

D.04 Payments and Purchasing

1.0 INTRODUCTION/BACKGROUND

Mercy Services has a growing number of services and its expenditure streams are becoming more diverse. It is essential that systems are in place to transparently direct and track expenditure so that funds are applied in accordance with Mercy Services objectives.

The purchasing of goods and services includes but is not limited to:

- consumables, including office supplies
- office and client service equipment
- facilities management and construction
- information and communications technology
- contractors and consultants
- motor vehicles

Mercy Services recognises the impact its purchasing activities have on the financial, social and environmental health of Mercy Services and the broader community. To meet our corporate responsibilities, all purchasing will support the Mercy Services commitment to sustainability, value for money and high levels of probity, whilst applying principles of life cycle costing and minimising adverse environmental and social impacts through the selection of sustainably preferred goods and services.

2.0 SCOPE

This policy applies to all Mercy Services staff to ensure consistency across Mercy Services in relation to all aspects of purchasing, e.g., payment authorisation for invoices and other eligible expenses, cheque signing and issuing, credit card use, direct debit and allowable staff expenses (e.g. transport, client support expenses).

3.0 POLICY STATEMENT

Mercy Services payments will:

- a) be in accordance with legal and accepted accounting standards;
- b) be applied for the specific purpose for which funds were provided intended;
- c) adopt strategies to avoid unnecessary consumption and manage demand;
- d) in the context of whole-of-life value for money, select products and services which have lower environmental and social impacts across their life cycle compared with competing products and services;
- e) use Mercy Services preferred suppliers;
- f) maintain a reputation for fair dealing by employing open communication with potential suppliers at all times
- g) paid to its suppliers (including employees) in an efficient, effective and timely manner.
- h) ensure that quotation, and where necessary tender requirements, are followed to maintain equity in decision making processes;

- i) be recorded in an efficient and effective manner to enable accurate tracking, review and auditing;
- j) declare and effectively manage conflicts of interest to maintain the integrity of Mercy Services; and
- k) ensure transparency in payments and purchasing to limit the scope for unethical conduct (e.g. bribery, corruption, deception, intimidation, fraud).

There must be sufficient justification to demonstrate that there is a need for the goods and services to be provided and that economical and sustainability considerations have been fully considered prior to the purchase of any goods and/or services.

4.0 PROCEDURES

4.01 Environmental responsibility

Environmental responsibility can be addressed by preferring products such as:

- a) Reduce waste at the point of purchase.
 - *recycled paper and paper products*
 - *remanufactured laser printer toner cartridges*
 - *recycled content construction, building and maintenance products, including plastic, lumber, carpet, tiles and insulation*
 - *specify product and packaging take-back.*
- b) Purchase durable and reusable goods.
 - *rechargeable batteries*
 - *re-manufactured and/or low or volatile organic compounds (VOCs) - free paint*
- c) Less environmentally damaging products
 - *cleaning products with lowered toxicity*
 - *energy saving products*
 - *waste-reducing products, including reduced packaging*
 - *water-saving products*
- d) Buy goods in bulk or concentrated form.

4.02 Ethical products/services

Mercy Services will preference purchase products/services that meet International Labor Organisation (ILO) manufacturing standards and Fair Trade Labelling standards.

4.03 General purchasing principles

Mercy Services will maximise the potential for the best product/service to be acquired at the most attractive price with consideration to sustainability principles.

Evaluation criteria in respect of whole of life value for money purchases may include:

- more readily available spare parts, product updates and servicing support
- more reliable warranty service
- energy and water efficiency of the product
- shorter supply lines

- more convenient communications for contract administration
- better knowledge of Australian design manufacturing, environmental legislation and quality standards
- greater scope for cooperative product development and influence over the supply base
- benefits of companies that have a good record of industrial relations and sustainability principles in practice (such as sustainability policy, green products)
- benefit to Mercy Services from the transactions occurring within the local area and the employment created as a consequence
- quality, quantity, risk, timeliness and cost for whole of life basis
- supplier responsibility of taking back packaging and hazardous components of goods.

