

Information Sources

Schools GST Fact Sheets on the DEECD Tax website at <https://edugate.eduweb.vic.gov.au/Services/Finance/Pages/Tax.aspx>