4.04 Quotes and tenders

Mercy Services requirements for price quotations are:

Payment/Purchase Value	Quotation Requirements
\$5000 and under	One verbal quotation or publicly advertised price
\$5001 to \$10,000	One written quotation
\$10,001 to \$30,000	At least three verbal quotations with the selected supplier providing written confirmation of the quotation
\$30,001 to \$100,000	At least three written quotations
Over \$100,000	Tenders must be called

4.05 Accounts Payable

The Finance Manager is responsible for the day-to-day operations of the financial system including: payroll, incoming and outgoing monies, on-line Department of Veterans' Home Care claims, client invoicing, preparation of cheques, petty cash and account transactions through to reconciliation.

Mercy Services is committed to promoting and maintaining positive business relations with its suppliers and accordingly, seeks to ensure payment within the agreed terms.

All purchases over \$1000 and less than \$50,000 must have prior authorisation from the Chief Executive Officer (CEO). Purchases over \$50,000 require approval from the Mercy Services Board except for: expense items listed in a Board approved budget, replacement of assets, payroll transactions, superannuation and BAS payments.

a) **General and ongoing payments**

The Finance Manager is responsible for ensuring that documentation accompanying a payment is correct, such as:

1. administration staff check goods/service received and where necessary invoice has been signed as approval for payment;
2. a valid tax invoice is attached. A valid tax invoice is one that comprises the ABN (Australian Business Number) of the supplier, the price of the supply, the words 'tax invoice', the date of issue, the name of the supplier, the name and address of the recipient, the quantity and the amount of GST payable.

All invoices must be reviewed in order to ensure that they comply with the GST requirements for a valid tax invoice before processing them. When it is determined that an invoice does not comply, the invoice must be processed under the Pay-As-You-Go (PAYG) regime which requires tax to be withheld;

3. payment information is entered into the financial management computer system;
4. the cheque or EFT payment is prepared in accordance with MYOB software procedure;
5. a requisition form is attached and is signed by the two people signing the cheque or for EFT a payment requisition form is attached and signed by two authorised persons;
6. when all paperwork is completed and signed, the cheque is mailed or EFT payment made, to the supplier; and
7. paper records are filed.

b) **Home Care Package client equipment and services**

A Home Care Package Coordinator can email Accounts staff with a tax invoice authorising payment of that invoice for purchase or hire of equipment/services that the Coordinator and the client have agreed is necessary for the attainment of the client's Home Care Package goal. The HCP Coordinator must first check with the Finance Manager, or delegate, that the client has available funding to cover purchase.

c) **Special purchases/payments (requiring Special Request Form)**

Special purchases/payments requiring a Special Request Form are expenses resulting from the following policies:

- “when new or different equipment are introduced” (4.01 of G.24 Plant and Equip Policy)
- “the purchase or acquisition of any new equipment or substances” (4.4.b.viii of G.05 Risk Management Policy)

Also the following Cost Classifications:

- Consultancy
- Hiring / Leasing
- Repairs and Maintenance
- Repairs and Maintenance Motor Vehicles
- Donations
- Subscriptions
- Advertising
- Computer Expenses
- Conferences
- Accommodation
- Travel Expenses
- Equipment Purchases
- Client Expenses

Finance Manager is responsible for ensuring that documentation accompanying a payment is correct, such as:

1. a Special Request Form is completed for new equipment or services and signed by and authorised person;
2. a valid tax invoice is attached;
3. payment information is entered into the financial management computer system;
4. the cheque or EFT payment is prepared in accordance with MYOB software procedure;
5. a requisition form is attached and is signed by the two people signing the cheque or for EFT a payment requisition form is attached and signed by two authorised persons;
6. when all paperwork is completed and signed, the cheque is mailed or EFT payment made, to the supplier; and
7. paper records are filed.

Payments to creditors may be made either by cheque or electronic funds transfer (EFT). When a creditor is paid by EFT, a remittance advice will be faxed or emailed to the creditor within 2 business days of payment.

4.06 Salary Payments

The Finance Manager is responsible for ensuring salary payments are made in an accurate and timely manner.

Salary payments are calculated on the rate specified in the staff member's employment contract which are submitted to the Payroll and Administrative Officer fortnightly.

The fortnight ends every second Sunday at Midnight. Pay day is every second Thursday. Co-ordinators, Managers and the CEO check and, when satisfied, sign, that employees have filled out the timesheet correctly - identifying all hours worked, leave taken, Public Holidays worked and necessary entitlements.

The Payroll is prepared by the Payroll and Administrative Officer or Accounts & Administrative Clerk by:

- a. collecting all timesheets and adjustment sheets from the tray on the Monday of pay week;
- b. sorting timesheets according to the staff id. number and checking that all staff have submitted a timesheet (contacting the appropriate Coordinator to obtain missing timesheets);
- c. processing salary/wage payments in accordance with Meridian software requirements;
- d. printing all reports and entering to bank;
- e. giving all bank entry sheets with relevant reports attached to the CEO, or his delegate, for approval; and
- f. once approval is granted, organising two authorised people to give final authorisation to allow the bank to make the payments.

Monies are then electronically sent to the employee's nominated bank, building society or credit union account via Westpac Corporate Online by midnight Thursday. In exceptional circumstances, a staff member may apply to be paid by cheque.

Payslips will be distributed into staff Pigeon Holes or if necessary by mail.

All Fringe Benefits payments made will meet the requirements of the Australian Taxation Office.

4.07 Superannuation

The Mercy Services Superannuation Guarantee contribution is calculated for employees working full-time, part-time or on a casual basis for more than 30 hours a week who earn over \$450 per month. Superannuation payments are made to each employee's nominated fund on a monthly basis.

Mercy Services shall make deductions from a staff member's salary for superannuation contributions on the written authority of the staff member. Such other deductions requested by the staff member and agreed to by the CEO shall also require the written authority of the staff member. Salary deductions are shown on each pay slip. Arrangements for deductions are made through the Senior Officer, Finance and Administration.

4.08 Staff Termination Payments

The cessation of employment date is the date on which:-

- superannuation contributions cease;
- WorkCover insurance ceases;
- accrual of annual and long service leave is calculated; and
- tax is calculated on lump sum separation payments.

Staff termination payments are made to the last day of attendance for duty or absence on approved paid sick leave for all staff terminating employment.

4.09 Business Activity Statement (BAS) including Pay As You Go (PAYG) income tax payments

The Finance Manager is responsible for ensuring that monthly BAS reports are prepared and payments made, by:

- a. running relevant reports from MYOB software for GST calculation and from Meridian for PAYG calculation;
- b. looking up the Fuel Tax Credits for the month (M:\Accounts\Accounts1\Vehicles\diesel fuel rebates worksheet.xls);
- c. entering figures from these reports in BASlink in MYOB;
- d. printing forms and transferring information to the BAS from the Australian Tax Office (ATO);
- e. using "Recurring Transaction" in MYOB to process a cheque for signing;
- f. once the cheque is signed, photocopying cheque and BAS for CEO to show to the next Board meeting; and
- g. mailing top of BAS to the ATO and take cheque with lower portion of BAS to Post Office for payment.

4.10 Cheques and Electronic Funds Transfers (EFT)

Two authorised signatories are required to approve a transfer of funds between any two Mercy Services accounts or payment of a cheque or EFT to another party. The role of the signatories is to check the cheque/payment requisition form

information against the invoice, and if satisfied, sign the cheque or authorise the EFT payment.

The CEO, a Board member or senior Manager has to be one of the signatories for all payments, unless in the case of an emergency.

All payments over \$100 (except petty cash and exceptional circumstances) must be made by cheque or electronic funds transfer (EFT).

EFT will require two internet banking passwords and bank provided keys.

At no time are blank cheques to be signed.

Cheques for amounts over \$50,000 must be approved by at least one authorised member of the Board of Directors (see D.02 Board Delegations Policy).

4.11 Authorisation of payments

All Mercy Services cheques must be signed by two (2) approved signatories. Payments for amounts greater than \$50,000 must be approved by persons listed in the B.02 Delegations Policy.

The Finance Manager is responsible for ensuring that all bank accounts are reconciled on a monthly basis. The CEO or delegate is required to review the bank reconciliation statements.

The Finance Manager is responsible for ensuring that cheque signatory information with banking institutions is up to date.

4.12 Debit Card

Mercy Services debit card is held by CEO and all payments via debit card must be approved and processed by CEO.

4.13 Security

All cheques, cash and other funds are to be locked in the safe after hours and kept in a secure place during office hours.

4.14 Monitoring compliance with this Policy

The Board of Directors, through its Finance and Audit Committee, will regularly ask the CEO to conduct spot audits on compliance with this Policy.

The Auditor will review payments and payment records annually to the extent required by the Annual Financial Audit.

4.7 Evaluation

The performance indicator for the evaluation of this Policy is an unqualified report on payments by the Auditor.

5.0 REFERENCES

1. Australian Standards	a) nil
2. Legislation	a) Aged Care Act, 1997 (Cth) b) Annual Holidays Act, 1944 (NSW) & Long Service Leave Act, 1985 (NSW) c) Corporations Act, 2001 (Cth) d) Fringe Benefits Tax Act, 1994 (Cth) e) Goods and Services Tax, 2000 (Cth) f) Income Tax Assessment Act, 1997 (Cth) g) Industrial Relations Act, 1996 (NSW) h) Privacy Act, 1988 (Cth) & Privacy and Personal Information Protection Act, 1998 (NSW) & Health Records and Information Privacy Act, 2002 (NSW) i) Superannuation Guarantee Act, 1992 (Cth) j) Trade Practices Act, 1974 (Cth)
3. Professional guidelines	a) nil
4. Codes of Practice	a) Quality of Care Principles (2014)
5. Codes of Ethics	a) Australian Association of Social Workers Code of Ethics http://www.aasw.asn.au/document/item/1201 b) Australian Psychological Association Code of Ethics http://www.psychology.org.au/Assets/Files/Code_Ethics_2007.pdf c) The Nursing and Midwifery Board of Australia. Registration Requirements http://www.nursingmidwiferyboard.gov.au/Registration-Standards.aspx d) Integrity in the Service of the Church https://www.catholic.org.au/media-centre/media-releases/cat_view/10-organisations/38-national-committee-for-professional-standards e) Mercy Services Code of Conduct
6. Evidence	a) Macquarie University (2009) Purchasing Policy and Purchasing Guidelines
7. Mercy Services Values	a) Justice, Respect, Care, Unity, Service

6.0 OTHER RELATED POLICIES

- B.02 Delegations
- C.01 Management Roles and Responsibilities
- D.01 Budget Planning
- D.02 Fundraising
- D.03 Investment Planning
- D.05 Incoming monies
- D.06 Petty cash
- D.07 Asset purchase and maintenance
- D.08 Vehicle Management
- D.09 Use of Facilities & Equipment Policy
- D.10 Security
- D.11 Insurance
- D.12 Anti-Fraud and Anti-Corruption
- D.14 Document Management
- E.04 Client fees
- E.15 Privacy Policy
- E.16 Protection of Vulnerable Adults from Abuse and Neglect

7.0 RELATIONSHIP WITH STANDARDS

Aged Care Accreditation Standards	Home Care Standards	Disability Standards	EQUIP Standards
1.2, 1.6, 1.8, 2.2, 3.2, 3.6, 4.2, 4.5	1.1, 1.2, 1.3, 1.5, 1.6, 1.7, 1.8, 3.1, 3.2,	1.3, 3.2, 3.4, 6.1, 6.3,	2.1.2, 2.3.2, 3.1.2,

8.0 DOCUMENT CHANGES RECORD

Dates of change	Section altered	Natures of changes made
01/09/2006	04 Funding Agreements 08 Financial Management	First record of Policy
10/02/2010	All sections	Major re-write
23/03/2011	7.0 Relationship to Standards	Replace HACC Standards and CACP Standards with Community Care Common Standards and update to EQUIP 5 Standards
12/09/2011	a) 1.0 Introduction b) 2.0 Purpose c) 3.0 Policy d) 4.01 Environmental Responsibility e) 4.02 Ethical products/services f) 4.03 General purchasing principles g) 4.04 Quotes and Tenders h) 4.05 Accounts payable i) 4.06 Salary payments j) 4.07 Superannuation k) 4.08 Staff Termination Payments l) 4.09 Business Activity Statement (BAS) including Pay As You Go (PAYG) income tax payments m) 4.10 Cheques and Electronic Funds Transfers n) 4.11 Authorisation of payments o) 4.12 Credit card p) 4.13 Security q) 4.14 Monitoring Compliance r) 4.15 Evaluation	a) Expanded in scope – mainly sustainability b) Minor rewording c) Expanded range of issues to be addressed d) New section added e) New section added f) New section added g) New section added h) Renumbered due to earlier new sections i) Renumbered due to earlier new sections j) Renumbered due to earlier new sections k) Renumbered due to earlier new sections l) Renumbered due to earlier new sections m) Renumbered due to earlier new sections n) Renumbered due to earlier new sections, section renamed (to cover both cheque and EFT) o) Renumbered due to earlier new sections p) Renumbered due to earlier new sections q) Renumbered due to earlier new sections, addition of Annual Audit r) New section
21/11/2012	All Sections	Organisation name updated
13/01/2016	a) All sections b) 2.0 Scope c) 4.05 b Special purchase and payments d) 4.06 Salary Payments e) 5.0 References f) 6.0 Other related Policies g) 7.0 Relationship to Standards h) Appendix 1 Special Request Form	a) Change GM to CEO b) Minor rewording c) Renamed General Request Form to Special Request Form and add additional information on when the Special Request Form is needed. d) Change the day staff paid to day payroll send wages to bank e) Add various Codes of Ethics f) Add E.15 and E.16

		<ul style="list-style-type: none"> g) Add Aged Care and update Disability h) New
15/08/2016	<ul style="list-style-type: none"> a) All Sections b) 4.05 Accounts Payable c) 4.05.b Home Care Package client equipment and services d) 4.11 Authorisation of payments 	<ul style="list-style-type: none"> a) Inserted Finance Manager where applicable. b) Changed \$100 to \$1000 c) New section allowing HCP Coordinator's to authorise purchases and services with client budget d) Delete list of accounts and signatories
Review due 15/08/2019		



Mercy Services

Accounts Department, 32 Union Street, Tighes Hill NSW 2297
Ph: 02 4961 2686 Fax: 02 4969 5149 Email: accounts@mercyservices.org.au

SPECIAL REQUEST & ORDER FORM

Staff Member _____ Staff ID _____

Mercy Services Program _____ Date _____

Request/Order
(Training, Goods
Services etc)

Date from _____ Date to _____

Relief staff required Yes / No Relief name _____

Pre-purchase risk assessment YES / NO / NA *A Risk Assessment must be completed for all new or replacement equipment*

Hazardous substances assessment YES / NO / NA *Substances listed in the Substance Register are preferred or less Hazardous Substances with a Safety Data Sheet*

Documentation attached _____
(in most circumstances documentation will be required for approval)

Preferred payment method: 1. EFT *(provide: BSB, Account Number, Account holder name, Reference)*
 2. BPay *(provide: BPay, Account, Reference)*
 3. Cheque *(payable to _____)*
 4. Credit Card

Costing \$ _____ cost at \$ _____ each

\$ _____ Backfill _____ Hours at \$ _____ each

\$ _____ GST Portion

\$ _____ **Total Cost**

If goods or services include GST –
documentation is required

I have gathered all necessary information, completed all necessary forms and my service requires this expenditure.

Coordinator name _____ Coordinator signature _____ Date _____
(Coordinator must sign request prior to approval)

General Notes _____

MANAGEMENT APPROVAL

Management name _____ Management signature _____ Date _____

Date Actioned _____ Payment method _____ Payment Date _____ Sign _____